Affordable Housing Targets

Housing And Regeneration Scrutiny Sub Committee

24th June 2024

Introduction

TOWER HAMLETS

- Staff in Housing & Regeneration from Planning & Building Control, Housing Supply and Capital Delivery are all working towards the Mayor's target of delivering 4000 new affordable homes between 2022-2026.
- This presentation updates O&S on progress against that target.
- It illustrates a changing economic position which is making delivery more challenging
- Looks at both private sector delivery and council led house building
- It explains what we are doing and/or proposing to try to address this challenge

Progress 2022-24

Completions Over Past Five Years

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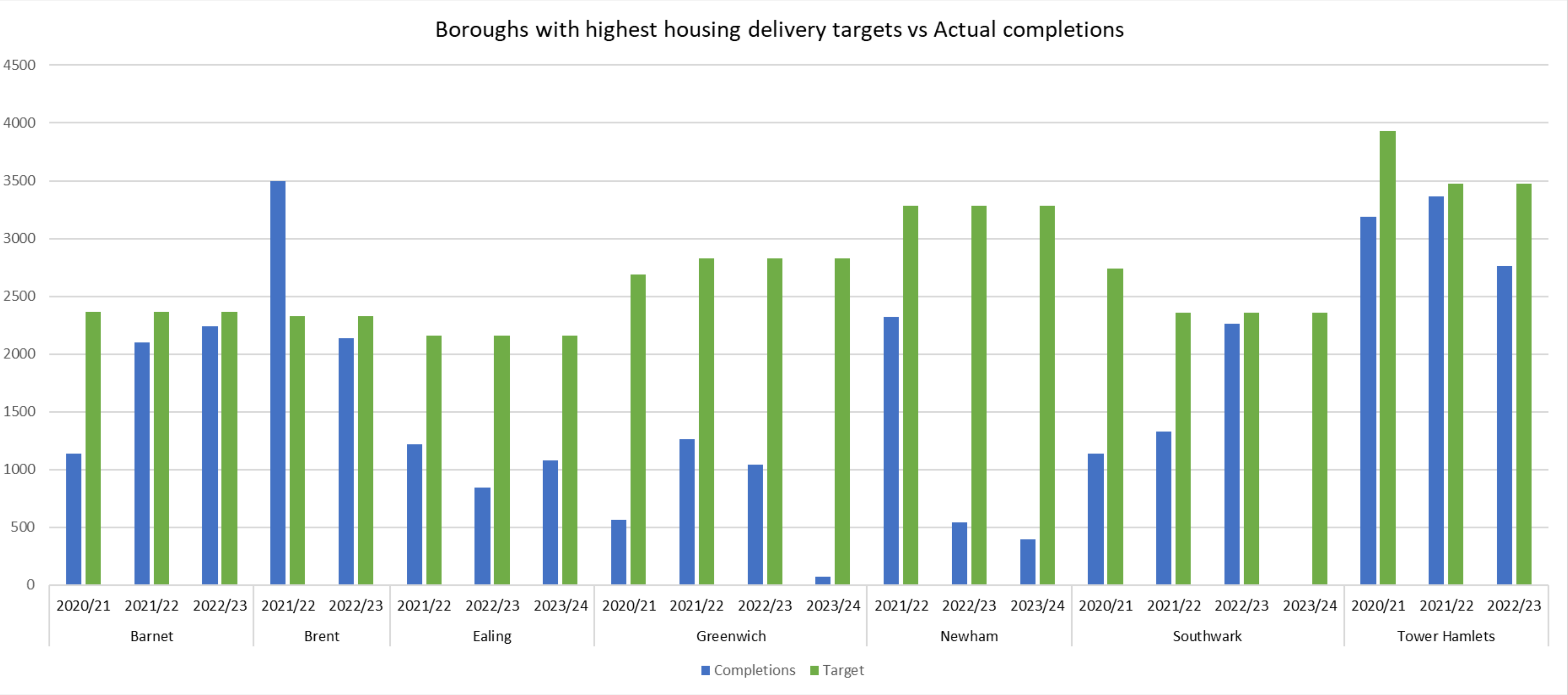
	London Plan Target	TH Completed Units (All Types)	Completed Affordable Units
2019-20	3931	4,097	1005
2020-21	3931	3,258	622
2021-22	3473	3,571	986
2022-23	3473	3,486	689
2023-24	3473	1,113	459

