

Committee: Cabinet	Date: 6 May 2009	Classification: Unrestricted	Report No: CAB 146/089	Agenda Item:
Report of: Corporate Director Development and Renewal Originating officer(s) John Coker – Housing Strategy Manager		Title: Tower Hamlets Housing Strategy 2009/12 Wards Affected: All		

1. **SUMMARY**

- 1.1 This report seeks agreement to implement the Tower Hamlets Housing Strategy 2009-12 and associated Action Plan. The draft Housing Strategy agreed in December 2008 has since been subject to wide ranging consultation which has informed the final proposed strategy.

2. **RECOMMENDATIONS**

Cabinet is recommended to:-

- 2.1 Approve the Tower Hamlets Housing Strategy 2009-12 in Appendix 1 and the associated Action Plan (shown as Appendix C to the Housing Strategy).
- 2.2 Approve a capital estimate of £19.4million and authorise the commencement of appropriate preparatory work to deliver the required acquisitions for the Right to Buy Buybacks programme as detailed in paragraph 4.7 of this report.
- 2.3 Note that further associated Housing Strategy Delivery reports will be presented to Cabinet.

Local Government Act, 1972 Section 100D (As amended) List of "Background Papers" used in the preparation of this report

Brief description of "background papers"

Name and telephone number of holder
and address where open to inspection.

Housing Strategies File

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3. BACKGROUND

- 3.1 The supply and management of good quality Housing continues to be a major issue for Tower Hamlets residents and it is now more important than ever that the Council's Housing Strategy is up to date and geared towards maximising resources to help deliver more and better housing. The last Housing Strategy Statement covered the 2005/08 financial years, however the recent recession has fundamentally changed the housing landscape, London also has a new political direction under Mayor Boris Johnson, and there has been a structural overhaul in the central government agencies that regulate and fund housing with the creation of the Homes and Communities Agency and the Tenants Service Authority. At a local level, a number of complimentary strategic documents have recently been published such as last years Homelessness Strategy or are currently out to consultation such as Tower Hamlets' Community Plan and the planning framework Core Strategy, it is an opportunity to ensure that each of these documents are strategically linked.

Consultation on the strategy has been extensive and relevant comments have been incorporated into the strategy. There have been presentations to partners, stakeholders and residents groups, residents on the Getting Involved Register have received the draft strategy and have been invited to comment as have the LAP's. Responses have been received from a range of partners, stakeholders (including political parties) and residents. Comments have also been received from four resident focus groups, and are attached as Appendix C.

- 3.2 Since the draft strategy was presented to Cabinet in December 2008, the 2008 Housing and Regeneration Act has established -

- the Tenant Services Authority (TSA) responsible for regulating Registered Providers such as housing associations (and later councils and arms length management organisations), setting performance standards and taking enforcement action where standards are not being met.
- the Homes and Communities Agency (HCA) , taking over the investment functions of the Housing Corporation, English Partnerships and the Decent Homes responsibilities of Communities and Local Government. HCA now provide s investment support for infrastructure and housing new supply in London (and the rest of England).

- 3.3 These organisations are now operational. The HCA is now seeking to develop a closer partnership working relationship with local authorities through the 'single conversation' that it has been promoting. Tower Hamlets is well-positioned to take advantage of the changes as it is/has:

- London's top performing borough on affordable housing delivery

- London's second highest housing capacity
- Supportive of investment that funds additional affordable housing, especially social rented housing.
- Very high housing need

The "National conversation" being conducted by the TSA seeks tenant's views in order to gain an understanding of differing housing standards across the country.

3.4 In London, the new Draft London Housing Strategy is now out to consultation, significant policy areas include Mayor Johnson's support for a 'First Steps' home ownership initiative, support for the 2010 temporary accommodation target and the 2012 rough sleepers target, a housing design guide to ensure higher standards and better design of homes, and providing additional family accommodation.

3.4.1 The borough is now negotiating with the GLA on how it will contribute to the Mayors target of 50,000 affordable homes delivered by March 2011 given the current market. Officers currently estimate a 3 year delivery pipeline of **5,610 net additional units** (3,038 will be affordable units), this figure represents 62.35% of the original target of 8,997 net additional units.

