

# **London Borough of Tower Hamlets 2016–21 Housing Strategy**

## **Building new homes and communities in Tower Hamlets**



## **Introduction from the Mayor of Tower Hamlets**

Housing is the biggest issue facing Tower Hamlets residents – as my postbag and email inbox confirms every day. I spend a lot of time thinking about what the council should do to help.

In this borough we have a wide gap between those with the highest incomes and wealth and those in poverty. We have very high value homes and land values and widespread affordability challenges because our most socially and economically excluded households are on very low incomes.

The shortage of affordable housing has led to high numbers of homeless families and thousands of families still overcrowded. Other households with both physical and other disabilities require our assistance. Although our ageing population is relatively small we expect it to grow, and we have a duty to help this group remain independent within their own homes – or to provide extra care and support where it is needed.

We now have a very mixed economy of providers with a diminishing number of council homes, a large number of Housing Associations providing most of the social housing, a massive growth in private rented housing, and declining homeownership. This has all happened over a relatively short period of time.

This profile presents numerous challenges for us - in terms of both future planning and day to day provision of services - which this Strategy will seek to address.

As Mayor I pledged to build 1,000 new council homes, and to look at helping residents who are being priced out of renting or buying in their local area. I also want to work with housing associations to ensure they are financially sustainable and properly accountable to their residents. I want to support private renters, promoting awareness of private tenants' rights and responsibilities.

This document sets out how we intend to meet these challenges. It is about more than new housing delivery as residents draw on a range of services that the council provides.

**Mayor John Biggs**

## **Executive Summary**

The lack of decent quality, affordable housing is the major challenge the council and its residents and stakeholders currently face. Despite the borough being the top deliverer of affordable housing in any English local authority district over 2012-15, we need to continue to build more homes, but at a price that people can afford. We need to ensure that the homes available to us are allocated fairly and that we explore all options necessary to meet housing need. This strategy focuses also on the standard of private rented housing and how we can improve it, as it is now the largest segment of the housing market. This broader vision to our approach is set out in the *Tower Hamlets Partnership Community Plan 2015*. The Community Plan themes focus on making the borough:

- A great place to live
- A fair and prosperous community
- A safe and cohesive community
- A healthy and supportive community.

To deliver the housing aspects of our vision in the Community Plan, this housing strategy seeks to ensure that:

- there are housing choices for all sections of our diverse community
- the homes people live in are in a decent condition, warm, and weathertight
- the most vulnerable people's housing needs are met in a fair and inclusive way
- all homes are in safe, prosperous and thriving areas
- our response to housing issues is measured and achieves value for money

To deliver this vision, we have broken down our approach into four broad themes, identifying the challenges and setting out the policy actions that we've identified to meet them.

On the first theme, **delivering affordable housing, economic growth and regeneration**, the actions we intend to undertake include:

- Maximising affordable housing building from all sources of housing supply, with a focus on the borough's three opportunity areas
- Using council-owned sites to deliver 100% rented housing combining social target rents and homes at a Tower Hamlets Living Ren, some of which could be developed through a council owned Housing Company or a Housing Company in which the Council retains an interest.
- Developing clear affordable housing policy for market sale, for discounted market sale including Starter Homes and shared equity schemes and subsidised home ownership.

On the second theme, **meeting people's housing needs** the actions we intend to undertake include:

- Refreshing the Common Housing Register Allocation Scheme to widen housing options, giving priority to those in housing need and using private rented housing and other suitable accommodation to meet housing needs
- Developing and implementing an intermediate housing register

- Refreshing our Homelessness Statement into a Strategy and aligning it with the 2016-21 Housing Strategy
- Supporting the development of the Accommodation Plan for People with a Learning Disabilities and supporting the development of accommodation for those with other disabilities and long term conditions including autism
- Contributing to the Council's emerging Ageing Well Strategy which will take into account the housing needs of older people.

On the third theme, **raising private rented housing standards** the actions we intend to undertake include:

- Reviewing existing licensing schemes for the private rented sector, in particular to explore options for an additional scheme for houses in multiple occupation and to analyse the need and feasibility of a wider selective licensing scheme.
- Developing enhanced support for landlords to improve the quality of housing and management in the Private Rented Sector, and promoting tenants' awareness of their rights
- Refreshing the Private Sector Housing Renewal Policy 2016 – 2018 to increase partnership working in line with the Better Care Fund approach and to address empty homes issues.

On the final theme, **effective partnership working with residents and stakeholders** the actions we intend to undertake include:

- Making a decision on whether to extend the council's management agreement with Tower Hamlets Homes
- Developing more effective working with registered providers operating in the borough delivering local priorities in order to ensure they remain local, independent and accountable to residents
- Continuing to work with Tower Hamlets housing stakeholders to ensure that residents' needs and aspirations are reflected in the work that they undertake; that residents have the opportunity to have their voices heard; and that up to date and accessible housing advice is given to residents impacted by the continuing roll out of welfare reform.

Tower Hamlets has a diverse population made up from people from a wide range of ethnic groups, a large proportion of younger people and a relatively low number of older people compared to the rest of London and Great Britain. There is substantial child poverty, extreme disparity in individual wealth, some poor health indicators and a significant number of residents have long term disabilities. The Strategy aims to take into consideration the needs of all these communities and we have carried out an overarching Equality Impact Assessment on the actions contained within the key themes. As individual policies and actions emerge, these will be further tested to ensure that none of our diverse communities are adversely impacted through the delivery of the Housing Strategy.

For a full list of the council's proposed actions see Section 10 of this document.

The rest of this document sets out in more detail on all of the 33 actions we propose to undertake to meet the objectives we have identified.

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### Section 1 – Our vision for housing in the borough

1.1 In setting a vision for housing, we need to ensure it sits within a broader vision for the borough's residents and the many stakeholders we work with. These stakeholders include public and private employers, housing associations, advisory agencies, services providers and people who work in the borough but who don't live here. This broader vision is set out in the *Tower Hamlets Partnership Community Plan 2015*. The Community Plan themes focus on making the borough:

- A great place to live
- A fair and prosperous community
- A safe and cohesive community
- A healthy and supportive community.

1.2 These are the broad thematic headings that provide the direction for what the council does and this housing strategy seeks to fit strategically with it. Residents' comments in the Community Plan under the heading *Housing for all* are as follows:

*Residents are worried about the affordability of homes being developed in the borough, with many households on low wages feeling that they are beyond the reach of most people who want to live in Tower Hamlets. Suitable housing options that meet the needs of people with learning disabilities, mobility issues or mental health problems are specific challenges.*

*Residents want the partnership to secure the continued existence of mixed communities through supporting a range of affordable housing choices that reflect the people who live and aspire to reside in the borough. They also want less development of high value housing which promotes gentrification and creates a divide, leaving certain communities behind.*

*Residents also highlighted the importance of issues such as drugs misuse and anti-social behaviour which can blight individual and community life on estates, and emphasised how good housing and good living conditions are fundamental to wellbeing and cohesion.*

Source: *Tower Hamlets Partnership Community Plan 2015* (Page 21)

### 1.3 Consultation Feedback

The first stage consultation was both successful and informative with a total of 15 public engagements, 10 internal and partner meetings including an all Member seminar and over 400 surveys completed by the public. Several strong messages emerged including:

- Major concern over the shortage of affordable housing and concern that future rents set by the Council and housing associations will force people out of the borough
- Lack of housing choices for young people brought up, living and working in the borough meaning many on average incomes will be forced to stay at home, move out or pay high rents in poor quality private rented housing
- Support for the development of 'living rent' homes for this group at sub market rent levels in new build developments and on council estates



- Concern over population growth, impact on the environment and green spaces and whether vital infrastructure including schools, health centres and transport links will be developed to match the needs of the population
- General support for the Council's approach to meeting housing need and homelessness through priority and advice.