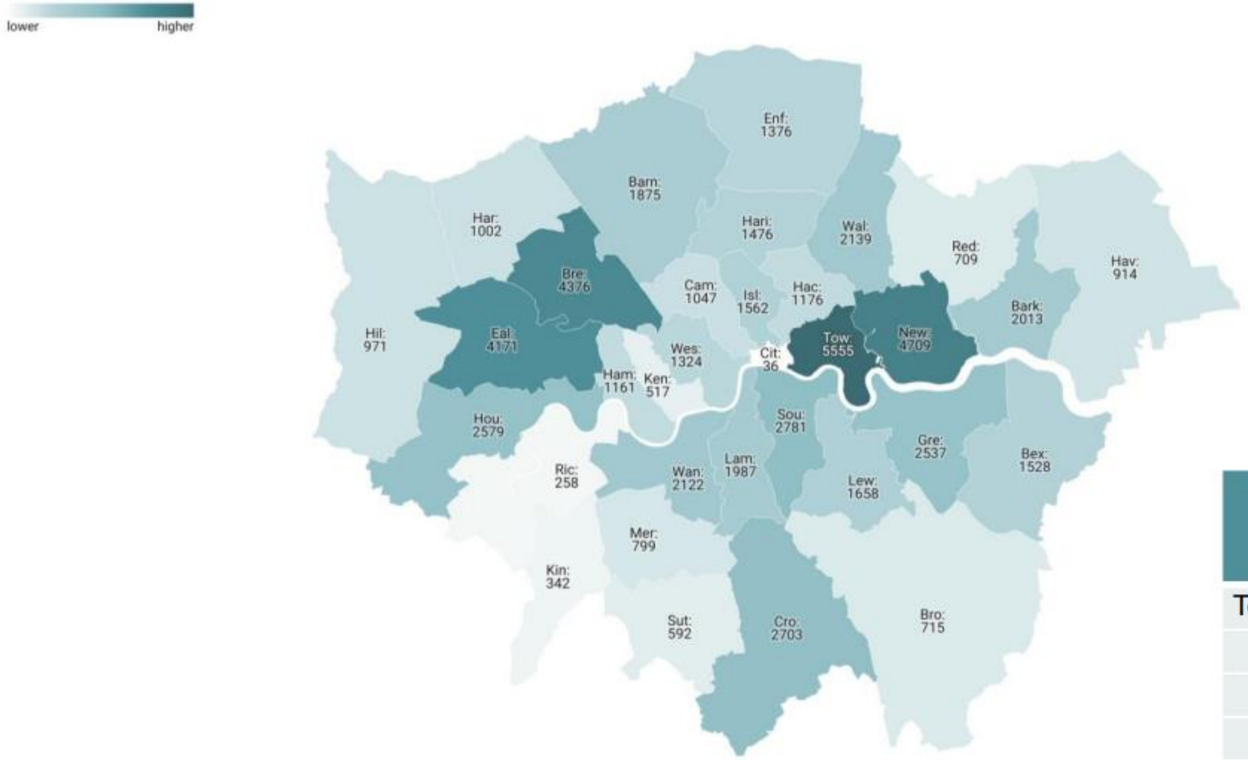
All Housing Delivery Across London 2020/21 to 2023/24



The best of London
in one borough

Affordable Housing Completions

AFFORDABLE HOUSING COMPLETIONS 2016-17 TO 2022-23



Map: Scrutiny Research Unit • Source: GLA Affordable Housing Statistics • Map data: © Crown copyright and database right 2018 • Created with Datawrapper

Top five boroughs	Completions
Tower Hamlets	5,555
Newham	4,709
Brent	4,376
Ealing	4,171
Southwark	2,781

Source: GLA Affordable Housing Statistics

GLA Affordable Housing Delivery – What & How?

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The Greater London Authority (GLA) define affordable housing for the purpose of recording delivery as:

- Affordable Rent, Social Rent and Intermediate tenures such as shared ownership. All these count towards delivery targets. Affordable student accommodation is also counted towards targets at a ratio of 2.5 * student units = 1 Affordable Housing Unit.

- GLA data for completions include self-contained homes (flats/houses) including new build development and conversion, rooms in purpose built shared accommodation (e.g. student accommodation / co-living)

LBTH Affordable Housing Delivery – What & How?