3.5 The Council also has a strong track record on estate regeneration delivery which has emerged as a theme in both the Mayor's Draft London Housing Strategy and the broader Thames Gateway delivery agenda.

3.6 Tower Hamlets Homes – the borough's Arms Length Management Organisation – is now well established, emphasising the strategic housing role the council must play in directing and regulating housing in the borough.

4. Housing Strategy Key issues

4.1 The Housing Strategy has been developed in Development and Renewal with officers from Communities, Localities and Culture, Adults Health and Well Being and Tower Hamlets Homes. Consultation sessions have been held with the Tower Hamlets Housing Forum, stakeholders such as the HCA, tenants and community groups. The strategy has also been discussed in a series of focus groups attended by residents.

4.2 The Housing Strategy covers a wide range of issues that seek to capture the broad scope of housing activity in the borough. Some of the key strategic challenges currently facing the Council include:

- Recalibrating its strategic role following the establishment of Tower Hamlets Homes

- Taking account and advantage of changes in governance and political leadership at regional level with a particular focus on developing a productive working relationship with the Homes and Communities Agency
- Understanding the full impact of the current turmoil in the financial markets and its likely impact on current and future development activity, particularly where the borough has a land interest
- Continuing to build on its track record of high affordable housing delivery

4.3 Key projects featured in the Housing Strategy are as follows:

4.4 **Tower Hamlets Homes and the Housing Estate Renewal Agenda**

4.5 Client management of Tower Hamlets Homes (THH) and the importance of gaining the 'Two Stars' for housing management necessary to obtain additional decent homes capital resources required are a core component of the decent homes agenda.

4.6 An additional issue is securing wider community plan objectives on housing estates owned by the council but managed by THH. This could include 'infill' housing development which has the potential to increase lettings opportunities for households on the Common Housing Register, particularly those overcrowded. It is intended to work with a partner housing association to pilot this approach which will be the subject of a separate report to Cabinet.

4.7 **Right to Buy Buybacks**

4.7.1 Cabinet on 11 February 2009 agreed report recommendations on the Council's Capital Programme for 2009/10-2011/12 including initiatives for overcrowding reduction. In that report, £19.4m resources were agreed spread equally over the two financial years 2009/2010 and 2010/2011. This £19.4m was designated for right to buy backs and this report seeks to formally include these additional resources in the Council's Capital Programme and adopt a capital estimate in order to permit the Council to begin the acquisition programme.

4.7.2 The intention of this programme is to re-acquire former Council family accommodation (i.e., three bedrooms or more) sold under the right to buy. The focus for this re-acquisition programme will be on properties on Tower Hamlets Homes managed estates. It is anticipated that the capital estimate will be able to fund the purchase of around 100 homes during the 2009/11 financial years.

4.7.3 The Council will adopt the following sequential approach to reacquiring the properties being sought:

- Identification of properties
- Valuation/survey
- Offer/negotiation

- Terms agreed
- Legal stage
- Completion

- 4.7.4 An initial survey of properties available in Tower Hamlets indicates that there is sufficient supply of three bedroom homes to spend the allocated resources during 2009/10 financial year. The timescales for securing each property will vary, dependent on the speed with which the vendor in question wishes to sell and at what price. From the identification of the property to sale completion, Officers believe that it will take approximately 6 weeks (without complications) to start and complete the process. A further month will be required to bring the property up to a habitable standard, dependent on the condition of the property.
- 4.7.5 In the event of an insufficient supply of large family accommodation for re-acquisition during 2009/10, consideration will be given to acquiring smaller homes which are adjacent to existing overcrowded households. The intention will be to facilitate knock through works to alleviate the overcrowding being experienced.
- 4.7.6 The Capital Estimate sought includes an allowance of 1% for corporate costs associated with the acquisitions programme.

Cabinet is recommended to:

Include in the Capital Programme the Right to Buy Buybacks programme of work in the sum of £19.4m; Adopt a Capital Estimate of £19.4m (inclusive of £200k fees to fund legal, valuation and administrative on costs).

4.8. **Local Delivery Vehicle**

The Council intends to explore the benefit of establishing a local delivery vehicle, possibly a Local Housing Company or similar that can maximize the value of land currently in its ownership over a longer timeframe than has previously been achieved.

4.9 **Overcrowding Reduction Strategy**

Overcrowding in Tower Hamlets continues to be an issue that blights the livelihoods of a large proportion of Tower Hamlets' residents. The Council is undertaking a range of initiatives designed to reduce overcrowding and will be increasing its efforts to help address this issue. In tandem with this, the Council also intends to further examine issues associated with large family accommodation in high density locations through a Supplementary Planning Document on high density housing issues.

4.10 Maximising Social Landlords' Community Plan Contribution

Housing associations – particularly members of the Tower Hamlets Housing Forum – already make a significant contribution to Community Plan objectives. This contribution needs to be increased and new members will be encouraged to join the Forum, including Tower Hamlets Homes. Particular areas of focus will include tackling anti-social behaviour; employment creation initiatives; recycling and improved public realm management; and healthy living initiatives.

4.11 Corporate Strategic Housing Projects

Ten projects have been identified that are considered to be (a) of key strategic importance to the borough and (b) capable of being substantially influenced by the borough. Two of these, Tower Hamlets Homes and the Overcrowding Strategy have already been mentioned above. The remaining eight projects are development projects which are expected to make a significant and major contribution to the local agenda through their size, location and wider contribution to the Council's Community Plan objectives, all these projects have received some degree of examination at Cabinet in the past:

- 2012 Olympic Park
- Blackwall Reach/Robin Hood Gardens
- Bromley-by Bow Masterplan Area
- Chrisp St Area
- HCA Hospital Sites: St Clements, Mildmay, Queen Elizabeth
- Aspen Way
- Ocean Estate
- Reshaping Poplar
- Tower Hamlets Homes/Housing Estate Renewal Strategy
- Overcrowding Reduction Strategy

- 4.12 Identification of the projects identified above will help the Council, its partners and other external stakeholders understand where the strategic priorities and resources are currently focused.

5. Future reporting

- 5.1 The housing strategy is a detailed document with a number of associated strands and therefore it is proposed that separate reports covering key elements of delivery are brought to future cabinet meetings. It is proposed that these reports will cover a number of targeted strategic areas such as the Local Homes Initiative, the Overcrowding Reduction Strategy and the review of the Council's Lettings procedures (an update on progress with this element is elsewhere on this agenda).

- 5.2 The strategy itself is likely to require a refresh in early 2010 in order to accommodate the completed Mayors Housing Strategy, as well as the boroughs completed community plan and LDF Core Strategy.

6. COMMENTS OF THE CHIEF FINANCIAL OFFICER

- 6.1 This report sets out a number of proposed priority areas which, if agreed, will form the basis of targeted action plans for the Council working with its key partners.
- 6.2 The agreed Housing Strategy document will underpin key decisions that will be taken in relation to the allocation of resources in respect of both private and public sector housing within the Borough, and will have significant financial implications in respect of capital investment, priority areas financed from the Council's General Fund and landlord priorities financed through the Housing Revenue Account. Each of these must be seen in the context of limited resources being available, and where appropriate will be subject to further Cabinet decision along with detailed scheme specific financial implications being considered.
- 6.3 There is likely to be a consultation process arising from the need to develop detailed action plans which will incur costs on items such as advertising, printing, hiring venues and facilitating public meetings, as well as internal staffing costs. These costs will be borne from within existing budgetary provision.
- 6.4 As a matter of priority work will commence on reviewing the existing Housing Investment Programme to take account of the strategic priorities outlined in the body of the report and assess how our forecast capital resources will support delivery of the Decent Homes Programme, along with other competing housing asset management investment requirements and regeneration opportunities. A number of the proposals in the Strategy can be funded from existing capital and revenue budgets, and some will be delivered in partnership by 3rd parties such as RSL's, however as stated earlier some items will come back for a more detailed analysis by Cabinet.
- 6.5 In respect of the ten Corporate Strategic Housing Projects listed in paragraph 4.11, these fit into two distinct categories. The first of these is where the Authority, in its Strategic Planning role, will act as the conduit to bring together sites for redevelopment. The main inputs of the Authority into these projects will be the staffing resources to develop the strategies and projects, and possibly the value of the land that the Authority owns in these areas. Those schemes that would meet this category include:
1. 2012 Olympic Park (no land input)
 2. Bromley-by-Bow Masterplan Area
 3. Chrisp Street Area

4. HCA Hospital Sites: St Clements, Mildmay, Queen Elizabeth
5. Aspen Way
6. Reshaping Poplar

The other projects detailed have funding secured to some extent, or hopefully will progress to the stage when bids for funding can be made. These have all previously been considered by Cabinet and are:

7. Blackwall Reach / Robin Hood Gardens: The HCA is a committed funding partner, with the Authority having set aside financing for leaseholder buy backs in addition to the land value consideration.
8. Ocean Estate: This regeneration project has committed earmarked funding available through New Deal for Communities Grant and the Council's own resources. A submission has been made to the HCA for the major new affordable housing element of the scheme.
9. Tower Hamlets Homes / Housing Estate Renewal Strategy: As outlined in paragraphs 4.4 to 4.6, the award of a 'two star' management status for Tower Hamlets Homes will enable the Authority to access additional decent homes capital resources. It is anticipated that a bid for approximately £190 to £200 million will be made to the HCA to address the estimated £400 million of works required to bring the Authority's dwelling stock up to decent homes standard. The Housing Estate Renewal Strategy will be developed to determine other methods for addressing the shortfall in available funding, and will also investigate opportunities for new housing supply.
10. Overcrowding Reduction Strategy: As outlined in section 4.7, the Council, on 4 March 2009, agreed the allocation of some £19.4 million of resources as part of the Local Priorities Programme 2009 -12. This report seeks approval to adopt a capital estimate and commence appropriate preparatory work to deliver the required acquisitions within the Council's agreed timeframe.

7. CONCURRENT REPORT OF THE ASSISTANT CHIEF EXECUTIVE (LEGAL)

- 7.1. Cabinet is asked to approve the appended housing strategy and the capital estimate of £19.4million to buy back leasehold properties during the two financial years 2009/2010 and 2010/2011.
- 7.2. It is understood that the strategy is prepared having regard to the various elements of the Council's broad-ranging role in relation to housing and the impact that housing has on the health and well-being of people in Tower Hamlets. Section 3.6 of the Government's Housing Green Paper entitled *Quality and*

Choice: A Decent Home for All identifies 12 strands of the strategic role of local authorities in respect of housing.

- 7.3. The strategy contains some 67 individual commitments by reference to the four identified key objectives of: delivering and managing decent homes; place making and sustainable communities; managing demand, reducing overcrowding; and new supply of housing. Whilst some of the individual commitments may be supported by specific statutory powers, in general terms the adoption of the strategy is underpinned by the following –
- Delivery of the Council's obligations as a local housing authority under the Housing Act 1985, the Housing Act 1996 and cognate legislation.
 - Achieving the goals set in the Community Plan, in respect of which the Council is empowered by section 2 of the Local Government Act 2000 (the well being power). The report draws the necessary links between the strategy and the Community Plan.
 - The Council's obligation to prepare a local area agreement and to have regard to the local improvement targets contained in the local area agreement in the carrying out of its functions.
 - The Council's obligation as a best value authority under the Local Government Act 1999 to "make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness".
- 7.4. It will be for officers to ensure that individual commitments are carried out in accordance with legal requirements.
- 7.5. In the circumstances, it is open to Cabinet to approve the housing strategy.
- 7.6. In accordance with Financial Procedure FP 3.3, senior managers are required to obtain a capital estimate for any scheme in the capital programme. Where the estimate is over £250,000 the approval of the adoption of that capital estimate must be sought from the Cabinet.
- 7.7. There is no legal impediment to approval of the estimate, as the proposed buy backs are capable of being carried out within the Council's statutory functions. The Council is specifically empowered under section 120 of the Local Government Act 1972 to acquire land for the benefit, improvement or development of Tower Hamlets. It will be the responsibility of officers to ensure that the buy backs are carried out according to law.

8. ONE TOWER HAMLETS CONSIDERATIONS

- 8.1 The commitments set out in the Housing Strategy will help deliver real and lasting change on reducing inequalities. The delivery of more affordable homes will help give households, including those from black, Asian, or other minority ethnic backgrounds, on low incomes (many of whom are benefit dependent) a secure home. This has the potential to create an environment for household members – particularly children – to improve their educational attainment which will in turn help them access sustainable employment in the future. The delivery of more housing that is wheelchair accessible and meets lifetime homes standards will help reduce inequalities. An equalities impact assessment of the housing strategy is being undertaken and will help ensure that it impacts on groups who have historically suffered from particularly poor housing conditions
- 8.2 The tenure of housing developed can potentially impact on community cohesion. The amount of private housing developed for sale and private rent has been particularly high in Tower Hamlets. However, the majority of this housing is unaffordable to local people due to high house prices. Therefore, maximising the amount of affordable housing for both rent and intermediate (eg, shared ownership) can contribute to community cohesion. This can be achieved by reducing the number of households on the Common Housing Register waiting for a home, whilst also giving an opportunity for local applicants to access low cost home ownership opportunities. The delivery of the decent homes programme, within the Council's own stock will also contribute to the cohesion agenda, by providing a safe, comfortable and secure environment for people to live in
- 8.3 The Borough's Community Plan and the work of the Tower Hamlets Partnership have been reflected in the 2009/12 Housing Strategy. Delivery of the housing commitments set out in the Strategy has the potential to make a significant contribution to the 'Great Place to Live' strand of the Community Plan. The housing agenda directly and indirectly makes a significant contribution to core Local Area Agreement targets, such as decent homes and new affordable homes delivery. Housing also makes a wider contribution to Community Plan objectives, such as on increasing household recycling; increasing educational attainment; reducing crime; and, increasing skills and training opportunities. Adoption and implementation of the Housing Strategy which has a good 'strategic fit' with the Community Plan will help Tower Hamlets deliver both the housing and sustainable communities priorities that are identified in both documents.

9. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

- 9.1 The Housing Strategy makes reference to the contribution that housing makes to climate change and the need for carbon emission reductions from existing housing across all tenures, and new housing that will make a significantly

reduced contribution in the future, with the objective of zero carbon housing by 2016.

10. RISK MANAGEMENT IMPLICATIONS

- 10.1 Primary risks in the Housing Strategy relate to finance and delivery issues. The impact of the 'credit crunch' continues to cause a downward pressure on the availability of mortgage finance for both developers and homebuyers, with little short-term prospect of the situation changing.
- 10.2 A key risk is Tower Hamlets Homes (THH) not achieving the Two Star management standard required to unlock capital resources necessary to deliver the decent homes standard to the council stock managed by THH.

11. EFFICIENCY STATEMENT

- 11.1 The Housing Strategy seeks to achieve greater efficiency in a number of ways. The Council is keen to build on its record as a market leader in the development of new affordable housing. Developing new affordable housing, particularly social rented housing, helps reduce dependence on temporary accommodation which is often expensive for the Council to use and not satisfactory for the households concerned.
- 11.2 The Strategy is seeking to make all social landlords raise their standards of service delivery and the quality of their homes.
- 11.3 The Strategy is also seeking that public sector land, whether vacant or with housing currently developed, be asset managed effectively. Major strategic projects have been identified, most of which involve sites that Tower Hamlets has a major land interest in: by releasing these sites for development, Tower Hamlets will be helping to bring forward a significant amount of additional affordable housing in the Borough. It is also proposed that a panel of preferred RSLs be established in order to reduce the number of developing housing associations in the borough and the consequent proliferation of housing management organisations that usually accompanies this process.

13. APPENDICES

Appendix 1 – Tower Hamlets Housing Strategy 2009/12

Including Appendices:

A: SHLAA

B: Consultation Information

C: Strategy Action Plan

D Equalities Impact Assessment - to follow

E: Evidence Base