Housing and Regeneration Scrutiny Sub Committee

Housing Supply and Demand

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Setting the scene

- Mayor’s pledge to deliver 2,000 new Council homes by 2022
- Local Plan targets for increasing the supply new affordable homes
- Meeting housing need, including addressing overcrowding and under-occupation
- Improve quality of life, health and well-being
- Stimulate local economic growth and employment

Key to the success of the programme is delivering at pace without compromising on quality

Setting the scene – affordability

- Annual Residents' Survey 2019: lack of affordable homes, the second highest concern (29%)
- The average house price in the borough in November 2019 was £559,289
- The median ratio of house prices to local earnings in the borough is 12.7 (significantly higher than the national average of 8.0), the Council faces considerable challenges in delivering homes which are affordable to local people on average incomes
- Currently circa 19,000 on council's Common Housing Register: 58% in urgent priority housing need; 38% over-crowded; highest demand for 1 beds (Source: Housing Register October 2019) currently under review
- 39% of the Borough's housing stock is in the Private Rented Sector
- The Welfare Reform Act 2012, Universal Credit, LHA freeze and Benefit Cap affected many residents and created shortfalls and debt

Funding sources

TOWER HAMLETS

- Housing Revenue Account (HRA) reserves
- HRA or non-HRA borrowing
- Receipts from Right to Buy (to be spent within 3 years or ‘banked’ with GLA) – can only provide 30% of funding source
- GLA grant
- Section 106 developer contributions
- Cross subsidy from market rent or sale
- Private borrowing from ALMO or through housing company

Delivery of first 1,000 homes

TOWER HAMLETS

Council homes delivered:	
Property purchase programme (buy-backs)	395
Property purchase programme (s106)	42
Sub-total	**437**
Council homes in programme:	
On site (to be completed by June 2020)	77
Planning approved or with planning	368
Planning submissions by Feb 2020	27
Number of planning consents in preparation	98
Property purchase pipeline (buy-backs and s106)	160
Sub-total	**570**
Total	**1,007**

Delivery of second 1,000 homes

Infill programme:

- Sites identified for development - 250 new council homes
- Community consultation underway
- Planning applications to be submitted by November 2020

Estate based schemes:

- Clichy Estate: development options prepared; Resident Panel set up; Independent Resident Advisor appointed. Option to redevelop the estate dependent on outcome of ballot in early 2020. Redevelopment expected to deliver 450 new homes
- Ashington House: re-development expected to deliver 75 new homes

Acquisition programme:

- Purchase of s106 properties
- Buy-back programme

Housing Association supply

TOWER HAMLETS

Housing associations working in the borough will be delivering 4,842 homes in the borough from 2018-2023.

	Rented	Intermediate	Total
2018/19	462	197	659
2019/20	603	310	913
2020/21	676	523	1,199
2021/22	642	461	1,103
2022/23	495	473	968
Total	**2,878**	**1,964**	**4,842**

Financial viability

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- Grant rates are not sufficient to bridge gap between rental income and cross subsidy – LHA leaders and GLA calling for an increase in grant rates
- Cost of borrowing from PWLB has just increased by 1% – discussions taking place with Government to reduce this for house building
- Shared ownership is increasingly difficult to deliver – the Government is suggesting allowing people to purchase new build shared ownership from as little as £2,000 and buying in 1% tranches
- Private finance – various moves to attract pension fund/institutional investment

Other contributions to meeting need

TOWER HAMLETS

- Reviewing the Housing Register and allocation scheme
- Introducing an annual application review process
- Reviewing bidding activity
- Reducing social housing fraud
- Enforcing tenancy breaches
- Carrying out tenancy audits
- Reviewing the homeless application process
- Introducing an Intermediate Housing Register
- Increasing incentives for under-occupiers to move
- Considering the rejuvenation of Tenant Incentive scheme

Challenges to delivery

- Availability of land
- Competing funding pots
- Number of homes v type of homes
- Mixed tenure including different affordable housing products
- Challenges of small, constrained sites
- Addressing competing priorities
- Delivering on smaller sites
- Sufficient capacity in housing, capital delivery, planning
- Standard built product – quality, value for money, sustainable

Questions?

The best of London in one borough