TOWER HAMLETS

The council defines affordable housing for the purpose of recording delivery as:

Affordable Rent, Social Rent and Intermediate tenures such as shared ownership. All these count towards delivery targets. Affordable student accommodation is also counted towards targets at a ratio of 2.5 * student units = 1 AHU.

For housing completion counting the Council includes self-contained homes (flats/houses) through new build development and conversion.

The council's quoted completion figures here do not include student accommodation

Affordable Housing - Delivery

Affordable Housing delivery happens in two main ways:

a. From private development and S106 agreement

b. Council Led direct delivery

The figures provided here reflect a combination of both these approaches

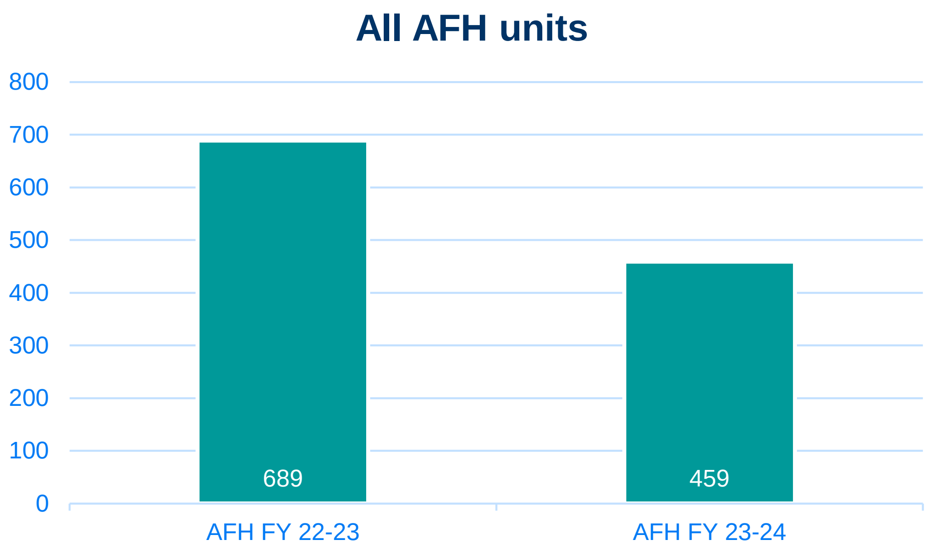
Annual Delivery Plan – Target

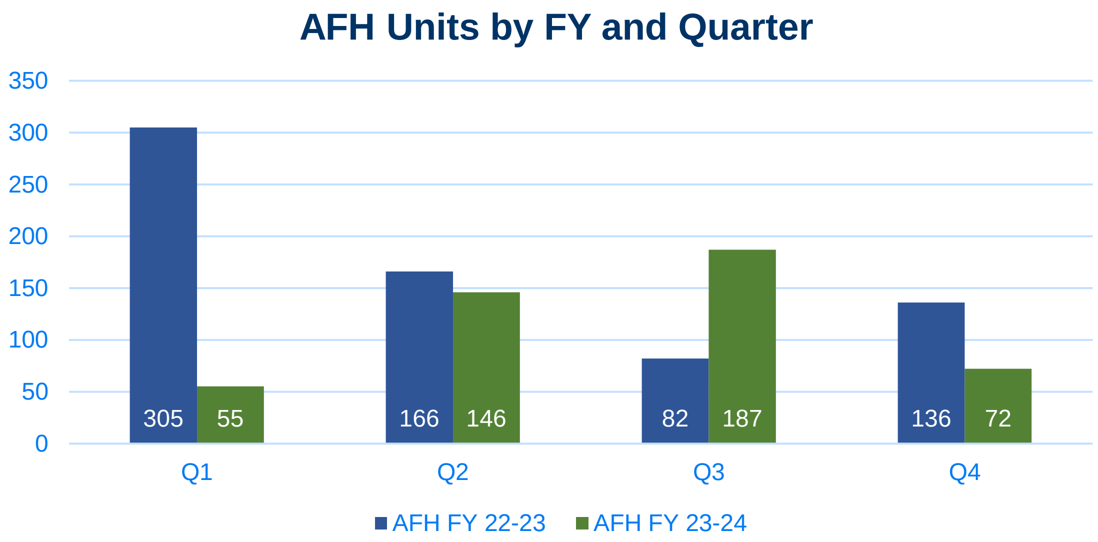
Reference	Measure	Target	2022-23 Output	2023-24 Output
KPI 009	Number of affordable homes delivered*	1,000	**689** (585 reported at Q4)	**459****