**1.4** A clear majority of residents are in broad agreement with the direction set out in the Stage 1 options and challenges paper, supporting the development of truly affordable housing that meets the needs of a range of people in the borough in need on low to median incomes. It is also clear that residents are dissatisfied with many aspects of private rented sector housing and want the Council to intervene where possible to improve the quality of the sector in the borough. From the Stage 1 options paper, we developed a more detailed strategy which we consulted further on. The second consultation process included a residents' conference addressed by the Mayor of Tower Hamlets. At that event, we were told that residents were concerned about:

- the lack of new housing that is genuinely affordable
- council housing under attack from central government
- tenants in the private sector having to move regularly
- housing associations that were merging and whether this might lead to a deterioration in local service delivery and accountability
- estates owned by housing associations were being proposed for redevelopment without residents' support
- the growth of private rented housing and the activities of letting and managing agents
- anti-social behaviour by occupiers of homes sold under the right to buy
- the need for more but focused licensing of private landlords
- the need for residents to better informed about the likely impact of the Housing and Planning Act 2016

## **1.5 The council's response**

We've sought to take account of these views in this document. They reflect the wide impact that housing has on people's lives. What we seek to do in this document is to set out how we think we can meet them as far as we can, within the constraints of the resources we have at our disposal and the environment in which we operate. Some of these services we have to provide, so in some instances it's about how we provide the services not whether we provide them. As part of the strategy development process, we've taken time to talk to other service providers to ensure that there is connectivity and coherence between the various strategies and plans that the council is responsible for or choose to adopt. Some of the issues flagged to us are as follows:

- The council's *Children Looked After Strategy 2015-18* identifies the council as the Corporate Parent for children who can't live at home, including where teenage pregnancies occur. The key contribution that housing can make is assisting with finding a secure, settled home for care leavers when they become adults providing a platform for employment opportunities.
- Meeting the needs of troubled families is also a corporate priority as the fall-out from a family struggling to sustain itself can have major social and financial impacts across a range of areas – health, housing, education – and therefore early, proactive interventions will be necessary to mitigate any negative impacts that emerge.

- Pupil Place Planning is about how the council's statutory duty to provide and plan for school places is managed. With the high population growth expected in the borough this is a critical issue. Clearly housing plays an important role here as the number of bedroom spaces in a given development, particularly with the affordable housing, will strongly influence what local demand there will be for school places. So there's a strong need for planners, housing and education stakeholders to work collegiately to ensure that the best outcomes for the borough's residents are sought.
- Anti-social behaviour, crime and the impacts of the fear of crime has a profound impact on people's well-being, particularly older members of the community and we need to make sure that individual agencies' approaches coalesce to maximum effect.
- The housing needs of people with learning difficulties and autism are currently not being met, so the council is committed to developing and implementing an accommodation plan to address this. This will involve council officers working corporately with specialist agencies to develop sustainable housing options for this need group.

## 1.6 Next Steps

In terms of the physical development of the borough, the key document to take account of is the Local Plan, the Council's strategic planning development document. The Local Plan sets out where new homes, offices, schools and transport will be located and what policies will guide their development. A new version of this document is currently in draft form and is referred to below in section 4. It's an important document because it sets out in broad terms where the majority of new homes will be built in the borough up to 2025 and what kind of homes they should be. The Local Plan will need to be in general conformity with the Mayor of London's London Plan and will eventually need to be signed off by the Government. It is important that the council is mindful of competing regional and national priorities and policies when developing its own housing plans.

- 1.7 In conclusion, when considering the development and implementation of the housing strategy, we should be ambitious in what we seek to achieve, generating added value wherever possible, but realistic also given the financial restraints. In that vein, a workplan will be developed that is resourced and realistic. For the purposes of this document, our housing vision for the borough is as follows:

Tower Hamlets Council wants to ensure that:

- there are housing choices for all sections of our diverse community
- the homes people live in are in a decent condition, warm, and weathertight
- the most vulnerable people's housing needs are met in a fair and inclusive way
- all homes are in safe, prosperous and thriving neighbourhoods
- that our response to housing issues is measured and achieves value for money

To deliver this vision, we have broken down our approach into four broad delivery themes, identifying the challenges and setting out how we're going to meet them. The themes are:

- Delivering affordable housing, economic growth, and regeneration
- Meeting people's housing needs
- Raising private rented housing standards
- Effective partnership working with residents and stakeholders.

**1.8** In meeting these challenges, the council needs to have in place effective partnership working with residents and stakeholders including the Greater London Authority, housing associations, developers and the voluntary sector to help deliver them. We may also need to consider different commissioning processes to achieve what we want, using innovative approaches that private sector or social enterprises can help deliver the outcomes we are seeking. This is in effect a cross cutting theme to all our work, because if we don't work in partnership, we won't successfully meet the challenges that we have identified.

## **Section 2 - A snapshot of the housing evidence base**

### **Headlines**

- More than 19,000 households on the housing register.
- More than 9,000 people in substantial housing need.
- 44% of households in income poverty.
- Population of Tower Hamlets to increase by 26% by 2026.
- The average cost of a property in LBTH is more than 14 times (£450,000) what a typical essential worker could earn in wages (£35,000).

### **Housing Register**

- 53.75 % of households are in priority categories 1 and 2.
- 7,078 of these households are over-crowded.
- 52.3% of all households on the register are Bangladeshi families.
- 506 residents on the register are under-occupying by two rooms or more.
- There are over 232 households with a need for wheelchair adapted property in category 1a and 1b.

### **Homelessness**

- There are nearly 2,000 households in temporary accommodation of which over 1,000 are housed outside the borough.
- In 2015/16 the Housing Options Team made 656 homeless decisions, this is 15% down on decisions made in 2014/15. Of the 656 homeless decisions made, 522 were accepted as homeless
- In 2015/16, 78 households were intentionally homeless and in priority need, for the same period that 522 households were unintentionally homeless and in priority need – this is a reduction of 27% compared to 2008/09
- During 2014/15 the Housing Options Team prevented over 672 households becoming homeless
- Recorded rough sleeping has increased from 4 in 2013; 6 in 2014; and 12 in 2015

### **Lettings**

- Nearly 8,500 homes have been let in Tower Hamlets over the past four years.
- 58% of all homes let through choice during 2015-16 were let to an over-crowded household.

### **Housing Stock**

- The housing stock in Tower Hamlets has increased by 27% since 2003; there are now almost 121,000 homes in the Borough.
- In 1986 around 82% of all homes in Tower Hamlets were Council/ GLC owned, today only 10.9% of the stock is Council owned and for the first time in the Borough's history, less than half the housing stock is social housing.
- The private rented sector is now the fastest growing housing sector in the Borough; it has risen from 18.3% of the stock in 2003 to around 39% of the stock in 2014.
- There are close to 9,000 ex-right to buy leasehold properties managed by Tower Hamlets Homes in the Borough. Overall, there are more than 15,000 leasehold properties formerly owned by the Council.
- There are an estimated 2,800 intermediate housing units in the Borough.
- The Borough is growing by over 3,000 homes per year, making Tower Hamlets the quickest growing Borough in London. Consequently the borough qualifies for the highest level of New Homes Bonus in the country.

- Tower Hamlets over the 2012-15 period has delivered the most affordable homes in an English local authority area with 2,560 affordable homes, higher than any other borough in London and 25% more than England's second city, Birmingham which delivered 1,920 affordable homes.

### **Private sector Stock**

- As of 2011, Tower Hamlets had approximately 67,209 homes in the private sector, of which 62% are in the private rented sector.
- Private rented is now the largest tenure in the borough with 39% of the housing stock. The London average is 25%.
- Borough median rents per week in 2016 were as follows: Studio - £290; 1 bedroom - £334; 2 bedroom - £420; 3 bedroom - £522; 4 bedroom - £667.
- Around 16% of properties are over-crowded while 39% are under occupying.
- Approximately half the leasehold stock sold under right to buy is now privately rented.
- Approximately 37% of the private stock was built post 1990.
- 19% of the borough's stock failed the decent homes standard in 2011 compared with 35.8% nationally
- Approximately 350 Houses in Multiple Occupation in the borough are large enough to require mandatory licensing; all but around 65 of these have a current licence
- 30% of all category one hazards are in HMOs.

### **Future Housing Delivery**

- Tower Hamlets has an annual housing target of 3,931 set up the Greater London authority and is expected to accommodate an additional 39,310 homes by 2025

### **Demographics and Housing Need:**

- Ethnic minority households in the Borough are disproportionately affected by homelessness. In 2015/16 80% of households accepted as homeless were from ethnic minority groups. However, ethnic minority groups account for 69% of the Borough's population.
- Ethnic minority households account for over 70% of households on the Housing List, and the majority of those that are overcrowded.
- Ethnic minority households are, on average, larger and more likely to be overcrowded.
- Bangladeshi households are, more likely to be homeless than any other ethnic group in the Borough. Though only accounting for 30% of the population, 59% of households accepted as homeless in 2015/16 are Bangladeshi.
- Black households in the Borough are also disproportionately affected by homelessness when compared to the population as a whole. Black households make up 16% of households accepted as homeless, but represent 7% of the Borough's population.
- The largest age groups accepted as homeless are the 16-24 and 25-44 age groups (with the latter being the largest), though the numbers of acceptances from these groups have dropped significantly – again a reflection of overall reductions in homeless acceptances.
- Acceptances for the 25-44 age group have seen a steady decrease. Homeless acceptances for this age group went from 454 in 2008/9 to 349 in 2015/16, a 33% reduction.
- The number of homelessness acceptances made as a result of a member of the household having a physical or mental disability has decreased dramatically between 2008/9 from 97 households to 18 households in 2015/6. The percentage of acceptances as a result of vulnerability due to a disability is 3.4%. However, this is the third largest priority need group, behind those with dependent children and pregnant women.
- The percentage of residents 65 and over in the borough is 6% compared to London's 11%.

<sup>1</sup> All data has been taken from the 2016 LBTH Housing Evidence Base

### **Section 3 - Working with the Mayor of London against the wider national policy backdrop**

#### **3.1 Mayor of London**

Sadiq Khan was elected as the new Mayor of London on 5<sup>th</sup> May 2016. Meeting housing need is one of his key objectives and the Council will work closely with him over the next four years. Set out below are his election commitments and the Council has considered these in developing this Housing Strategy:

- **Homes for Londoners** - The Mayor will set up a new team at City Hall dedicated to fast-tracking the building of genuinely affordable homes to rent and buy.
- **Putting Londoners first** - The Mayor will set a target for 50 per cent of all new homes in London to be genuinely affordable, and use mayoral powers and land to stop 'buy-to-leave' and to give 'first dibs' to first-time buyers and local tenants. He will aim to end the practice of thousands of homes in new developments being sold off-plan to overseas investors each year.
- **More investment in housing** - The Mayor will support housing associations in their plans to ensure a significant increase in housing delivery.
- **Land for homes** - The Mayor will bring forward more land owned by public bodies like Transport for London and use the Mayor's new homes team to develop that land. This will enable more homes to be built where they are needed, rather than where developers think they can make the most money.
- **London Living Rent** - The Mayor will create a new form of affordable housing, with rent based on a third of median local income, not market rates. A new form of tenure, more affordable and giving Londoners the chance to save for a deposit.
- **Action for private renters** - The Mayor will establish a London-wide not-for-profit lettings agency to promote longer-term, stable tenancies for responsible tenants and good landlords across London.
- **Action on Landlords** - The Mayor will work with boroughs to set up landlord licensing schemes – naming and shaming bad landlords and promoting good ones.

In the meantime, the Council needs ensure that its housing strategy is in general conformity with the former Mayor of London's adopted Housing Strategy (October 2014). This focused on meeting the needs of London's growing population. The Strategy aims to almost double housebuilding to at least 42,000 homes a year for the next twenty years. This challenge formed the core ambition of the former Mayor's Housing Strategy – formally adopted in October 2014.

The strategy also aimed to better reward those who work hard to make this city a success by:

- massively increasing opportunities for home ownership.
- improving the private rented sector.
- ensuring working Londoners have more priority for affordable homes to rent

At the same time, the strategy reiterates the previous Mayor's long-standing commitment to address homelessness, overcrowding and rough sleeping.

### **3.2 London Living Rent & Homes for Londoners**

The new Mayor of London's housing commitments are ambitious and some of the building blocks are already being put in place.

The council supports the broad approach and specific commitments the new Mayor of London has made, but we appreciate that it will take some time to implement new strategies and policies to make the needed difference. At the time of writing the council understands that the Mayor of London intends to consult on a new Affordable Housing Supplementary Guidance document that should help maximise affordable housing delivery through the planning process. This is likely to be an early step of a wider process to refresh the London Housing Strategy and the key planning document that sits behind it, the London Plan.

The council is likely to support any effort on the part of the Mayor of London to maximise affordable housing delivery and the council is already using its own resources to help do so. But we need to ensure that the interests of the borough's residents are at the fore when discussing and negotiating any changes that are proposed. Our concern is that there will be insufficient funds available for affordable rented housing, but we recognise that government policy is mainly responsible for this. It may well be that the only funds available to deliver new homes for affordable rented purposes will be from the council or through S106 projects. To help increase the amount of affordable housing developed, the council has decided to use its own money to build its own new homes on council-owned land, described in more detail in Section 4.3 of this document.

In September 2016, the Mayor of London set out more detail on his approach to the London Living Rent intermediate housing product. This product will be aimed at working households earning between £35,000 and £45,000. Rents will be based on a third of average (median) local gross household incomes. Assured Tenancies of up to five years with annual inflation-linked rent increases will be adopted, although landlords will be able to adopt their own approach without recourse to Mayoral funding support. The Mayor of London has indicated that boroughs will be able to set their own local priority frameworks (effectively local allocations policies) which will be subject to Mayoral approval. It is highly likely that a proportion of allocations will be allocated on a Pan London basis, so some negotiation will be needed as to what proportion will be acceptable, appreciating that some residents from Tower Hamlets will want to apply for homes in other boroughs. Such an approach will need to be factored in to the council's approach to its proposed intermediate housing register for working households on low to medium incomes (See Section 5.2).

More detail will be published by the Mayor of London later in 2016 in an investment prospectus and draft affordable housing supplementary planning guidance (SPG).

### **3.3 Wider national policy context**

In May 2016, the Queen gave royal assent to the Housing and Planning Bill which will have a significant impact on our strategy. The council was opposed to many aspects of the Bill prior to it becoming an Act of Parliament, as we think it had very little positive to contribute to meeting affordable housing need in the country and in Tower



Hamlets itself. However it is now legislation that we need to take account of and implement when and where necessary.

The Act includes requirements to:

- Charge higher Pay to Stay rents to council tenants on household incomes of over £40,000 a year. On the 21<sup>st</sup> November it was announced that this will now be discretionary for Councils to introduce for their tenants.
- Require council planners to allow a new 'affordable' home product called Starter Homes at 20% below market cost but for sale at no more than £450,000 which will replace other forms of affordable housing.
- Make fixed term tenancies mandatory for new council tenants.
- Require Councils to consider selling higher value council homes to fund the extended right to buy for housing association tenants.

This Act and associated interventions detailed in the Government's 2015 Spending Review, such as the four year 1% rent reductions and wider welfare reform changes (including the rolling out of the Universal Credit and reduction in the Benefit Cap to £23,000 per year) will present major challenges to all stakeholders in the borough – residents, housing associations, advisory agencies and the council itself. Resources for building new affordable housing through the Greater London Authority's investment programme are likely to be limited, with the government's focus on affordable home ownership rather than affordable or social rented housing.

### **3.4 The council's response**

In considering our response, we're particularly concerned:

- For our residents, the continuing roll-out of Universal Credit (which combines six existing benefits into one), the cap of £23,000 benefit entitlement to be introduced Autumn 2016 for non-working households, and the reduction in benefits to disabled people. We're also concerned about government proposals to limit benefit entitlement to the local housing allowance for vulnerable people in supported housing and to reduce housing benefits for single people under 35 in social rented housing to the shared room local housing allowance.
- For our council stock, the requirement by the government to fund the extension of the right to buy for housing association tenants (nationally, not just in Tower Hamlets) using the sale proceeds of much needed council homes that become empty.
- For the investment plans of social landlords, including Tower Hamlets Homes, following the reduction of social rents that can be charged for the four years starting in 2016/17 which will impact organisations' ability to invest in their stock and build new affordable homes.
- For the development of new affordable homes for rent, given the government's focus on home ownership, including Starter Homes which are likely to be priced at up to £450,000, which the council doesn't consider to be affordable to local people which will be available to any eligible person – principally first time buyers under the age of 40 in the United Kingdom – on a first come first serve basis.

This housing strategy is about how we intend to meet these new challenges and those that we continue to face. Our response will involve the council using any resources at its disposal to bring forward the development of new affordable housing

and ensure that those who live in it presently are able to continue to afford to living in their home.

This will mean increasingly working on the basis of what resources the council and its partners, particularly local housing associations, have to work with. There can't be any realistic expectation that there will be a future windfall of government grant to fund what we know we need, underpinned by the evidence set out in the snapshot of housing need.

### **3.5 Managing the impact of gentrification**

One recurring theme that has emerged from the initial consultation process is around a feeling amongst longstanding residents of disconnection. The trend of what many call gentrification is making many people feel disconnected from the places in which they live. The vast resources that have been channelled into the borough over last 30 or so years has led to a vastly improved transport network; places that have been regenerated and transformed beyond recognition; and the emergence of Canary Wharf as a financial capital to complement the City of London. But the change has arguably not benefitted the neediest and the idea of a 'trickle down' regeneration effect where private sector investment leads to positive social outcomes has arguably had only a marginal positive effect. And we have a situation whereby many local people on low to medium incomes seeing further development and regeneration not as something to be welcomed, but something that changes things for the worse.

### **3.6 Managing expectations in a fast changing environment**

The reality is that we will need to find a way of finding the right balance to take forward the existing model of private housing development funding affordable housing that delivers affordable housing that people both need and want.

These are some of the challenges that the council has to wrestle with when considering residents' needs and aspirations which continue to grow, but the resources at our disposal to meet them are diminishing.

## **Section 4 – Delivery Theme 1 - More affordable housing, economic growth and regeneration**

### **Why this is important**

The Council believes that the provision of suitable housing for people that is decent, warm and weathertight is a fundamental right. Tower Hamlets is at the forefront, regularly delivering the highest amount of affordable housing nationally for what is one of the geographically smallest boroughs in the country. Twinned with this is meeting the parallel challenges of delivering economic growth and regeneration that benefits local people. For ongoing investment to be successful and sustainable, the benefits need to go beyond the bricks and mortar of housing, essential though the housing is. A new facet to the challenge is sustaining delivery in what is a difficult environment with limited public funding available for new affordable rented housing. The prospects for the residential housing market currently look uncertain and we need to be flexible about how we approach the housing delivery work that we have been successful in achieving in the past.

Population growth, meeting housing need locally and the requirement to contribute to meeting housing demand across London all point to the continued development of thousands of new homes in the Borough over the next ten years.

This section sets out the strategy in terms of number of homes, the broad location, and the type and cost of affordable accommodation in the borough which we aim to develop. We also set out how we want to see economic growth and regeneration calibrated to help meet residents' broader aspirations. Much of the economic growth and regeneration in the borough is housing-led, so we need to ensure that this kind of investment gives us more than new affordable housing, important though this is.

### **4.1 Building new homes: local plan policy**

During December 2015 to February 2016 the Council undertook the first stage of consultation on its new Local Plan which is the key planning document for the borough. The Plan should make clear what development, e.g., homes, offices, schools, is intended to happen over a certain period; where and when this development will occur; and how it will be delivered

#### **Our Borough, Our Plan – A new Local Plan First Steps (Dec 2015)**

Responses to the consultation document have been received and considered. A further, more developed version of the Draft Local Plan will be consulted on in late autumn 2016. The aim is to adopt the final Local Plan document, subject to secretary of state approval, by early 2018.

The December 2015 document stated that:

*Tower Hamlets is expected to contribute a minimum of 39,310 new homes, approximately 10 per cent of the London housing target, by 2025. The borough's ability to supply land for housing in these quantities is becoming increasingly limited as a significant proportion of our available sites have already been developed. Land also needs to be secured to support the delivery of new infrastructure, such as schools, open spaces, health centres and transport links to create sustainable communities – Our Borough, Our Plan – A new Local Plan First Steps (Dec 2015)*

The borough is required by national policy to maximise housing delivery and the target we have is one set by the Greater London Authority (GLA) and detailed in the London Mayor's London Plan. The borough currently has around 121,000 homes, so adding a further 39,310 by 2025 is going to have a major impact and add additional pressures on the current social, economic, environmental and transport infrastructure. This means that planning applications for new homes need to include proposals (or funding) for additional infrastructure to cope with the new communities that are created. In addition, there is an increased call on the services that the council provides which need to be planned for.

### **London Plan and the National Planning Policy Framework**

What we set out in the final housing strategy will inform the housing policies in the Local Plan and help implement them, The Local Plan document and associated guidance documents are the key local documents referred to when considering planning decisions. The Local Plan must be in general conformity with the London Plan and also the Government's National Planning Policy Framework (NPPF). The Local document needs to be supported by a number of documents, which include the Strategic Housing Market Assessment (SHMA) and the Strategic Housing Land Availability Assessment (SHLAA). The SHMA assesses the future amount of affordable and market housing need in the borough and the SHLAA assesses where the new homes to meet that need can be located.

Until the Plan is adopted the draft planning documents will be considered as emerging policy but have no material weight in decision making. The adopted housing strategy influences current and emerging planning policy but will not determine it.

### **Tower Hamlets' affordable housing target**

At present, the council has a strategic target of affordable housing of 50% from all new housing developments. Between 35% and 50% affordable housing will be sought from sites of over 10 homes. Of the affordable homes developed, 70% should be below market rented purposes and the remaining 30% for intermediate purposes (see glossary for more detailed definitions). For clarity, the GLA London Living Rent accommodation should be treated as intermediate housing and private rented accommodation should be considered market housing.

Due to national and regional planning policy and financial viability arguments made by developers, supported by the government's NPPF position on sustainable development, it is a challenge to deliver affordable housing within that range. Due to the significant proportion of housing that is proposed by private developers, which historically has yielded a large amount of affordable housing through what are called s106 agreements, the council will need to continue maximising affordable housing from this source.

### **Housing and Planning Act 2016 and Starter Homes**

This will prove increasingly difficult with the policy changes the government has brought in with the Housing and Planning Act 2016, particularly on Starter Homes, are expected to be set by the government at a cost of no more than 80% of local market values and no greater than £450,000 in London. Other elements of the Act include the introduction of higher rents for council tenants on gross incomes of more than £40,000; introduction of fixed term council tenancies; sale of higher value council homes which are intended to fund the extension of the right to buy for housing association tenants. On the right to buy, the council is concerned that the government's intention that each home sold is replaced by at least one new home will not be realised in the borough given the high cost of development. In addition, many

housing association homes were built with 'in perpetuity' legal agreement clauses meaning there will be difficulties in allowing these homes to be sold. The council will aim to continue to maintain the amount of affordable housing in the borough in all scenarios and will closely monitor the impact of housing association as well as Council sales through the Right to Buy programmes.

### **Widening housing choice**

A common perception of housing choice in Inner London areas is one where you have to be very wealthy or very poor to be able to access accommodation. Even what many of our residents would consider a high income is not necessarily sufficient to enter the low end of the home ownership market. An outcome sought from this strategy is recreating some of the housing choices which enabled the borough to attract a wide range of people that contributed to public services, e.g., essential workers, but also people who contributed to the borough's diversity and cultural life. We need to look at what we can do to re-create those choices in a lasting way and understand what outcomes they can generate.

### **Transport infrastructure as a driver for housing development**

The borough has hosted significant housing delivery in the past decades for a mix of reasons: the redevelopment of docklands, its proximity to the City of London and more recently the Olympic Park (now the Queen Elizabeth Park); major local authority led estate regeneration schemes, e.g., Ocean Estate and Blackwall Reach; and now with the more recent Overground and Dockland Light Railway upgrades, the transport infrastructure is soon to benefit from Crossrail, now the Elizabeth line, which will have 2 stations in the borough at Whitechapel and Canary Wharf with the line opening in stages from late 2018 onwards, providing the transport infrastructure for higher density housing development.

As set out in *Our Borough, Our Plan – A new Local Plan First Steps (Dec 2015)* land available to build new homes is becoming increasingly limited and public money for infrastructure investment limited, a balance needs to be struck between housing development and educational, health and other essential infrastructure needed to create great places to live, one of our community plan themes. However, significant housing development is likely to be a continuing theme in Tower Hamlets with many of the new homes expected already in construction.

### **Mayor of London's Opportunity Areas**

The significant housing delivery the borough has hosted is likely to continue for the next decade, mainly but not exclusively in the areas below identified by the Mayor of London for housing and employment growth:

- Area 1 - City Fringe / Tech City (including Whitechapel) where a minimum of 15,000 homes can be delivered.
- Area 2 - Isle of Dogs and South Poplar where a minimum of 10,000 homes can be delivered.
- Area 3 – Lower Lea Valley which the Tower Hamlets element includes the Poplar Riverside Housing Zone where a minimum of 9,000 homes can be delivered.

Each of these Opportunity Areas will generate a significant number of new jobs. Through identifying specific areas for major growth, the Council can take a more co-ordinated approach to developing an area in a holistic manner, ensuring that other essential

infrastructure including schools, leisure, health facilities, workspace and appropriate transport links can be developed in order to meet the needs of the growth in population.

The council is already working with the Mayor of London to maximise affordable housing delivery in the Poplar Riverside area through a Housing Zone. The Mayor of Tower Hamlets is also working in partnership with the GLA and Transport for London (TfL) on the GLA-led Isle of Dogs and South Poplar Opportunity Area Planning Framework to realise growth potential that meets both local and strategic needs.

In addition, the council will need to look at other ways of ensuring affordable housing delivery can be accelerated, possibly through the adoption of an alternative delivery mechanisms and initiatives we reference in section 4 of this document.

Whilst the majority of future housing will be built in the three areas identified above, there will continue to be new development in other areas of the borough, particularly where the council has the opportunity to build on its own land.

**Action 1:** Maximise affordable housing building from all sources of housing supply, with a focus on the borough's three opportunity areas

#### **4.2 Outcomes from the Mayor of Tower Hamlets Housing Policy and Affordability Commission**

Mayor John Biggs established a Mayoral Housing Affordability Commission to investigate the delivery of actual affordable housing. The Mayor appointed an external expert panel who met three times between December 2015 and February 2016.

The Mayor in Cabinet considered the recommendations of the Affordability Commission at a meeting on the 10<sup>th</sup> May 2016 and agreed to prioritise the following areas of work:

- deliver 100% rented housing on council owned sites combining social target rents and homes at a 'living rent' (set at a proportion of median incomes at or below Local Housing Allowance levels) that is affordable without recourse to benefits for households with median incomes. These would cross-subsidise the social target rented homes.
- investigate letting the higher rent homes through a separate waiting list and potentially developed by a council sponsored housing company.
- explore the option to reduce Borough Framework rents on S106 sites (where private developers are required to deliver affordable housing) to more affordable levels including social target rents taking into account impact on viability and possible reduction in overall affordable housing units.
- plan for emerging Government policy, in particular the proposed requirement to deliver 20% Starter Homes on schemes over 10 units as part of the affordable housing offer.
- review its policy regarding commuted sums (i.e., money from private developers instead of affordable housing) for affordable housing elsewhere with reference to the broader objectives of increasing affordable housing development and supporting estate regeneration

#### **Intermediate Housing**

Intermediate housing is for people who need affordable housing, but would receive low priority on the common housing register. It provides a much needed source of accommodation for people who want to live and work in the borough particularly essential workers, such as nurses, teachers, teaching assistants and social workers. For many years it has provided a supply of accommodation for people who cannot afford homes on the open market.

A traditional form of affordable home ownership in the borough has been through the provision of shared ownership homes built by housing associations. Typically an applicant can buy (usually with a mortgage) a minimum of 25% of the open market value of a home and rent (and pay service charges) for the remainder. Because of high house prices in the borough, even this model is becoming increasingly unaffordable for people on average incomes. Other forms of intermediate housing include sub market rented housing which is below private market rents but above social rents and community land trust models of affordable housing such as the scheme being developed on the St Clements Hospital Site.

The council will need to review how it approaches the delivery of intermediate housing with the advent of Starter Homes and the increasingly unaffordable cost of shared ownership housing. The council with its partners including the GLA will continue to look at alternative models of intermediate housing that enable people on low to medium incomes to live in the borough. Increasing the amount of genuinely affordable homes for ownership for local people is an important part of the council's future housing approach.

With the advent of the Mayor of London's London Living Rent product, the council will need to work with the Greater London Authority to ensure there is clarity for home seeking applicants on qualifying and eligibility rules with clear explanations of the various intermediate housing products that are available and that are emerging. This will also require a clear read-across between the Mayor of London's official First Steps intermediate housing programme which sets what affordable home ownership products are available in the capital and what rules are for accessing them.

## **Actions 2:**

- Use council-owned sites to deliver 100% rented housing combining social target rents and homes at a Tower Hamlets 'living rent'.
- Use council-owned sites to develop higher rent homes let to applicants from a separate waiting list and potentially developed by a council owned Housing Company or a Housing Company in which the Council retains an interest.
- Reduce government defined Affordable Rents to lower levels including social target rents taking into account the possible reduction in overall affordable homes for rent.
- Create a new Tower Hamlets Living Rent product which is based on a third of gross median household local incomes
- Plan for emerging Government policy, in particular the proposed requirement to deliver 20% Starter Homes on schemes over 10 units as part of the affordable housing offer.
- Review its policy regarding commuted sums for affordable housing, with the aim of:
  - Creating mixed and sustainable communities
  - Considering the overall output of affordable housing

- Making best use of Council owned land/assets
- Develop clear affordable housing policy for market sale, for discounted market sale including Starter Homes and shared equity schemes with reference to evidence available regarding take up of subsidised home ownership schemes.
- Explore long term financial investment from institutions for an intermediate rent product for households with average/median incomes.

#### 4.3 Funding new council homes, estate regeneration and other affordable housing

The council continues to be a major landowner in the borough through its ownership of homes and council land managed by Tower Hamlets Homes. In recent years it has been undertaking a council house building programme part funded by right to buy receipts. However, the government's policy of reducing social rents by 1% a year for four years, means that previous assumptions on future revenue for asset management of council housing and building new homes has had to be revised.

That said the council is committed to supporting the delivery of:

- more council housing at social rent and Tower Hamlets Living Rent
- more housing association affordable homes to rent and buy
- the regeneration of our estates where appropriate
- Investigating building and/or acquiring new homes, possibly outside the borough Intermediate housing, i.e., homes for working households, including shared accommodation in certain circumstances

The council is committed to the delivery during 2014-18 of 5,500 affordable homes in total by all affordable housing providers, of which 1,000 will be by the council for rent. The majority of these 1,000 homes will be built on council-owned vacant land.

#### Council Housing New Build sites

As of October 2016, the council had a significant housing development portfolio of its own and the table below sets out the new build programme currently in progress:

Scheme	Units	Comment
Poplar Baths/Dame Colet House	100	Completed
Bradwell Street	12	Completed
Watts Grove	148	Onsite
Jubilee Street	24	At Planning Stage
Baroness Road	20	
Locksley Estate (Site A & D)	54	
Hereford Street	38	
Tent Street	72	
Arnold Road	62	



**Action 3:** Complete a full capacity study of Council owned land site (within the Housing Revenue Account and the General Fund) to identify further opportunities and funding options.

#### **4.4 Increasing and widening housing supply and choice**

The housing challenges the council and its residents currently face mean that we need to look at options that even a few years ago might have been considered unattractive. Some initiatives may look as if we're competing with our partners, but in the main the rationale for our approach is simple: if we're going to use our own resources to fund new initiatives, we need to retain control of the resources used. This doesn't mean we won't use services that some partners provide, e.g., housing associations, as they are more experienced both at mixing private and public money to deliver social outcomes and operating in the market place. Initiatives we are considering include the following:

##### **- New housing companies**

Like many other Local Authorities, the council is considering setting up new companies to deliver housing on its behalf. This could include homes both inside and outside the borough and for both rent (both permanent and temporary housing) and sale. The advantage of this is that it would operate under different financial rules and possibly enable more homes to be built. The Council will bring forward plans for the companies later this year.

##### **- Co living Model of Housing**

This involves using accommodation in a more intensive way, where residents have sole use of a room but share facilities such as kitchens, bathrooms and leisure space. This is in essence a variation on the principle of shared living which is for many the first type of accommodation that is used after leaving home. Because of the housing crisis, increasingly more and more households are living this way and are not able to move on to home ownership. This housing model can suit a certain lifestyle; in temporary work in the borough, for a certain period of time, but is not intended to be a permanent form of accommodation. Such schemes are likely to work in high density locations and would need to be car free and may be targeted at certain groups such as single working people. The proposed council sponsored housing company may have a role to play in delivering this kind of accommodation

##### **Council owned temporary accommodation**

The council has been successful at both preventing homelessness and meeting homeless households' needs. It will always seek to avoid using bed and breakfast accommodation, but sometimes this is unavoidable, particularly when a homeless applicant presents themselves to the council and needs a roof over their heads urgently. Rather than spending money on high cost bed and breakfast accommodation, the council is considering buying or developing its own accommodation to meet emergency housing needs. Furthermore the Council is also considering options to develop or convert existing accommodation for use as temporary accommodation to reduce its reliance on the private rented sector. This is due to the increasing difficulty of procuring affordable temporary private sector housing and the cost to the Council of subsidising the high rents, in light of the Government's decision to freeze temporary accommodation subsidy since 2011. We're seeking to counter-balance the temporary loss of this permanent social housing by continuing the programme of buying back ex-council homes sold under the right to buy.

## **- Modular Housing**

The council will also consider developing the use of portable modular housing which can be used for shorter term lettings, primarily for homeless families awaiting permanent accommodation. This type of housing can be set up quickly on empty sites which may be awaiting development and be reused as sites change use, or alternatively to provide such accommodation on a long-term basis to help meet the current and future needs of homeless households and where appropriate permanent housing in the Borough. The Council has been working in conjunction with the East London Housing Partnership on researching the different types of modular housing now available on the market and will develop its approach to this type of housing during the period this housing strategy covers.

### **Actions 4:**

Set up housing companies to deliver new homes both inside and outside the borough.

Explore the merits of the developing a co living model of housing for working people.

Explore the merits of the council buying or developing its own accommodation to meet emergency and temporary housing needs for homeless households.

Explore the use of modular housing to assist in meeting homeless and mainstream housing need across the Borough.

## **4.5 Energy efficient, high quality, well designed affordable homes**

As much as the council wants to see more affordable homes, it wants them also to be sustainable also. This means they should be energy efficient, reducing the carbon footprint of homes that used to be built. But also ensuring they are homes that people want to stay in, by ensuring there is accompany social and community infrastructure including sufficient play and informal recreation space.

New residential developments should be designed to achieve high energy efficiency targets and be near-zero energy buildings. Such buildings are designed to reduce regulated energy use for space heating, hot water, cooling, ventilation and fixed lighting but does not relate to non-regulated energy use, e.g., plug in appliances and cookers. Such developments are required to follow the energy hierarchy of Be Lean, Be Clean and Be Green to reduce energy demand. Through reducing energy demand the new properties will have low running costs for future residents to have a low carbon footprint and also reduce fuel poverty. The proposals for near-zero energy buildings will see a minimum 45% reduction in carbon dioxide emissions on-site, with the remaining regulated carbon dioxide emissions to 100% to be off-set through the Councils adopted carbon offsetting programme.

For existing residential accommodation, poor energy efficiency of a home is a contributor to fuel poverty and effects the most vulnerable households which in turn can exacerbate health issues of the households. Through carbon offsetting the Council will deliver residential energy improvement projects, thereby reducing energy use for existing residents to alleviate fuel poverty and reduce Borough wide carbon emissions. The council is also aware that the Mayor of London has made improving air quality in the capital a priority and we need to be mindful of where homes are built; which need groups will be living in them; and how we can mitigate the negative air quality impacts to homes that are located near busy roads.

10% of homes should be designed to meet Part M Category 3 wheelchair adaptable housing, and, for units where future tenants have been identified and their needs assessed by the Local Authority, these units should be built to the full wheelchair accessible standard (Part M Category 3 (2b)). Other homes should be built to meet Part M Category 2, unless the introduction of a lift would adversely affect service charges to such an extent as to prevent the homes being affordable.

The council will seek to build homes that deliver:

- Meet the standards set out in the Mayor of London's *Housing Design Guide* and his *Affordable Housing Supplementary Planning Guidance (March 2016)*
- energy efficient standards which helps both reduce fuel poverty and carbon emissions
- acceptable space standards meeting *DCLG Technical housing standards – nationally described space standard (March 2015)* and ideally exceeding them
- bedroom mixes that meet people's needs
- areas where there is sufficient play and informal recreation space
- wheelchair accessible standards as set out above and Lifetime Homes Standards (?)
- wider community infrastructure, for example, GP Surgeries, schools, greenspace, local shops, which help create sustainable communities envisaged in our Community Plan, which can be supported by planning obligation resources, including from the Community Infrastructure Levy (CIL)

#### **Actions 5:**

Ensure new developments are built to near zero energy high efficiency targets and through carbon offsetting initiatives the Council will deliver residential energy improvement projects.

Building on the Mayor of London's Housing Design Guide, the council will seek the highest quality housing standards and associated play and informal recreation space in new affordable housing built in the borough. The Council is also working with partners to develop its own design standards for housing produced through Section 106 Planning agreements

#### **4.6 Self-build and custom housing**

The Self Build and Custom Housing Act 2015 requires the council to hold a register of individuals and associations of individuals who are seeking serviced plots of land (i.e., serviced with water, electricity, etc) to either self-build their own homes or use custom housing (e.g., housing, wholly or partly assembled in factories). The council will be maintaining such a list as required by law and will monitor interest in this form of housing.

**Action 6:** Analyse the register of self-builders in line with statutory requirement in order to inform the Local Plan and respond to self and custom build demand.

#### **4.7 Regeneration and fostering a community spirit**

Ultimately it is people, not the council, who make communities work. Fostering a community spirit, a key theme of the East End's history is important part of that. The council plays an important role in facilitating the kind of communities that evolve through the kinds of homes that are developed and who is able to access them. This community spirit and community

cohesion that holds it together has become an increasingly important objective as the profile of the borough – in terms of race, age and incomes – has changed radically in a generation. During the consultation process, residents told us that they were concerned about the continuing redevelopment of parts of the borough, including social housing estates, which were considered to be threatening the existence of communities rather than helping to build them.

With the major growth of residential, business and cultural activity across the borough in the past and expected in the future, this community spirit and the values that underpin them have been under pressure. Some communities have been displaced by regeneration projects and others have witnessed large scale development very close to their homes, but have not seen this change as good thing.

As outlined in the Local Plan section, major growth in jobs and housing are expected during the next decade or so. The perennial challenge for all local authorities is how this growth is harnessed to maximise social, economic and environmental gains for existing and particularly disadvantaged communities from the enormous private sector economic activity undertaken in Canary Wharf; the City of London adjacent to the borough (including Aldgate); Whitechapel; and other growth areas in the borough.

Consequently, we need a specific strategy to address the needs and aspirations of young people in the borough who are joining the world of work for the first time to ensure they receive the benefits of new and continuing private investment in the borough. We also need to be mindful of the needs and aspirations of people who have retired or who are unable to work so that they are not left behind in what is a fast-moving, constantly evolving environment. This needs to be part of the council's wider approach to how we engage and include communities in the future.

As referenced earlier, the three opportunity areas in the borough in the Lower Lea Valley including Poplar Riverside, South Poplar, and City Fringe / Tech City (including Whitechapel) is where the main growth will be in the future.

Later this year, the Mayor will be considering a new growth strategy to help ensure local job opportunities are maximised for local people. There will continue to be a wide range of employment opportunities in the borough and we need to make sure that our residents have access to them, whether they are graduate opportunities, apprenticeships or opportunities for people looking to re-join the employment market. A particular focus will be on maximising apprenticeships for local people from building contractors the council is working with.

In November 2016 the benefit cap for households without an adult in work will reduce to £23,000 a year cap. For households who are paying high rents, the housing benefit or housing element of Universal Credit, will mean such households will need to ensure wherever possible that one member enters the employment market if they wish to avoid rent arrears and other associated debts. The council and its registered provider partners have a role to play to access such opportunities to households in order to facilitate both economic inclusion and avoid household poverty and homelessness itself.

#### **Action 7:**

Ensure the council's future housing interventions help foster a community spirit

Develop a new growth strategy to help ensure local job opportunities are maximised for local people

## **Section 5 - Delivery Theme 2 – Meeting people’s housing needs**

### **Why this is important**

Maintaining a high supply of new affordable housing is a core theme of this strategy, and it's as important that these homes are allocated on a fair, inclusive and transparent way. Due to the continuing high demand for affordable and other forms of suitable accommodation, the council has to think innovatively about how to meet this demand. This means considering housing options outside the borough and also using private rented accommodation to meet its homelessness duties.

Particular attention is given to people with both physical and mental health needs and what kind of accommodation is suitable for such applicants to live independently, or with some onsite or floating support (meaning support provided through regular visits), based on what their assessed housing and health needs are. There are also other specific areas of housing needs which the council needs to adopt approaches to which are covered in this section.

The previous section focused on how the council is going to increase the amount of affordable housing and to ensure residents benefit from economic growth and regeneration in the borough. This section focuses on who receives support in meeting their housing needs and on what basis.

### **5.1 Common housing register allocation scheme**

The council is required by law to have a Housing Allocation Scheme which sets out how local people can join the housing register. The council operates its scheme in partnership with housing associations that have homes in the borough and are signed up as borough partners.

For that reason, the council's scheme is called *The Common Housing Register Partnership Allocations Scheme (23 April 2013)*. As part of the housing strategy consultation process, we are going to review and consider amending some aspects of the scheme in conjunction with our Partnership members.

The Mayor in Cabinet in November 2016 agreed a number of changes to the Common Housing Register Allocation Scheme. These are principally to:

- Note the changes to the Allocations Scheme regarding the new Right to Move for employment reasons. This new government regulation came into effect on 20<sup>th</sup> April 2015 requires local authorities to set aside 1% of lets to rehouse social tenants from elsewhere in England who want to move for employment reasons where the employment is more than one year and over 16 hours per week.
- Agree to a new sub band in Band 2 of the Allocations Scheme to avoid the risk of legal challenge to present policy on applicants in housing need who do not meet the 3 year residence requirement – this is because of a recent court case involving Ealing Council where their policy included a similar residential requirement that was successfully challenged by a homeless applicant fleeing domestic violence who did not meet the criteria.
- Agree to restrict existing policy that allows applicants to bid for 1 bed smaller than their assessed need where room sharing would only be accepted for children of opposite sexes under 10 years old - the current scheme allows applicants to bid for homes 1 bed

smaller than their assessed housing need, principally to mitigate the impact of the Bedroom Tax and Welfare Reform changes. Common Housing Register partners are concerned that some cases rehoused causes inappropriate overcrowding. It is proposed to retain the policy, but only allow children of opposite sex sharing a room if both are under 10 years old.

- Authorise the use of some social housing general needs stock as non-secure tenancies for temporary accommodation up to a maximum of 100 units per annum. This will help build up the council's supply of temporary accommodation to meet homeless needs.
- Agree the Lettings Plan for 16/17 and extend it to 17/18. This sets out the quotas for certain need groups, such as the foster carers, care leavers, and key workers, for social housing.
- Agree to add social worker to the professions that qualify for key workers status set out in the Allocations scheme – this is proposed as the council is experiencing difficulties in recruiting and retaining experienced social workers.

The report also proposes to use private rented accommodation to discharge its homelessness duties in limited circumstances.

The Mayor also deferred agreement on whether to amend the quota for Band 3 lets from 10% of one, two and three bed properties to 5% of 1 bed & studios per annum to allow further consideration.

**Action 8:** Refresh the Common Housing Register Allocation Scheme to widen housing options for the council to give priority to those in housing need and use private rented housing and other suitable accommodation to meet housing needs.

## 5.2 Intermediate housing register

Many working people who want to live in the borough can neither qualify to join the housing register to access affordable rented housing nor afford to buy a home on the open market. This means they either live in private rented accommodation, often sharing with others, or leave the borough altogether. One of the themes of this housing strategy is to create housing choices for all sections of the borough's diverse community. To achieve this we need to look at how choice in the intermediate housing market can be both increased and widened. At the moment, housing choices are confined to shared ownership (part rent, part ownership) schemes and sub market intermediate rent schemes, meaning rents are above social rents but below private rents, normally at least 20% below.

We know from the responses to our consultation, and the evidence supporting our Local Plan, there is strong demand for this kind of housing. Many working people on low to medium incomes who do not rely on state benefits have their housing choices limited to the private rented sector. Despite interest rates continuing to be at a historic low, people who are unable to save for a deposit (often because they are spending much of their disposable income on high rents) and are not able to access home ownership.

A robust indicator of demand would be provided by an Intermediate Housing Register. This register would have similar but looser rules on eligibility and priority to that which governs the Common Housing Register for those needing affordable rented housing. For example, we could give priority to people living in the borough; consider creating quotas for essential workers; restrict access to intermediate housing choices to people over a certain income and

savings, but also ensure the expectations of applicants who may not be able to sustain the costs associated with home ownership are managed carefully. The approach to quotas could be simple. For example, for every five homes available, one (or more) could be set aside for essential workers. The challenge is to identify who is an essential worker, appreciating also such workers once allocated a home, may then choose to take up a different occupation.

This will also require a clear read-across between the local scheme that the council intends to establish and the Mayor of London's official *First Steps* intermediate housing programme which sets what affordable home ownership products are available in the capital and what the rules are for accessing them. There may be scope for working jointly with the Mayor of London's approach to allocating homes developed under the London Living Rent programme, a proportion of which will be allocated on a pan-London basis.

The Mayor of London's recent announcement (Sept 2016) on his approach to London Living Rent gives a clearer indication of the priority he is giving to both this product and working applicants in housing need on incomes of between £35,000 and £45,000. The council will need to give some thought to what priority it wishes to give this product and how such homes developed in the borough will be allocated.

Just as we need to continue delivering more affordable rented housing, we need to ensure that those who need affordable housing for home ownership (or intermediate rent) have choices too. The Mayor of London's London Living Rent product can help with widening choice for such applicants in the future. The intermediate register could act as the gateway for those applying for homes built at living rent as proposed in section 4.2 of this document. In practice is likely that homes will be available to apply for on the following basis:

- London Living Rent Homes – A web portal on the GLA website where applicants will be able to view and apply for homes which either available to all applicants and Tower Hamlets applicants, with quotas for each groups
- Tower Hamlets Living Rent Homes – A web portal on the Tower Hamlets council website which will only be for Tower Hamlets applicants

There is also scope for the council to provide some general advice on home ownership choices, but any advice on mortgages (relevant to shared ownership) will need to be provided by an Independent Financial Advisor.

**Action 9:** Develop and implement an intermediate housing register and consider whether quotas should be adopted for certain categories of essential workers.

### 5.3 Homelessness Strategy

The council currently has in place a *Homelessness Statement 2013 to 2017* which sets out our approach to preventing and reducing homelessness focused on:

- Homeless prevention and tackling the causes of homelessness
- Access to affordable housing options
- Children, families and young people
- Vulnerable adults

Many aspects of this document are still relevant particularly those related to partnership working and prevention but over the next 12 months we will consider what other options are available to prevent and meet homelessness demand. These will include:

#### - Use of Temporary accommodation for homeless families

The Homelessness Strategy will also need to consider the options to reduce the number of homeless households from Tower Hamlets who are currently in temporary accommodation. At present there are around 2,000 households in temporary accommodation, of whom over 1,000 are placed outside the borough. Over 200 households are in bed and breakfast accommodation. The council recognises that there are different forms of homelessness. These can include:

- Rough sleepers who can include ex-service personnel
- Women fleeing domestic violence
- Former tenants of private rented accommodation where their tenancies have not been renewed
- People who are sofa surfing at friends' and families' homes
- People with mental health issues

In meeting emergency housing need, bed and breakfast accommodation creates uncertainty and upheaval for residents and is becoming increasingly expensive for the Council to procure, with suitable accommodation proving too expensive in borough resulting in more households being placed in outer London and beyond. The council recognises that such an approach can cause disruption to people's lives, particularly those with a local connection with the borough, but the acute shortage of affordable housing and now the high cost of private rented housing, beyond Local Housing Allowance levels, means the council has to consider all options to ensure homeless people have a roof over their heads. With the advent of the Universal Credit cap of £23,000 for non-working households, this will mean that some non-working applicants will only be able to afford to rent homes in lower value areas outside the borough. With likely reductions in Discretionary Housing Payments (DHP) to provide additional funding to make up the gap between housing benefit and private rents, this is going to become a bigger issue in the future. Taking account of the housing needs of ex-offenders and people suffering from mental health issues are a continuing challenge for the council to address.

The Council needs to agree how best to tackle this problem with potential solutions including:

- remaining committed to the *No second night out* objective (and ideally ensuring there is *no first night out* through mediation with landlords and tenants) and minimising the use of bed and breakfast accommodation
- The Council may provide emergency accommodation to no priority need homeless clients for the purposes of preventing or reducing rough sleeping
- developing its own temporary accommodation as set out at 4.4 above
- using existing permanent council and registered provider properties for short term homeless housing as set out at 5.1 above
- continuing to use homes temporarily on estates that are being decanted for regeneration
- continue publishing under what circumstances it will place households outside of the borough
- buying back ex Local Authority homes sold under the Right to Buy.

We will update the homelessness document to reflect progress over the past 3 years and will engage fully with all partners in early 2017 to develop a further 4 year action plan to continue



to tackle homeless. There will be an emphasis on ensuring the most vulnerable and marginalised groups who face homelessness can continue to be assisted linking their support into their health needs, education and employment chances and overall wellbeing.

Progress since 2013 includes:

- **No wrong door Project**

The Council's Housing Options service introduced its innovative programme – called No Wrong Door to ensure that customers can access all the services they need to help resolve their housing problems from one point of contact rather than having to navigate their way through lots of different agencies themselves.

The Council's Housing Options service has been transformed to offer more help to those threatened with homelessness or needing housing advice. Instead of being able to simply offer advice on housing options, staff are working closely with other agencies so as to be able to offer information on a comprehensive range of services that help with problems that often cause homelessness or housing difficulties. This includes money advice, debt counselling, landlord and tenant mediation, specialist legal advice, help in accessing education and training, help in seeking work, access to child care and our Children's Centres.

Our Housing Options staff can make referrals to other agencies to ensure clients get the help they need, and some support services are now operating from Albert Jacob House in Bethnal Green E2 the where Housing Options staff are based.

- **Overview and Scrutiny Commission recommendations**

The Overview and Scrutiny Commission held a review of the Homelessness Services and produced 17 recommendations for consideration by the Housing Options Team. These recommendations are being addressed by the service and will either be implemented at an operational level or through the refreshed Homelessness Strategy.

- **Hostel Commissioning Plan**

The Council is developing a Hostel Commissioning Plan (HCP) 2016-2019 which was approved by the Mayor in July 2016.

It was agreed that future hostel commissioning priorities should focus on meeting the needs of those who are the most complex, whilst also aiming to provide advice and assistance to those with lower needs. In addition there will be a plan to reduce the level of women only and abstinent hostels services. In order to ensure the needs of the service users are better met, whilst ensuring provision of choice and control is maintained it was further agreed to remodel and reconfigure current services and provision in conjunction with partners.

- **Homelessness Partnership Board**

The Council will reform its Homelessness Partnership Board drawing on the expertise of Housing Association, voluntary sector and other statutory partners such as the health services to oversee the production, delivery and monitoring of the action plan.

- **Homelessness Reduction Bill 2016**

At the time of finalising this Strategy, a Private Members' Homelessness Reduction Bill was before Parliament. Core to the Bill's purpose is a duty to prevent homelessness, building on the current duty to meet its consequences. The council is already committed to preventing where possible homelessness in all scenarios. We recognise that it is important to prevent where possible the instances of non-priority homelessness as these have the potential to become priority cases of the future. Whilst the council is broadly supportive of the Bill's aims, with sources of permanent and temporary accommodation diminishing, placing additional homelessness duties on local authorities will be challenging.

**Action 10:** Refresh our Homelessness Statement into a strategy and align it with the 2016-21 Housing Strategy.

**Action 11:** Reconvene the Homelessness Partnership Board who will oversee the production, delivery and monitoring of the action plan

#### **5.4 Tenancy Strategy, including fixed term tenancies**

The council is required by law to have a Tenancy Strategy that sets out what kind of social housing tenancies should be granted by housing associations and the council (through Tower Hamlets Homes) in the borough and what basis those tenancies should be renewed. