PUBLIC AGENDA

Havering
LONDON BOROUGH

Notice of Key Cabinet Decision containing exempt information.

This Cabinet Report contains some appendices which comprise exempt information which is not available for public inspection as they contain or relate to exempt information within the meaning of paragraph 3 of Schedule 12A of the local Government Act 1972. They are exempt because they refer to confidential information and the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

CABINET	**8th February 2023**
Subject Heading:	**Havering and Wates Regeneration LLP Business Plan and Budget 2023/2024**
Cabinet Member:	Councillor Graham Williamson Cabinet Member for Development & Regeneration.
SLT Lead:	Neil Stubbings - Director of Regeneration.
Report Author and contact details:	Maria Faheem - Regeneration Maria.Faheem@havering.gov.uk 01708 434 379 Martin Fahy- Regeneration Martin.Fahy@havering.gov.uk 01708 432 651
Policy context:	London Plan 2021 National Planning Policy Framework 2021 Havering Housing Strategy 2014-2017 Havering Local Plan 2016- 2031 HRA Business Plan 2023-2052 Havering Climate Change Action Plan 2021
Financial summary:	The report seeks Cabinet approval to invest a maximum of £77.7 million of capital

	expenditure gross of repayments of equity into a Limited Liability Partnership to deliver the regeneration of 12 Housing Revenue Account (HRA) sites. The report also seeks Cabinet approval to increase the forward funding to be advanced from the Council by £35.4m. The report also seeks approval to a budget of £70.1m in respect of the remaining land assembly / CPO costs to enable the Council to provide vacant possession. A total revenue surplus for the HRA of £28.7m is forecast as a result of the 12 Estates regeneration programme after meeting capital financing costs of borrowing. An estimated capital receipt of £77.7m is expected to be realised at the end of the programme.
Is this a Key Decision?	This is a key decision
When should this matter be reviewed?	Autumn 2023
Reviewing OSC:	Places

The subject matter of this report deals with the following Council Objectives

People - Things that matter for residents	X
Place - A great place to live, work and enjoy	X
Resources - A well run Council that delivers for People and Place.	X

SUMMARY

This Cabinet Report provides an annual update of the Havering and Wates Joint Venture Business Plan as required by Cabinet. When Cabinet agreed to establish the Havering and Wates Joint Venture (JV), this was on the basis that there would be regular (annual) reviews and Cabinet would be asked to agree on material changes to the business plan on an annual basis, in line with the annual budget setting process. This is the fifth review following the establishment of the JV in April 2018.

The Council's overarching vision for the Havering and Wates Joint Venture (HWR) is to facilitate the regeneration of key areas of the borough; to kick-start renewal of key town centres and estates; and deliver truly affordable homes for local people. In addition, it ensures good quality design of buildings and places by being a joint owner of the development company, thus giving greater control over the planning process and ensuring delivery of key infrastructure requirements. Any returns to the Council are being identified to fund future regeneration programmes across the borough and to help fund renewal of our town centres across the borough at a time when the traditional high streets are under significant threat from changing consumer habits.

For Work Package One (New Green formerly known as Napier and New Plymouth, Park Rise formerly known as Solar, Serena and Sunrise and Waterloo and Queen Street), the key inputs into the financial models have been reviewed and externally validated. The key inputs are construction costs, borrowing rates, expected sales revenues, s106 costs and CIL (Community Infrastructure Levy) payments.

The Council, and the JV is committed to the delivery of the highest quality homes and places for our residents to live in. The goal is to set a high standard for other developers to follow. With the Council's support the JV has continued with the programme dedicated to providing good quality affordable family housing with enhanced design. The additional forward funding identified within the report shows how these changes are being delivered.

The updating of the viability models and then into the Council's financial dashboards means that this report can inform Cabinet of any changes to the expected outputs from the JV and any changes in the financial position of the JV and Council's financial commitments to the JV as an investor. This report informs Cabinet of changes and also seeks approval of the new Business Plan and the expected financial commitments.

This Business Plan refresh includes the following changes:

- Waterloo & Queen Street – Update on development costs and tenures.
- Park Rise / New Green – review of progress on construction and making financial provision specification/ cost increases.

- Prioritising delivery of Phase 1 (Waterloo and Queen Street, New Green and Park Rise), alongside Farnham & Hilldene and Chippenham Road. Royal Jubilee Court will also be included subject to further review and approval.
- Delivering Farnham Hilldene as a 100 % Council scheme, via the HWR JV.

Placing the remaining red-line sites on pause, pending a review of delivery options:

1. OldChurch Gardens,
2. Maygreen Crescent
3. Delderfield
4. Dell Court
5. Brunswick Court.

The Napier New Plymouth Blue line opportunity site is removed from the programme.

The original decision to set up the JV was informed by key indicators on the viability and outputs. Those key indicators were overall % return, overall financial return, initial stake (Equity: borrowing and land value), impact on the HRA Revenue from the cost of borrowing in the e early years, total number of units, number of affordable housing units. These metrics are the key indicators to identify the viability, outputs, and potential financial risks.

The 12 Estates programme is currently forecast to receive a £23 million development return in revenue to the HRA from year 5 to 15. This figure is built into the HRA Business Plan and rent setting report that has been presented to Cabinet within this Agenda and is not included within the calculations for the average cost of an affordable housing unit within this report.

Table 1 below details those key metrics as reported to Cabinet in the 2022/23 Business Plan and Budget Review and compares them with the numbers in Business Plan (2023/2024). The table also provides a brief explanation for any changes.

Table 1: Movement Schedule

Indicator	2022/23 Review	23/24 Review	Movement 22/23 – 23/24	Commentary
% Return (profit on cost)	10.6%	6.8%	-3.8%	Introduction of PRS along with Farnham & Chippenham as Council Schemes.
Peak Equity stake (£)	£35.7the m	£40.0m	+£4.3m	Reflecting scale of cost increase on WQS (Waterloo and Queen Street) Phase 1

Equity stake (Land Value)	£6.6m	£1.8m	-£4.8m	Reduced scale of commitments. Later Phases deferred pending review
HRA Revenue Impact Equity 2018-2031 (£)	£3.3m	£8.0m	+£4.7m	Increase in long term financing rates, offset by reduced scale of the programme
Total affordable units	1,562	1,273	-289	Reduced scale of commitments, offset by the introduction of Farnham Hilldene. Later Phases deferred pending review
Total Open Market Sale / PRS	1,617	1,223	-394	Reduced scale of commitments. Later Phases deferred pending review
Total units	3,179	2,496	-683	Reduced scale of commitments. Later Phases deferred pending review
% Affordable	49%	51%	+2%	Taking Chippenham and Farnham forward as Council schemes.

