

LONDON BOROUGH OF TOWER HAMLETS

MINUTES OF THE HOUSING POLICY AND AFFORDABILITY COMMISSION

HELD AT 6.00 P.M. ON WEDNESDAY, 10 FEBRUARY 2016

**C1, 1ST FLOOR, TOWN HALL, MULBERRY PLACE, 5 CLOVE CRESCENT,
LONDON, E14 2BG**

Members Present:

Mayor John Biggs (Member)	Mayor
Councillor Rachel Blake (Member)	(Cabinet Member for Strategic Development)
Councillor Sirajul Islam (Member)	(Statutory Deputy Mayor and Cabinet Member for Housing Management & Performance)

Officers Present:

Martin Ling	– Housing Policy Manager
Jackie Odunoye	– Service Head, Strategy, Regeneration & Sustainability, Development and Renewal
Alison Thomas	– Head of Housing Strategy, Partnerships and Affordable Housing Strategy, Sustainability and Regeneration
Tom Scholes-Fogg	– Housing Commission Clerk

1. APOLOGIES

Apologies were given from Duncan Bowie, Alastair Baird, Yvonne Arrowsmith and Faraz Baber.

2. MINUTES FROM LAST MEETING

The minutes of the last meeting were agreed as an accurate record.

3. PANEL RECOMMENDATIONS TO THE COMMISSION

The Chair, Councillor Blake, asked the Expert Panel for their comments on the recommendations to the Housing Commission which are attached at Appendix 1.

Dan Hopewell, Bromley By Bow Centre, advised that London Borough of Tower Hamlets (LBTW) needs to have a co-ordinated housing plan with neighbouring London Boroughs as the solution to the housing problem extended beyond Tower Hamlets. He stated LBTH needs to identify who the target population was around affordable housing, as the increasing demographic of Tower Hamlets was now more like inner London in his opinion. He added the need for LBTH to work with other landowners, including

other social landlords to secure marriage values particularly given the volume of land available.

Mayor Biggs stated he believed everybody deserved an affordable home. He added that the Borough could do with teachers living in the Tower Hamlets and near the schools they teach at but due to the cost of property, this was not currently possible. He was also concerned about conditions in the private sector with the growth of poor quality Houses in Multiple Occupation.

Councillor Sirajul Islam asked whether affordable shared ownership could be an option to addressing the housing need. He stated he believed that the aspiration of our children should not just be to be able to own an affordable home but to benefit from an affordable Council home which once was seen as a positive option.

Dan Hopewell responded and advised that the average London first time buyer was now 40 years old and that buyer will possibly be living at home until they were at least in their 30s. He said social housing was now only for those with the greatest need, and in some places, renting a home all of your life is seen as normal, therefore LBTH needs to make the case for social housing and that it is not a bad thing.

Sarah Sackman, Barrister, said whether people are on a low income or not, there is a real need for affordable housing – and the danger is that in trying to please everyone then LBTH will please no-one. She added, LBTH must meet the needs for those who are homeless and in the greatest need. With regards to recommendation one, Ms Sackman said, it was important the first recommendation is developed and the question asked by LBTH ‘who is the affordable home for?’

With regards to recommendation two, she stated if Tower Hamlets doesn't strive to produce social rented housing on Council owned sites then it cannot expect the private developers to do it. Tower Hamlets needs to take the lead.

Finally, with regards to recommendation seven, Sarah Sackman said she believed there needed to be a full capacity audit of Council owned land and social landlord, Transport for London and NHS owned sites, and the audit should look at land assembly and how each site could be developed either by Tower Hamlets or by another provider.

In order to look at options of solving the housing problems, Ms Sackman added that Tower Hamlets should look for applications at equity stake – even if other providers are developing housing, and it is equally important for LBTH to exercise some control on its formerly owned land (through its planning processes).

Councillor Rachel Blake asked about the Tower Hamlets plan and the London Plan. Sarah Sackman advised that the Tower Hamlets Local Plan had to fit into the London Plan. Ms Sackman added that in regards to affordability, what is affordable to somebody will not be affordable to others. The Commission

heard that the income of key workers such as teachers needed to be taken into account.