*What we include here are developments where completion certificates have been issued and then recorded by Building Control

** This figure may increase when we receive completion certificates after our monitoring period

Affordable Housing Delivery Status

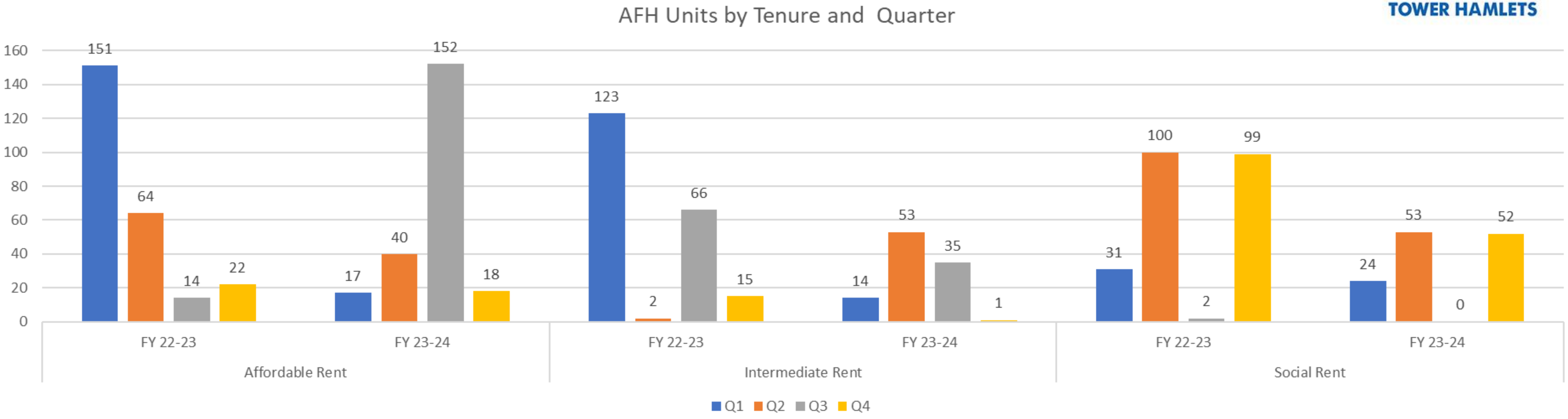




All Affordable Units by Quarter and FY

	Q1	Q2	Q3	Q4	Grand Total
AFH FY 22-23	305	166	82	136	689
AFH FY 23-24	55	146	187	72	459

Affordable Housing Delivery Status



	Affordable Rent		Intermediate Rent		Social Rent	
	FY 22-23	FY 23-24	FY 22-23	FY 23-24	FY 22-23	FY 23-24
Q1	151	17	123	14	31	24
Q2	64	40	2	53	100	53
Q3	14	152	66	35	2	0
Q4	22	18	15	1	99	52

Challenges 2024-26

Affordable Housing Delivery- Challenges 1.

Housing delivery is struggling across the board:

- Nationally, housing starts (across all tenures) fell by 24% in Q1 2024, compared to the same time last year, continually leading to a shortfall in supply[1].

- Affordable completions as part of the Governments Affordable Housing Programme, is expected to miss it target of 180,000 new homes, as well as its (2022) revised downgraded target of 157,000 new homes. Cost inflation, labour and material supply issues all cited as key issues[2].

Affordable Housing Delivery- Challenges 2

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- In London, all Boroughs are experiencing a steep decline in starts. With 67 scheme across London previously listed as ‘under construction, now halted, 4 of these schemes are in LBTH and account for 2,016* units. This is the highest number of units from these schemes across London[3]

- Nationally, housing completions fell by 12% in Q1 2024 (notably private completions are down by 22%), compared to the same time last year

1. Savills, Housing Supply Update, May 2024
2. Ibid
3. Molior, Quarterly Report, April 2024
4. Ibid [1]

Affordable Housing Delivery- Challenges 3

Data from ***Molior*** reports on sites across London providing 20+ units. This indicates 30 such sites in Tower Hamlets are under construction, which have a combined potential to deliver 9064 units when complete, of which 2519 would be affordable. Map 1 on the next slide indicates where this construction activity is taking place.