Cabinet, 8h February 2023

RECOMMENDATIONS

That Cabinet:

1. Agree and recommend the inclusion of a budget of £77.722m equity for the 12 Sites including Farnham and Hilldene together with a budget of £70.148m for potential land acquisition/CPO costs within the proposed HRA capital programme that will be considered by Cabinet in January 2023 in the annual rent setting and capital programme report and that this is recommended to Council for final approval in February 2023.

2. Agree to further forward funding for the remainder of phase 1 of the 12 Sites Programme, up to £66.647 million; for the development of the Waterloo and Queen Street Estate (an Increase of £33.687 million), and provide for an additional £1.700 million of forward funding on New Green (formerly known as Napier New Plymouth) and Park Rise (formerly known as Solar Serena Sunrise), subject to the approval of the required budget and funding referred to at Recommendation 1, and delegate authority to the Director of Regeneration to enter into the necessary forward funding agreements.

3. Approve the Havering and Wates Regeneration Joint Venture Business Plan dated January 2023, as attached as Appendix 2, subject to the approval of the budgets set out at Recommendations 1 and 2.

4. Delegate authority for the Director of Regeneration, in consultation with the Lead Member for Development and Regeneration, to agree on grant funding bids to support the 12 Sites regeneration programme in line with the assumed grant funding levels set out in Table 1 at Exempt Agenda.

5. Note that the Leader of the Council, after consultation with the S151 Officer, the Director of Regeneration and the Director of Legal and Governance, shall be asked to approve detailed business cases and related viability assessments as may be presented under the Business Plan approved here dated January 2023.

6. Delegate authority to the Director of Regeneration to make variations to any of the existing joint venture agreements, as necessary, to implement any of the recommendations contained in this report.

7. Delegate authority to the Director of Regeneration, in consultation with the Leader of the Council, the Monitoring Officer and the Section 151 Officer, to accept grant funding up to the values set out in recommendation 4 (Table 1 Exempt Agenda) and enter into any required grant agreements or variations to existing agreements.

8. Note the Leader of the Council, after consultation with the s151 Officer, the Director of Regeneration and the Director of Legal and Governance, has the authority to approve the business cases, related viability assessments and incorporation of the red line site known as Farnham & Hilldene scheme to be acquired entirely by the Council as may be presented during the Business Plan 2023-24 period.

9. Agree to progress the development of Chippenham Road as a 100 per cent affordable scheme to be acquired by the Council, at a total development cost of approximately £57.992 million, with a final decision on the tenure of the 155 units to be agreed by the Director of Regeneration in consultation with the Director of Housing.

10. Note that the Leader of the Council, after consultation with the s151 Officer, the Director of Regeneration and the Director of Legal and Governance, may be asked to approve the business cases, related viability assessments and incorporation of the red line site known as Royal Jubilee Court as may be presented during the Business Plan 2023-24 period.

11. Recommendation 11 is contained in the Exempt Agenda Report.

12. Authorise the Director of Regeneration to consider the appropriation of land at the appropriate time for Chippenham Road, Farnham and Hilldene district town centre and Royal Jubilee Court from the Housing Revenue Account (HRA) to the General Fund, for planning purposes and to consider the appropriation of land at the appropriate time back to the HRA.

13. Authorise the Director of Regeneration to review and approve the revised phasing plan for Waterloo and Queen Street as may be necessary and appropriate, in consultation with the Lead Member for Regeneration, the Director of Housing and the Section 151 Officer. The impact of any change will be included in the next Business Plan review report to Cabinet.

REPORT DETAIL

1.0 Background

1.1 HWR has been established as a long-term development partnership to facilitate a programme of residential-led regeneration and estate renewal across an initial tranche of 12 Council-owned housing sites. The joint venture partnership enables both partners to share costs and long-term financial risks associated with development whilst retaining a degree of control, ensuring that social and economic benefits remain a focus.

1.2 The Council has the right to acquire any affordable housing at a pre-agreed value and allocate those properties via the Council's Housing Register in accordance with its Allocation Policy.

1.3 The Council's objectives for this programme have been enshrined into the Members Agreement between the JV partners as objectives for HWR. As a development company HWR will procure design, obtain planning permission, develop, market, and sell/let each scheme for the best value achievable.

1.4 On 16th February 2022, the fourth review of the JV's Business Plan was reported to and approved by Cabinet. The review was reported based on updated assumptions which were reflected, scrutinised, and verified via updated site development appraisals and the JV's employer's agent.

1.5 In particular, the February 2022 report focussed on the progress made on the schemes within Work Package One (WP1) of the 12 Site Programme, which includes New Green, Park Rise and the Waterloo and Queen Street Estate. Since the last business plan, work has continued to maximise the level of affordable family-sized sized housing across these schemes and to expedite the delivery of new homes where possible.

2.0 Progress – Work Package 1 (WP1)

2.1 Planning and Design Development

Good design and place-making have been important considerations since the JV was established, ensuring that each scheme acts as an exemplar housing development within the borough.

2.2 New Green, formerly known as Napier, New Plymouth

2.3 Construction on New Green is substantially complete. Outstanding matters include; discharge of remaining planning conditions, sign off by Building control, and completion of the Section 278 Agreement.

An Estate Management Strategy has been produced in collaboration with the Housing team and external consultants to ensure the successful management of the new development. A local Sales Agent has been appointed to sell and market the shared ownership units. The initial sales launch has been successful with several units already under offer.

The New Green development has set the standard for new affordable homes in Rainham, providing good-quality apartment living. The homes are well insulated and energy efficient. The development provides a community garden and a number of high-quality podium gardens to enable residents to enjoy outdoor amenity. This development provides 100 per cent affordable homes for local people.

2.4 Park Rise formerly known as Solar, Serena, and Sunrise

Construction of this later-living scheme is proceeding well with practical completion anticipated for winter 2023. This will be a flagship scheme with a range of facilities, such as a shared communal lounge and thriving communal gardens that are designed to encourage independent living. The development will adopt dementia friendly design principles, through careful consideration of interior design and wayfinding throughout the development. A telecare system will be provided in all affordable units with the opportunity to be available for outright sale customers. The new scheme has been carefully designed to create an inclusive and fully accessible environment for residents and visitors.

2.5 The Waterloo and Queen Street Estate (WQS)

The Waterloo and Queen Street Estate demolition was completed in the summer of 2022. The JV team is working through stage 4 of the design process. Meanwhile uses are being developed in consultation with the local community pending the complete development of the site. Proposals for a community garden are taking shape.

The scheme will provide high-quality homes, with most properties benefitting from private amenity space by either a garden or private balcony. The design of the scheme will optimise the site’s potential to deliver housing to meet local housing targets, including the right to return for the social-rented tenants decanted from WQS because of the redevelopment. The design will incorporate sustainable technologies to help reduce the carbon footprint of the development. Secured by Design principles will be used to reduce the potential for crime and anti-social behaviour.

The Government, in response to Grenfell, have introduced the Building Safety Act 2022 and are considering changes to BS9991. Expected new requirements are likely to include additional lifts and stairwells. WQS could potentially fall within scope of the changes to regulation and further work is being carried out to see what the impact would be. If changes are required at WQS, this may result in a small reduction in the number of homes to be built.

Given the Council's adoption of a new Climate Change Action Plan, further consideration has been given to additional decarbonising of the scheme's energy strategy over time. Later phases of the scheme are designed with 95% air source heat pumps and 5% electric to supply the new estate with energy and power. The use of air source heat pumps provides a good source of low carbon energy.

The approved scheme for Phase 1 included the use a 50/50 split of air heat source pumps and gas. The JV Board have approved a 95% electric air heat source pump and 5% electric solution for the later phases of the scheme. Phase 1 of the development will make use of a temporary energy centre solution; this will be either 50/50 air source heat pumps/gas or a temporary gas solution for the first 3 years until the permanent energy centre is fully operational.

Construction is due to begin summer 2023 on blocks 1 and 2 (Phase 1) of the Waterloo and Queen Street Estate. The remaining phases have outline permission and further details will therefore need to be submitted to the LPA in order to obtain detailed permission.

2.6 Social Value

The Council remains committed to ensuring we are bringing real, tangible benefit to the local community. The JV has continued to work with local social enterprises providing local people with jobs, apprenticeships, and work placements.

Social value delivery includes investment into the Havering economy, benefiting local businesses. To date the JV has delivered approximately £44m in local economic benefits. Approximately £33m of social value has been delivered through investing in growth and regional business growth.

Approximately £7m in social value benefits towards skills and employment have been delivered to date, with over 583 local people having received skills and employment opportunities so far. 252 local people are currently employed via the project and over 9440 training/employment weeks have been created for local people. Further details can be found at Exempt Appendix 2.

This social value legacy will continue with the start of construction of Waterloo Estate and later project phases, with local people remaining at the heart of our regeneration ambitions.

2.7 Regeneration Objectives

The JV is obliged to deliver each scheme in accordance with the Key Requirements set out in the Development Agreement. These requirements set out the parameters for a planning application and include:

- The number of units to be delivered across the development
- The housing bed size and tenure mix
- A requirement for non-residential uses such as commercial and retail.

The key requirements for each site may vary because of stakeholder consultation and planning policy but will always be required to meet the Council's objectives for the Regeneration Programme.

2.8 Since bid stage, levels of affordable housing in WP1 have increased in line with the Council's objectives to maximise the delivery of affordable housing across each site as noted in Table 2.

Table 2: Affordable housing review since bid stage

Site	Affordable Housing – Bid Stage	Affordable Housing – Year 2 review	Affordable Housing- Year 3 review	Affordable Housing- Year 4 review	Affordable Housing- Year 5 review
New Green	77.7%	64%	100.0%	100.0%	100.0%
Park Rise	25.8%	76.6%	76.6%	76.6%	76.6%
Waterloo and Queen Street Estate	38.5%	40.4%	40.4%	41.2%	39.6%
WP1 Total	**41.3%**	**46.4%**	**50.7%**	**51.3%**	**50.1%**

2.9 The budgeted costs on the programme have risen in response to the inflationary pressures in the construction sector. To mitigate some of this cost pressure and risk, it is proposed to convert 184 homes earmarked for private sale homes to PRS on WQS Phase 1. Given that the site is scheduled to commence construction in Q3 2023, this approach is designed to minimise sales and financing risks during what is likely to remain an uncertain economic situation. The forward funding requirement on WQS has however significantly increased since the last review of the Business Plan because of cost increases on the later phases of WQS. The later phases of WQS remain under review and options will be explored to close the forward funding gap for the Council, prior to any firm commitment to commence construction.

2.10 Some additional funding has been set aside for Park Rise and New Green, which is currently under construction. The requirement is linked to amendments in the specification requested by the Council.

2.11 In addition to the review of the level of affordable housing, the bed size mix of affordable homes has also been a part of the review process. The Local Plan requires affordable housing to be delivered according to the bed-size mix in Table 3, below. Amongst other things, this mix has been influenced by the Strategic Housing Market Assessment, which was carried out in 2016, and provides a longer-term assessment of housing need, from 2011 – 2033.

Table 3: Borough wide Housing Mix

Bed-size	1-bed	2-bed	3-bed	4-bed +	**Total**
	10%	40%	40%	10%	**100%**

2.12 A key requirement for each site within the 12-site programme is that new homes not only meet a demonstrable housing need, but also facilitate the Right to Return for Council tenants that have been rehoused away from regeneration sites. Table 4 below demonstrates that across WP1, the highest level of demand, derived from the Right to Return, and is for one-bedroom homes.

Table 4: Right to Return Demand

Right to return requirement	1-bed	2-bed	3-bed	4-bed	**Total**	
	%	%	%	%	No.	%
Waterloo and Queen Street Estate	32%	32%	35%	1%	**171***	**100%**
New Green	64%	30%	6%	0%	**87**	**100%**
Total	43%	31%	25%	<1%	**258**	**100%**

*No re-provision of Sheltered Housing provision at Queen Street

2.13 In addition to the Right to Return, the Council's housing register provides a reference to identify immediate need for affordable housing provision in the borough, based on those households that present themselves to the local authority. Data from October 2022 shows that in comparison to the Local Plan prescription, a higher proportion of one-bedroom affordable units are required to meet the demand of Havering households. Table 5 below shows bed-size need for the people on the housing register:

Table 5: Bed-size need October 2022

Housing Register demand by bed-size	1 bed	2 bed	3 bed	4 bed	5 bed	Total	
	%	%	%	%	%	No.	%
	25%	31%	37%	6%	1%	2440	100

2.14 The affordable housing demand arising from the Right to Return, and the Housing Register have been imperative in determining the bed-size mix of the affordable homes that will be delivered across WP1. Changes to the proposed housing mix because of the data above, are demonstrated at Table 6 below.

2.15 Whilst this data supports the delivery of one-bedroom affordable homes across General Needs sites, the provision of affordable and oversized one-bedroom homes at the Park Rise later living scheme continues to be deemed the most appropriate solution to meet the housing needs of the over 55's, by providing an affordable home with the flexibility of extra care provision where required.

2.16 Since bid stage, levels of affordable housing in WP1 bed size mix have increased in line with the Council's objectives to maximise the delivery of affordable housing across each site. Table 6 provides a summary of the current bed size mix in comparison to the bid stage.

Table 6: Affordable bed size mix review

	Affordable bed size mix – Bid Stage				Affordable bed size mix – Year 5 review			
Bed size	**1**	**2**	**3**	**4**	**1**	**2**	**3**	**4**
New Green	35%	50%	15%	0	43%	45%	12%	0%
Park Rise	61%	39%	0	0	86%	14%	0%	0%
Waterloo and Queen Street Estate	43%	50%	7%	0	40%	48%	12%	0%
WP1 Total	**43%**	**49%**	**8%**	**0**	**48%**	**42%**	**10%**	**0%**

The Waterloo and Queen Street Estate will be developed in a phased approach due to the quantum of homes on the new development as per the Members Agreement. In total, the redeveloped scheme will deliver 1,380 new homes. Phase 1 (Blocks 1 and 2) of the development will include the delivery of 370 homes.

2.17 A review of the development costs linked to Phase 1 WQS (Waterloo and Queen Street) has been undertaken. The development cost has increased linked to the quality of design, and current market pricing, inflation and reflecting ongoing supply and labour shortages in the economy. The review has led to the changes in tenures, which has resulted in the conversion of 184 homes earmarked for private to PRS.

2.18 Private Rent Sector PRS

Consideration is being given to a PRS model to form part of the offer mix for Phase 1 at Waterloo and Queen Street. This would enable a residential block to be sold to a single PRS provider. This would not change the approved tenure mix for the overall scheme, but could have the benefit of a reduction in borrowing costs on phase 1.

2.19 Table 7 below shows planning and development milestones for the sites in WP1 that have been progressed since the last business plan as well as a forecast for the remaining sites in the 12 sites programme.

Table 7: Key Planning Milestones

	Submission of Planning Application	Resolution to Grant	Start On Site	1st Completions	Site Completions
	Work Package One				
New Green	May-2019	Nov-2019	2020	Oct-2022	Jan-2023
Park Rise	Dec-2019	June-2020	April 2021	Oct-2023	Nov-2023
Waterloo and Queen Street Estate	Jun-2020	June-2021	July 2023	Jul-2025	Mar-2030
	Work Package Two				
Chippenham Rd	Sept- 2023	Mar-2024	Dec-2024	July 2026	Oct-2026
Royal Jubilee Court	Nov- 2023	Aug- 2024	Mar-2025	Mar- 2027	Sept- 2027
Farnham and Hilldene	June -2024	June 2025	Dec-2025	Dec- 2027	Dec- 2033
	Work Package Three and Four later phases				
OldChurch Gardens	June- 2025	June- 2026	Jan-2027	Jan- 2029	July- 2029
Maygreen Crescent	June- 2026	June-2027	Jan 2028	Jan 2030	Jan- 2031
Delderfield House	June-2026	Jan-2027	Jan 2028	Jan- 2030	July - 2031
Brunswick Court	June - 2026	Jan-2027	Jan-2028	Jan 2030	July- 2031
Dell Court	Oct-2026	Jan-2027	Jan 2028	Jan- 2030	July- 2031

2.20 Vacant Possession

The 12-estate regeneration programme continues to move forward with the requirements of the existing residents being paramount. Vacant possession across regeneration sites has been aligned with the strategy to reduce the homelessness pressure on the General Fund. Properties vacated by secure tenants and leaseholders across the regeneration programme have been used as temporary housing for homeless households.

Table 8: Existing and proposed units across all 12 Sites

	Existing		**Proposed**					
Site	Social Rent	Leasehold/ Freehold	Affordable Rent	LCHO	PRS	Open Market Sale	Total	% affordable Housing
Work Package One								
New Green	87	10	126	71	0	0	197	100%
Park Rise	55	0	80	54	0	41	175	77%
Waterloo Estate (and Queen Street)	202	71	328	219	184	649	1,380	40%
Work Package Two								
Chippenham Road	20	12	109	46	0	0	155	100%
RJC	47	0	48	0	0	72	120	40%
Farnham and Hilldene	90	27	134	58	0	287	478	40%
Subtotal Committed	501	120	825	448	184	1,039	2,505	51%
Later Phases – Paused for further Review								
Maygreen Crescent	88	23	94	24	0	177	295	40%
Delderfield House	14	0	22	0	0	0	22	100%

Dell Court	29	0	29	0	0	51	80	36%
Oldchurch Gardens	64	22	122	0	0	184	306	40%
Brunswick	47	0	54	0	0	0	54	100%
Subtotal Under Review	274	45	321	24	0	412	757	46%
Total - All	775	165	1,146	472	184	1,451	3,253	50%

A significant effort has been made to ensure those people moving out of their homes find suitable alternative homes that meet their needs and that they are supported through the moving process. Council tenants, leaseholders and freeholders have all received the appropriate support to assist with moves. Council Officers have continued to work with residents to either move them to a new home or purchase their property.

3.0 Scheme Review

3.1 The current scheme design and development financial model anticipates that 1,752 new homes will be delivered in Work Package One as per the February 2022 update. Table 8 above, shows the existing and proposed units across all the 12 estates.

3.2 Based on the 3,253 model (including the later phases), the 12 sites programme would deliver 50% affordable housing, whilst more than doubling the number of occupied affordable homes across the sites. These figures are summarised for comparison in Table 9 below:

Table 9: Affordable estimated change

	Now	Future	Change
Total number of homes	991	3,253	+228%
Occupied General Needs homes	551	959	+74%
Occupied Sheltered rented homes	224	187	-17%
Low-Cost Home Ownership	0	472	+472
RTB losses	217	0	-100%
Total occupied affordable homes	775	1,618	+109%

3.3 Scheme Review – WP2, 3 and 4 Pipeline Schemes.

This report seeks approval to progress with the strategy to deliver some of the schemes from work package 2, 3 and 4. The JV team have evaluated the viability of the schemes. In the interests of securing the best value for the

Council, an analysis has been undertaken to consider each site on its own merits to determine the best delivery method and tenure offering.

The following sites are considered to have the greatest potential for development within the 12 Estates Programme at this point in time.

3.4 Chippenham Road

Since the last Business plan update in February 2022 the JV team have evaluated the viability of the Chippenham Road site. The project has undergone a period of reviewing several design options to maximise viability whilst ensuring good quality design. The Council now wishes to make further changes, as follows:

3.5 Due to a combination of cost increases and the challenges presented by the site, such as ground levels and complexity of retaining structure works, it is not possible to deliver a viable mixed tenure scheme as originally proposed, which delivers the minimum HWR margin.

3.6 The Council therefore now wishes to make further changes, these are described below.

3.7 Changing the Chippenham site to 100% affordable housing, with no open market sale units. The original procurement process set out that the scheme would be a mix of market sale and affordable units. These changes will mean that:

(a) As it is a 100% affordable scheme then the JV does not make a profit;

(b) Wates, as the contractor, makes profit as the preferred building contractor;

(c) We understand that there are no current plans to include additional market units elsewhere because of the increase in affordable units.

(d) The conversion of Chippenham Road to 100% affordable would increase Council funding by £10.364 million, reducing third party payments by £24.030 million (based on the existing development budget) (third party payments are JV receipts from external parties, such as prospective owner occupiers). Further details are provided in the Exempt Agenda Report.

3.8 Farnham and Hilldene District Town Centre

The district centre remains vibrant with a good range of retail uses and strong footfall. It remains a key focus for the community, despite being in an area which is relatively deprived. The district centre must remain a key part of the regeneration of the area.

The regeneration of Farnham and Hilldene will take several years and will require rehousing and re-provision of existing households and businesses. As such, consideration is being given to phasing the development, to ensure potential costs and disruption is minimised to community and business stakeholders. An estate ballot is scheduled to be undertaken in 2023 and officers are currently working on finalising the Landlord offer.

Further details about the above sites are contained in the Exempt Agenda.

3.9 Schemes for Later Review

3.10 The following schemes form part of the later phases of the 12 Estates programme and require further review. These sites will be reviewed and considered for development at a later stage.

3.11 Royal Jubilee Court

The redevelopment of this site would provide the Council with an opportunity to produce an exemplar later living development. The Gidea Park Conservation Area provides a high-quality environment in which a vibrant, contemporary retirement community for the over 55s could be created.

3.12 OldChurch Gardens

The development site currently provides 3 storey residential blocks of 86 units located close to OldChurch Park and Queens Hospital, Romford. This site will provide new sustainable homes for the local community with green open spaces. The design vision for the site will be developed and further refined in the future.

3.13 Maygreen Crescent

Maygreen Crescent is located within the community of Hornchurch, 2.5miles to the south of Romford. The existing estate was constructed in the 1960s / 70s and ranges in height from 2 – 6 storeys forming 2 perimeter blocks with 111 residential units. The design vision for the site will be developed and further refined when appropriate.

3.14 Delderfield

Delderfield Court located in Romford will form part of the later phases in the 12 Estates programme. Currently the scheme provides sheltered accommodation. The design vision for the site will be developed and further refined in the future.

3.15 Dell Court

The development site and opportunity area currently provide 2-storey residential accommodation. The site is bounded to the north by Hornchurch Cemetery. The design vision for the site will be developed and further refined when appropriate.

4.0 Financial Review

4.1 The business case assumptions have been updated to reflect anticipated economic conditions and design development including enhanced design features and the reduction in open market housing cross subsidy due to the increased provision of affordable housing.

4.2 Key changes are summarised in the following text and in the Exempt Agenda at paragraphs 6.8 -11.5.

4.3 **Phase 1 WQS** – given the upward movement on cost, it is proposed that the tenure mix on Phase 1 WQS is reconsidered. It is proposed to convert 184 homes earmarked for private sale to PRS on Phase 1 WQS. This change is intended to mitigate against future sales and financing risks linked to current market conditions, reducing the development return but reduces risk subject to securing suitable offers. The inflationary pressures in the market are driving an increase in the forward funding commitment on WQS of £33.687 million, which is driven by increasing construction costs on the later phases.

4.4 **Phase 1 New Green & Park Rise** – both sites are currently under construction, the Council has agreed alterations to the specification / requirements with HWR which has resulted in an uplift of cost. An uplift of £1.7 million has been set aside to manage the additional costs.

4.5 **Phase 2 – Chippenham Road** – the scheme has been affected by a combination of increasing costs driven by the economic volatility and challenging site conditions. It is proposed to convert this scheme to 100 per cent Council at a cost of £57.992 million.

4.6 **Phase 2 – Farnham Hilldene** – This site was removed from HWR in March 2021 due to ongoing viability concerns. Given the potential regeneration benefits it was agreed by Cabinet to deliver the scheme directly in March 2021 via a separate public procurement exercise to appoint a contractor to build the scheme with the Council assuming responsibility for the marketing and sale of the private sale homes.

4.7 More recently, the regeneration team has pursued various delivery options but has concluded that a separate procurement exercise for this site is likely to lead to significant delays and bring about added complexity and potential for further costs. As such, it is proposed to secure the delivery of this scheme via the HWR. The advantage of this route is that it would avoid the need to re-tender and ensure that the Council could, subject to viability, deliver on its aspirations for regeneration within the targeted timescale.

4.8 The site suffers from anti-social behaviour and is in relatively poor condition. The Council will continue to incur higher than normal maintenance and asset management costs until the site is redeveloped. Given this the Council wants the redevelopment to take place as soon as possible (subject to the result of the resident's ballot which is required by the GLA).

4.9 It is proposed that this site be delivered by the JV arrangements to expedite the delivery of the scheme, but that the Council (subject to the costs and any variations required to the documents being agreed) will agree upfront to acquire all of the units to be developed (including the private sales and commercial units in addition to the affordable units). The Council will therefore forward fund the development but will acquire the units at a lower price than if it agreed to acquire the units at a later stage. The JV will make a smaller margin of profit on the development of this scheme due to the Council providing forward funding and agreeing to acquire all the units up front to acknowledge the risk to the JV being reduced.

4.10 **Phase 2, 3 & 4 – Red Line Sites (Under Review)** – the current economic volatility has had a significant impact on the programme. Costs have risen in response to a climate of high inflation and supply chain constraints, making the delivery of the sites in the later phases challenging. The sites are relatively small, delivering low levels of additional affordable homes, placing severe constraints on the availability of Greater London Authority (GLA) grant and Right To Buy (RTB) 141 funding to mitigate rising costs.

4.11 In response it is proposed to put these sites on hold, pending a review of options.

4.12 **Price per Affordable Rented Unit**

At bid stage an average Phase 1 offer price of £172,000 per plot was made for the affordable rented units. Forward funding has effectively increased this to £267,000 per plot (up from £230,000 in February 2022) primarily driven by cost inflation.

The financial figures identified in this report represent a point in time, and it is anticipated that as the development progresses, the housing market will revert to a period of growth in house prices, which will enhance the value of the scheme. The blended average cost to the HRA including shared ownership units is £288k per unit.

4.13 Grant Funding Arrangements

The Council has achieved Approved Provider status with the Greater London Authority through its strong track record of delivering affordable homes. This enables the Council to secure grant funding for our development and buy-back programmes.

It is important that opportunities are taken to secure external grant funding as this underpins the development programme, improves the viability position, and protects the Council's resources.

REASONS AND OPTIONS

5.0 Reasons for the decision:

5.1 To incorporate revised assumptions and an updated programme into the Business Plan for the period 2023-24.

5.2 The approval of the Business Plan and related decisions will continue to secure the Council's regeneration objectives for the 12 Site Regeneration Programme.

5.3 The optimisation of affordable housing provision to be purchased by the HRA, on advantageous terms via a Joint Venture vehicle, to help sustain the HRA long term.

5.4 To maximise the level of family housing and retirement provision in the borough.

5.5 Other options considered:

5.6 The adoption of the Business Plan is a consent matter. Without the Council's approval, as a Member of the LLP, the revised Business Plan could not be adopted, and the current approved Business Plan would be maintained. The Council is in contract with Wates as a commercial partner for the delivery of the regeneration of sites within Work Package One and share the associated costs. These commitments will need to be upheld.

Not approving the revised Business Plan may have a negative impact on the Council's ability to continue funding land acquisition which in turn will have implications with delivery targets including affordable housing delivery and achieving targets agreed with GLA in the Overarching Borough Intervention Agreements.

5.7 Not adopting the revised Business Plan would result in a pause to the WQS scheme while the JV Partners reviewed their options. This would in effect delay the programme resulting in additional costs for both JV Partners. Suspending planned construction works at this time would adversely impact on jobs and growth in the local economy. It may also give rise to negative market sentiment with a consequential impact on the wider development market that this scheme would otherwise seek to stimulate.

5.8 The Council could agree to reduce its ambitions for the level of affordable housing on the programme and convert some affordable units to private sale to improve overall scheme viability. This would go against the Council's stated policy aims by reducing the provision of affordable housing available to households in need. Reducing the level of affordable housing would have several indirect impacts, including an increase in the numbers on housing waiting lists and increased cost of homelessness prevention.

IMPLICATIONS AND RISKS

6.0 Financial Implications and Risks:

This report considers implications of the refresh of the Havering & Wates Regeneration LLP (HWR) business plan, and the recommended update to the Capital budgets. The detailed review of the business plan is contained in the following annexes to the report:

- **Exempt** Annex 1A – Spend Review
- **Exempt** Annex 1B – Commercial Review and Sensitivity Analysis.

Table 1. Capital Programme (HWR Programme) and Table 2. Movements from 2022/-2023 are presented at **paragraph 6.1 in the Exempt Agenda.**

6.2 Updates, the refresh incorporates the following changes:

- Waterloo & Queen Street – Update on development costs and tenures.
- Park Rise / New Green – review of progress on construction, making provision for £1.7 million of changes to specification / cost increases.
- Prioritising delivery of Phase 1, alongside Farnham Hilldene, Chippenham Road, (and Royal Jubilee Court subject to review and approval).
- Delivering Farnham Hilldene as a 100 per cent Council scheme, via the HWR JV.
- Placing the remaining red-line sites on pause, pending a review of delivery options.

1. OldChurch Gardens
2. Maygreen Crescent
3. Delderfield
4. Dell Court
5. Brunswick Court.

- Proposal to no longer pursue plans for the re-development of the Napier New Plymouth Blue line opportunity site.

6.3 The report seeks approval for to provide a gross capital budget of £77.722m to provide equity funding for HWR with an additional £70.148 million requested to progress the necessary site assembly activities. The total capital budget for the programme including the cost of acquiring the affordable housing and delivering Farnham Hilldene is £640.082 million, which represents a decrease of £91.718 million since the 16 February 2022 Cabinet Report. This is driven by the proposal to suspend progress on the above sites releasing £158.005 million of capital budget, offset by £66.287 million of cost increases on the remaining schemes.

6.4 The viability of the programme has been affected by a series of adverse economic factors over the past twelve months, which include: Inflationary pressures, driven by the factors below have led to a rise in costs across the economy impacting on developers where costs have risen and households, which have experienced a rise in the cost of living, reducing disposable incomes. There are two main drivers behind the rise in prices:

- The recovery from the COVID-19 lockdowns, which led to a sharp rise in consumer and business demand, which created severe supply side pressures.
- The ongoing war in Ukraine, which has had a significant impact on the supply chain and energy markets.
- The Bank of England have in response to the inflationary pressures in the economy, have raised the base rate, driving up the cost of borrowing for households and businesses.
- The reaction to the Government mini-budget statement on 23 September 2022, which led to an immediate sharp rise in borrowing costs for households, businesses, and government. While most of the tax-cutting commitments have subsequently been reversed, borrowing rates have fallen but not back to the levels in the summer of 2022. It could be argued that the intervention has added a structural premium on borrowing rates for households, businesses and Government.

6.5 The resulting inflationary pressure has had a significant impact on the programme, which compounded by rising borrowing costs has made the delivery of the sites earmarked in the later phases challenging. The sites which were earmarked to be delivered in Work Packages 2, 3 and 4 are relatively small, delivering low levels of additional affordable homes, placing constraints on the availability of GLA grant and RTB 141 funding.

6.6 There is limited scope on these sites to contain the significant cost increases and maintain a viable scheme. As such it is proposed to pause progression on the delivery of the following sites, pending a review of delivery options:

1. OldChurch Gardens
2. Maygreen Crescent
3. Delderfield
4. Dell Court
5. Brunswick Court
6. Napier New Plymouth Blue Line Opportunity Site.

6.7 The suspension of the above sites, reduces the gross HRA capital commitment by an estimated £158.005 million, which would be used to manage forecast budget pressures of £66.287 million on the remaining sites and minimise HRA borrowing exposure at a time where PWLB rates have sharply risen as set out in the table below.

Paragraphs 6.8 to 9.13 are provided in the Exempt Agenda.

9.14 Financial risks & sensitivities

9.15 Detailed financial information **(paras 6.8 to 9.13)** is contained within the **Exempt Agenda**. The report seeks Cabinet approval to invest a maximum of £77.722m of capital expenditure gross of repayments of equity into a Limited Liability Partnership to deliver the regeneration of 12 Housing Revenue Account (HRA) sites. The end of year equity exposure is forecast to peak at £40.494 million. Some of this investment would be in the form of HRA land, the net value of which is currently estimated at £1.779m (all sites), with the remaining £38.715m as cash funding.

9.16 Scheme viability The JV's Risk Register is included within the Business Plan attached at Appendix 2, which sets out some of the key financial risks. Mitigation measures are as set out in the business case attached to this report.

9.17 The build costs and revenues are derived from the latest analysis provided by Wates Construction Limited and CBRE. Cost plans for the detailed designs for Phase 1 of WQS reflect extensive consultation with the local planning authority and Council stakeholders. Both NNP (Napier New Plymouth) and SSS (Solar Serena Sunrise) (Solar Serena Sunrise) have progressed to construction.

9.18 The next scheme scheduled to commence is Phase 1 WQS (Q3 2023). The designs for the Phase have reached a detailed design stage, with planning approval secured. The next stage is the completion of the PCSA, which is to be concluded June 2023. The outputs will determine the final construction budget.

9.19 Development – Construction Inflation
The economic volatility in recent times had led to significant rise in costs. While further rises are predicted, the expectation is that demand for construction services over the short term is likely to fall significantly as rising costs erode private developer returns, resulting in the suspension of many developments, with a severe impact on the construction sector.

9.20 The outlook remains uncertain but given the scope to contain further cost rises is limited, the development manager would have to consider options to mitigate risk to avoid the suspension of progress on WQS and later schemes. The contractor (Wates Construction) is to put the appropriate hedging strategies in place. These would include the use of forward purchase contracts where appropriate.

9.21 Development - Delays to the programme, Delays to the programme would come at a cost, linked to the demobilisation and remobilisation of specialists and the contractor's team.

9.22 The development manager is to ensure that the appropriate project planning is in place, identifying potential bottlenecks and strategies for resolution.

9.23 Regulations, with the increasing emphasis on mitigating against the worst impact of climate change, it is likely that future developments would face increased costs linked to the carbon neutral agenda.

9.24 The Government have introduced a developer's levy, which would apply to developments of high-rise buildings. The precise details as to how the levy would apply are yet to be confirmed, and therefore have not been factored into the current projections.

9.25 The Government in response to Grenfell, have introduced the Building Safety Act 2022 and are considering changes to BS9991. Expected new requirements are likely to include additional lifts and stairwells. WQS could potentially be affected by changes in regulations. Further work is being carried out to see what the impact might be.

9.26 If changes are required at WQS, this may result in a small reduction in the number of homes to be built.

9.27 <u>PWLB borrowing rates</u>, the current projections are based on a long-term borrowing rate of 4.0%. Currently the Council can secure borrowing at just below 4.0% (50 years). As borrowing is drawn down, the rates are effectively locked in for the loan period.

9.28 The modelling above indicates that the Council over the life of the 12 Estates Programme should not expose itself to a weighted cost of borrowing more than 4.13% to ensure payback can be achieved with 45 years. Going above a weighted average of 4.77% would put overall programme viability at risk.

9.29 <u>House prices and sales risk</u>, private sale units are priced under a 'Red Book' methodology, which is based on an assessment of the current value of new developments in the area. The development manager has proposed incorporating an element of regeneration uplift (5% subsequent phase on WQS) to maintain viability on the later stages of WQS.

9.30 While Havering presents good value in relation to neighbouring London boroughs and London as a whole, the current market is projected to see a fall in values in the short term before rising again.

9.31 The JV Development Manager will continue to monitor the sales market to analyse trends, should sales fall below current expectations it is likely that the scheme will be suspended.

9.32 <u>Shared ownership</u>, the financial models are underpinned by an assumption that disposals of shared ownership product yield an average receipt of 40 per cent of open market value (excluding Park Rise). Should average receipts exceed the 40% hurdle, the JV would pay over the surplus to the Council.

9.33 The Council would benefit from a higher interest in the property, accruing net revenues over and above the current 60% of OMV assumption.

9.34 GLA funding, the Council will continue to maximise opportunities for capital grant. However, given the current demand for affordable housing grant, it is likely that future programmes would be over-subscribed, often resulting in a lower than anticipated funding offer from the GLA.

9.35 Given the need for sources of capital funding, the lower throughput of grant is likely to delay the progress of the future pipeline schemes.

9.36 Appropriation and compensation claims, there is a degree of uncertainty with regards to any claims linked to the appropriation to planning. Any claims for compensation must be met from the HRA capital Programme and would be funded from the project contingency budget.

9.37 The Macro-economic and regulatory risks, overall the prospect of realising the outcomes for the programme will remain subject to numerous varied factors beyond the LLP's control, ranging from local, regional, and national asset price and demand fluctuations to the wider macro-economic forces such as volatility in interest rates, the value of the pound and the availability of credit and mortgages.

10. Legal implications and risks

10.1 This report follows previous reports to Cabinet including the reports in February 2019, 2020, March 2021 and February 2022 which considered previous JV business plans. A report in August 2020 set out the options to deliver the New Green development considering the COVID-19 implications.

10.2 The Council is being asked to approve the business plan dated January 2023, which includes changes from the previous business plan that was approved.

10.3 The Council has entered into the joint venture LLP with Wates pursuant to a number of powers including the Housing Act 1985, the Housing and Regeneration Act 2008, the Local Government Act 1972, and the general power of competence in Section 1 Localism Act 2011.

10.4 The Council is now contractually committed to progress the project in accordance with the agreements that have been entered into with Wates and the JV, unless variations are agreed by the parties.

10.5 This report seeks Cabinet approval to the inclusion of a budget of £77.722m equity for the 12 Sites and Chippenham Road scheme together with a budget of £70.148m for potential land acquisition/CPO costs within the proposed HRA capital programme, which will be considered by Cabinet in February 2023 in the annual rent setting and capital programme report and recommended to Full Council for approval in February 2023. Cabinet is also asked to approve an increased amount of forward funding of up to £33.387m in respect of the

Waterloo and Queen Street Estate (bringing the forward funding total for this scheme to date to £66.647m), and provide for an additional £1.7 million of forward funding on New Green and Park Rise.

10.6 In view of the increase in affordable housing offered by the revised work package, the proposed increase in funding needs to be considered in the light of the new Subsidy control regime. Provided any additional funding being provided to HWR by the Council is given on terms which are no better than the terms which HWR could have obtained on the market, the provision of the additional funding will not involve the provision of a subsidy to HWR.

10.7 The Council has broad powers under Part 2 Housing Act 1985 (HA1985) to promote or deliver housing of any tenure for the purposes of meeting housing need which permits the proposed acquisition of housing set out in this report. In relation to the Farnham & Hilldene project, the key statutory power is section 9, (HA 85), which is broad enough to empower the Council to provide both affordable and market sale housing where the latter is provided to subsidise the former. The Council also has the power in section 12, HA 85 to provide other buildings, including retail, subject to obtaining Secretary of State (SoS) consent. The SoS has broad discretion in this respect with the criteria being whether the buildings will serve a beneficial purpose for those provided Part II housing accommodation. There is a clear process in place to apply for consent. The Council also has the power to develop the commercial elements under the general fund through s.1 Localism Act 2011.

10.8 The Council must also have statutory power for selling land held for the purposes of Part II housing accommodation. Section 32, HA 85 prohibits it from doing so without SoS consent, without which a sale could be held void on the basis of being ultra vires. However, a general consent has been issued under sections 32-34, HA 85 which permits disposal, including by the transfer of a freehold interest or the grant of a lease, for a consideration equal to market value. The Council therefore has statutory authority to sell a proportion of the units for their market value in order to subsidise the affordable housing units. This power is not limited to disposing of completing units, and so would be broad enough to include the commercial space subject to obtaining SoS consent.

10.9 The Council intends to use the power to override easements and other rights in section 203, Housing and Planning Act 2016 for the property to be disposed of to the JV. This turns those rights into a claim for compensation under section 204. To do so, it must first appropriate the land for planning purposes. Once the land has been appropriated, if the Council intends to grant a build lease to the JV, then this will constitute a disposal. The Council has the power to dispose of property appropriated for planning purposes in section 233 of the Town and Country Planning Act 1990, provided it is disposed of for the best consideration that can be reasonably obtained to secure the particular development.

10.10 If there is any HRA land that will not be appropriated, or if appropriated land is returned to the HRA before development, Secretary of State consent would be required before it could be disposed of to the JV (disposal is broadly defined and includes not only a transfer of the freehold but also the granting of a lease, as is the intention here). However, a general consent has been issued by the Secretary of State that would be relevant in these circumstances. Consent A3.2 of the General Housing Consents 2013 permits disposal of vacant land, which includes land on which dwellings have been built provided (1) they have been demolished, or (2) are no longer fit for habitation and are due to be demolished.

10.11 The Council has a broad power to appropriate land for the purposes of Part II housing under section 19(1) of the Housing Act 1985. This power can be used by the Council to transfer the freehold of the land back into the HRA.

10.12 Further legal comments are set out in the Exempt Agenda at paragraphs 11-11.20.

12.0 Human Resources Implications and Risks:

12.1 There appear to be no HR (Human Resources) implications or risks arising that impact directly on the Councils workforce.

13.0 Equalities Implications and Risks:

13.1 The public sector equality duty under section 149 of the Equality Act 2010 (“PSED”) requires the Council when exercising its functions to have due regard to: (i) the need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010; and (ii) the need to advance equality of opportunity between persons who share protected characteristics and those who do not, and to foster good relations between those who have protected characteristics and those who do not. ‘Protected characteristics’ include gender, race and disability, sexual orientation, age, marriage and civil partnerships, religion or belief, pregnancy and maternity and gender reassignment. The Council is committed to improving the quality of life for all and supports wider social and economic growth through social and physical regeneration.

13.2 Mott Macdonald have recently completed a refresh of the EQIA (Equality Impact Assessment) for the 12 Estate programme, provided at Appendix 3. Amongst other things this assesses the equalities opportunities and risks from the regeneration programme.

This EqIA recommends a series of further actions the Council should take to further mitigate the potential equality risks of the Programme, including the potential for adverse health effects. These include:

- Engaging with residents of the 12 estates that comprise the Programme prior to the commencement of the Programme construction to discuss their needs. For estates in Phase 1, where development has already begun, residents and business owners should continue to be engaged, to ensure their needs are understood and potential risks are mitigated.

- Ensuring that records of the needs of the residents of the 12 estates that comprise the Programme are kept up to date and that discussions are held with particularly vulnerable residents about support with alternative temporary housing elsewhere during the demolition period.
- Ensuring that up-to-date information about construction, including what is going on before, during and after all stages of the process, is shared with residents and operators and users of community resources. Residents should also have the opportunity to provide feedback on any issues which they may experience in a way which is suitable for them.
- Due to the long project lifecycle, ensuring that a review of equality impacts and appropriate mitigation is undertaken by the council in at key future decision stages of the Programme. This should include individual EqIAs (Equality Impact Assessment) for each site where relevant.
- The assessment also identifies that the proposed regeneration of the 12 Estates, has the potential to provide the following opportunities for positive equality effects:
- Improved provision of affordable and accessible housing;
- New employment opportunities for residents;
- Improved public realm;
- Improved provision of community facilities and improved social cohesion;
- Improved accessibility through delivery of new active transport infrastructure;
- Opportunities for businesses through the delivery of new commercial space.
- Improved perception of safety and actual safety.

14.0 Health & Wellbeing Benefits:

14.1 Havering council is committed to improving the health and wellbeing of its residents. The provision of good quality and affordable housing is an important determinant of health and wellbeing as housing impacts both our physical and mental health and wellbeing.

14.2 Inadequate or poorly designed housing is associated with increased risk of ill health including cardiovascular and respiratory diseases, depression, and anxiety as well as risk of physical injury from accidents.

14.3 The Havering Wates Joint Venture partnership is key to delivering Havering's ambitions to provide more good quality, genuinely affordable homes for local people.

14.4 This will impact positively on individuals and families with housing needs including those on low income by increasing access to the number of affordable, quality homes which will, in turn, reduce risk of ill health and improve their quality of life.

14.5 A health impact assessment will be undertaken for all the Joint Venture schemes.

14.6 The Joint Venture has continued to work with local social enterprises providing local people with jobs, apprenticeships, and work placements which will have a positive impact on the health and well-being of residents.

15.0 Health & Wellbeing Risks:

15.1 The proposals outlined in this report do not give rise to any health and well-being risks.

16.0 Environmental and Climate Change Implications and Risks.

There are no adverse Environmental and Climate Change implications of, or risks directly relating to the proposed decision. The focus is on the decision itself, which concerns the approval of the Business Plan and related budget.

The 12 Estates regeneration programme will enable the council to build new affordable homes that will be targeted at high levels of energy performance. As demonstrated at New Green, the design for this development has carefully considered energy requirements, the surrounding environment and animal habitats. Where possible, green, and brown rooves and green spaces that include bat boxes, bird boxes and insect hotels to create safe animal habitats have been included in alignment with the Havering Biodiversity Action Plan. The development includes electric vehicle charging and cycle storage to facilitate increased non-car journeys and promote green modes of transport.

The Joint Venture has commissioned an energy consultant to monitor in use of energy efficiency post-occupation of New Green. The findings from this report should help to inform and set the strategy for future schemes.

Later phases of Waterloo and Queen Street will be designed to include 95% air source heat pumps and 5% electric to supply the new estate with energy and power. Air-source heat pumps are a good source of low-carbon energy.

BACKGROUND PAPERS

- Havering and Wates Regeneration LLP Business Plan and Budget 2022/2023.

APPENDICES

- **Exempt Agenda Report** - Financial and Legal Implications & Risks.

  Exempt Annex 1A HWR Spend Review.
  Exempt Annex 1B Commercial Review.

- **Exempt Appendix 2.** Havering Wates LLP Business Case Inclusive of all Appendices.

- Appendix 3. 12 Estates Regeneration Programme - Equality Impact Assessment, Mott Macdonald, December 2022. Public Agenda.