Jackie Odunoye, LBTH, advised that the local 'affordable' rent was based on income. It was discussed whether linking income to market rent (MR) was an option. Ms Odunoye said Tower Hamlets would prefer to break the link to MR and link rents to incomes with 30% cited as affair rate. The Commission noted that one other London Borough was looking at having two levels of rent.

Councillor Islam stated he believed LBTH should champion social housing but it was regrettable that so much housing was lost through the Right to Buy, as a mortgage could be cheaper than rent or vice versa.

Councillor Blake suggested an income cap – with different employment categories – but it was noted that this could be flawed and prone to change with the need to update the categories and add new jobs.

Sarah Sackman added, the plan had been to expand Housing Association developments – as this should be a building haven and charged at social rent. She said that the major issue was trying to keep up with demand and to accommodate different income levels.

Mayor Biggs raised the issue if people became ill, lost their job or were affected by benefit changes which meant they could not afford to remain living in affordable properties. The Mayor asked whether LBTH should look at fixed length tenancies as housing is a scare resource – particularly within social housing. Sarah Sackman stated she believed fixed tenancies would be mandatory for new social housing tenants via an amendment in the Housing and Planning Bill., The idea of a council house for life was reduced with to the Localisation Act 2011. If LBTH introduced fixed tenancies, it was advised that it would be in line with the national Government.

Public Questions:

One member of the public asked about linking rent to incomes and whether it was worth LBTH looking at. It was noted that Saville's had produced work on this and was asked whether such a model could work with regards to bandings in LBTH. The same member of the public advised that on fixed tenancies the law allowed local authorities to choose the length but it was not enforced – The Housing and Planning Bill will enforce but not means test – (aside from households earning more than £30k/£40k). Martin Ling, LBTH advised that could be more aimed at under occupied households, not high earners.

Another member of the public mentioned the work Dolphin Square Foundation had done which looked at affordable discount homes. The Mayor stated he wondered what proportion of affordable homes should be aimed at lower rent.

Glen, from Tower Hamlets Renters asked if LBTH had free land how much would it cost to knock down and rebuild. As LBTH should look at the longer term and build in a longer term financial model.

With regards to recommendation nine, Councillor Blake, stated more family homes in Tower Hamlets are becoming HMOs. She added if LBTH can create better HMOs – the council might lure people out of the older properties and free up dwellings. Jackie Odunoye said those on low income but working were the kind of people living in HMOs at the moment. Sarah Sackman suggested LBTH considered buying property to use as HMOs.

Mayor Biggs raised the possibility of a temporary housing scheme to keep people in the community. He added, the Council had promoted work assistance for homelessness families, including those who can encounter difficulties getting back to work single mums and those who were victims of domestic violence.

4. ESTATE REGENERATION

Martin Ling, LBTH informed the Commission about the Prime Minister's statement on estate regeneration. He advised that David Cameron had pledged a £140 Million fund to kickstart work on 100 estates across the country. Martin Ling added that the day after the Prime Minister's announcement, Savills produced a report titled 'Completing London's streets'. The key to the business model was to attract private finance to subsidise the social housing and a promise that existing residents would be offered a like for like return

Councillor Blake informed the Commission that the approach of creating streets in places of estates was a concern. She asked the Expert Panel for their thoughts on estate regeneration.

Dan Hopewell said estates which were built in the 1960s and 1970s were in a poor state of repair. He said there was some green space that never used and even some instances where the green space was behind fence so it could not be enjoyed. He added he thought the knockdown and re-building sounded interesting but the additional value being advocated could be in-full building and using green space.

Mayor Biggs stated there were some places where it worked quite well.

Sarah Sackman agreed with Dan's comments, and said LBTH should have a protocol engagement- looking at estates on a case by case basis. She said she believed any regeneration needed to benefit the residents who live there in the first place, with a need to be transparent as it could undermine LBTH's reputation if estate regeneration projects were badly handled.

Sarah Sackman stated she thought the second recommendation - land owned by LBTH had huge potential, and LBTH should use it to maximise affordable housing.

Councillor Islam said one member of the public told him that contractors ripped the council off – and suggested LBTH should look at creating its own construction companies.

5. CHAIR'S CLOSING COMMENTS

The Chair, informed the Panel and the Public that the next meeting would consist of Members, Expert Panel and Officers, and the recommendations would be agreed. She thanked the public for coming along to the Housing Commission, and highlighted its importance in addressing the housing problems.

6. ANY OTHER BUSINESS

There was no other business at the meeting, however Mayor Biggs ended by saying he wants to listen to people in order to understand the problems, and quickly use the thoughts and comments to guide the Council's policy going forward. He added that some of the work will be looking at the short-term while other bits of work are focussing on the longer-term. The Mayor said the Commission's work will go towards the development of the Local Plan.

The meeting ended at 7.37 p.m.

Chair,
Housing Policy and Affordability Commission

Appendix 1

Affordability Commission - Recommendations to the Panel for consideration:

1. Priority for affordable housing

Key Findings – The Council need to make it clear who its priority group for affordable housing is.

Recommendation: Agree a clear statement of intent over who the Council wants to assist over the lifetime of the current parliament and in response to changing market conditions.

2. Social rented housing on Council owned sites

Key Findings – Where will subsidy in addition to ‘free’ land come from to keep rents affordable? – cross subsidy from outright sale of other sites or market housing on other sites? – will require a ‘whole borough’ approach and to what extent should commuted sums be used?

Recommendation: Explore options to produce a lower (social) rent product on Council owned sites not necessarily with market sale cross subsidy.

3. Bespoke intermediate rented product on Council owned sites

Key Findings – As above - where will subsidy come from to keep rents affordable? – cross subsidy from outright sale of other sites or market housing on other sites? – will require a ‘whole borough’ approach.

Recommendation: Explore options to produce an intermediate rent product for households with average/median incomes on Council owned sites not necessarily with market sale cross subsidy.

Explore how will this relate to lettings policy – will it be let separately with income/residency related criteria?

4. Market Housing

Key Findings: The market housing is no longer affordable for those with reasonable deposits and average earnings and saving for deposits is extremely difficult whilst paying market rents

Recommendation: Develop clear policy for market sale, for discounted market sale including Starter Homes and shared equity schemes.

5. Institutional investment and other delivery models in affordable housing

Key Findings – Attracting institutional investment is an ongoing debate across London with GLA/HCA past initiatives producing limited success – How can we make it work in LBTH, who would be the key local Business partners from Canary Wharf/City?

What other types of joint venture companies and/or the Council's own vehicle could be developed to lever in institutional investment.

Recommendation:

Explore long term financial investment from institutions an intermediate rent product for households with average/median incomes.

6. Guidance for lower than current affordable rents for Registered providers

Key Findings – Partners would welcome lower rents but warn that it would impact on viability – would the Council be willing to give up a % of affordable housing for lower rents? How would this sit with planning policy/London Plan requirements?

Recommendation: Explore the option to reduce guidance (POD) rents to more affordable levels taking into account impact on viability and possible reduction in overall affordable housing units. Could they be reduced enough to make work pay better without recourse to Housing benefit subsidy for those on lower incomes.

7. Making best use of Council owned land/assets

Key Findings – What would be the timescale for a short/medium/long term plan? how dependent is the link to Local Plan/Whitechapel Civic Centre funding?

Recommendation: Commit to carry out full capacity study of Council owned land site to identify opportunities and funding options.

8. Private sector licensing

Key Findings – What is the longer term plan for Council interventions in the private rented sector? There is major bureaucracy to produce further licensing approved with private landlord groups ever more willing to challenge in the courts

Recommendation: Review selective/additional licensing schemes for private rented sector and explore options for extensions to schemes.

9. Develop a quality HMO model for younger people

Key Findings: Any such development would require a pilot study, identification of sites or building.

Recommendation: Consider using private sector renewal empty property grants to assist development of higher quality HMO provision for younger people.

10. Self-Build housing/Co-operative housing

Key Findings: Self Build is now a statutory requirement but GLA is leading on London wider register. Possible low priority as self-build does not necessarily meet affordable housing need.

What is the future for Community based housing?

Recommendation: Develop position on self-build options in line with statutory requirement and in order to inform the Local Plan. Monitor the development of the Community Land Trust model

11. Out of Borough solutions

Key Findings: Out of Borough development in lower value areas could provide an affordable solution for some households

Recommendation: Should the Council consider working with other outer London Boroughs and brokering agreements to provide a long term solution to affordable housing need?