Moilor also informs us that a number of sites have stalled where previously construction was being undertaken. There is no detail about why construction has halted but this is likely to be a combination of factors

Our own data informs us that there can be significant variance in the time taken from approval to completion (can be many years).

LBTH Affordable Housing Delivery Challenges

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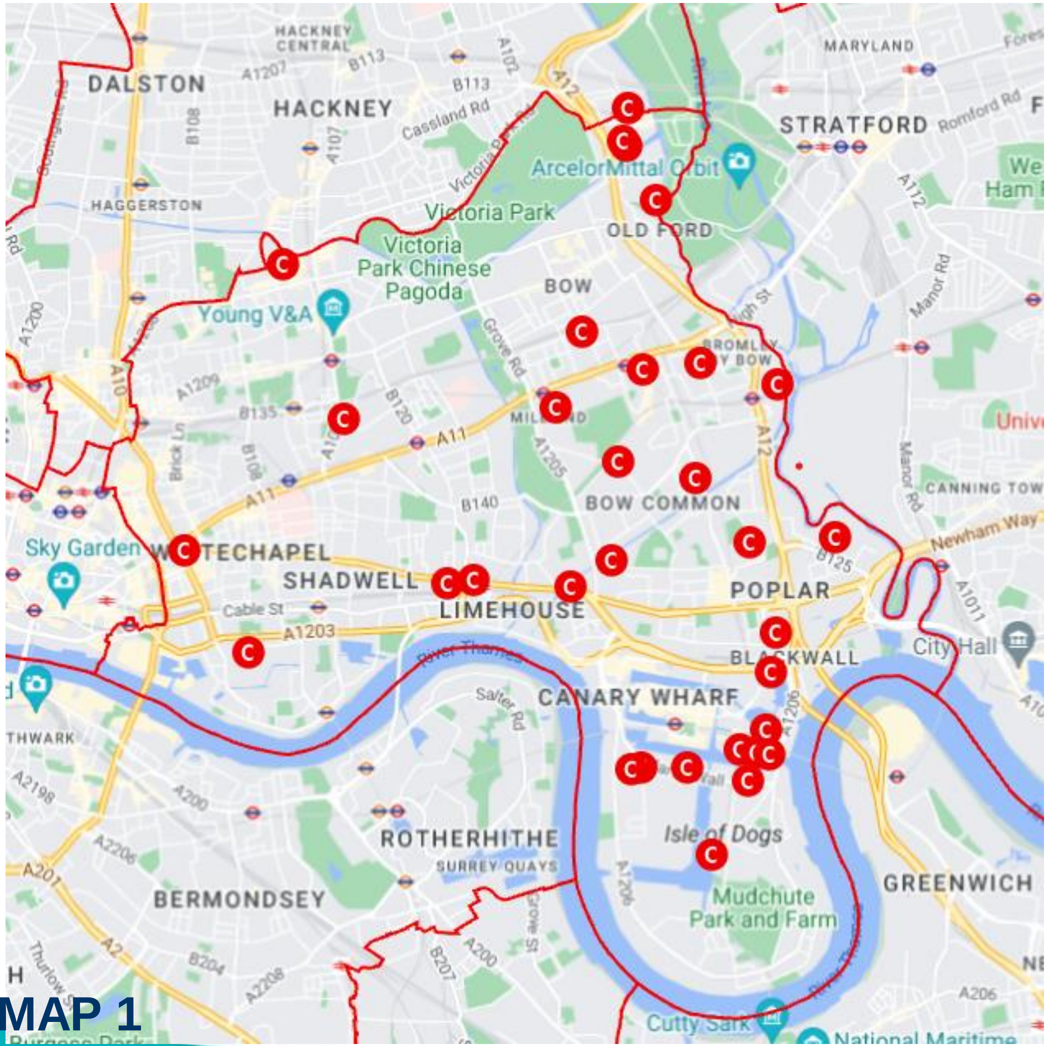

MAP 1

	Under Construction Sites	Under Construction - Halted Part Built	Under Construction - Private On Hold
Total Permitted Units	12501		
Number of Sites	30	10	5
Total Outstanding Units	9064	2367	687
Total Outstanding Affordable Units	2519	964	580

Affordable Housing Delivery- Challenges. Why?

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- Registered Providers reducing new development commitments to prioritise investment in existing homes. as the sector grapples with the need to spend money on issues such as damp and mould, retrofit and post-Grenfell building safety.

- Construction costs are forecast to rise by 15% over the next 5 years, with construction output contracting by 3.2% in 2024, before returning to growth[5].

- The Construction Industry Training Board (CITB)[6] notes that labour supply is impacting construction industry. Factors such as Brexit, younger people training/upskilling and flexible work arrangements all factors impacting labour within the construction industry.

- Registered Providers are reducing their forecast development plans and investment in new stock, because of economic uncertainty. Costs of investment in new stock is also a factor in affordable low levels of delivery.

- Affordable housing delivery is often phased at the start of the development cycle.

5. BCIS, Building Forecasts, March 2024
6. CITB, Skills and Mobility in the Contruction Sector Report, 2022

Responding to Challenges 2024-26

Addressing Housing Delivery Challenges – Planning Position

- The planning service does not directly deliver housing but enables through the planning process.
- Its role is to plan for housing (and infrastructure to support housing) and facilitate a supply of housing, through planning permissions, so others can build and deliver- developers. Registered Providers or the Council
- There are **30** sites in the Borough where construction is currently taking place that will eventually deliver **2,519** affordable homes, including some sites in the Council's own delivery programme.
- In addition, there are 4 sites where construction has halted that accounts for 2,016* units of which just under 600 are affordable units.
- There are a further 9629 homes in live applications(major) under current consideration (2766 affordable units) .
- The pipeline of supply through the planning process is not the main challenge although it remains important to keep that supply as high as possible.

Addressing Housing Delivery Challenges – Planning Actions

- Proactive engagement with Registered Providers to understand their regeneration ambition and pipeline and how the council can assist

- Proactive engagement with developers and landowners with planning permissions to track progress on delivery and build a better picture of challenges to delivery and help respond, if possible, through appropriate action.

- Holding developer engagement sessions to improve market intelligence around housing delivery, including accurate notification of tenure change proposals.

Addressing Housing Delivery Challenges – Planning Actions

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• Developing a ‘fast track’ dedicated planning service for council and major private housing schemes committed to delivery, to bring more efficiency into the planning process and thus expedite delivery.

• Holding a Developers Forum in Summer 2024 with focus on Housing Delivery to explore issues, concerns, opportunities to accelerate delivery and where the local authority can assist.

• Emerging Local Plan (housing) policies seek to-increase the affordable housing policy requirement from 35% to ~~(~~40%(subject to consultation and evidence~~)~~ for new development.

• Improvements to the services internal data collection, intelligence and analysis of housing numbers including consents, starts and completions. This includes the GLA’s annual starts and completions process and dialogue with the development sector.

Addressing Housing Delivery Challenges – Council Led Housing

The council is increasingly active and ambitious when it comes to its own council house building programme:

- Direct Delivery – Number of homes delivered by the Council:
  - Last financial year (23/24) = 207
  - This financial year (24/25) = 113
  - Next financial year (25/26) = 151
- Developed an acquisitions programme to secure current market homes as affordable. Cabinet to agree a programme for up to 600 new Council Homes.
- Securing Development Agreements with partners for sites it cannot build out itself to increase delivery. Developers currently bidding on 11 sites to be taken forward.

Summary

Affordable Housing Delivery- Summary

- In the current economic climate success in meeting this target is difficult to predict as delivery at scale is primarily led by the private sector.

- Our own supply side systems are working, and we are putting in additional measures to accelerate those who want to deliver quickly in the private sector and supporting the council led housing programme to deliver at pace

- In addition, we are implementing improvements and building capacity that it is hoped improve data collection at pace, sector intelligence and forecasting will also enable the Council to provide a more accurate picture of how we are able to meet the target.

Affordable Housing Delivery- Summary

TOWER HAMLETS

- We are a Borough that has historically delivered record numbers of homes and especially affordable homes
- Over the last two years this has slowed, and we have delivered 1,148 units between 2022 –2024, 43% below the 2000 target.
- Progress has been slow as housing delivery nationally and in London has dipped significantly reflecting macro-economic factors and a wider industry slow-down.
- We are responding to these challenges and will continue to develop ways of engaging the market, working with developers, accelerating the rights schemes through the planning process and working to help the council realize its ambitions for its council house building programme.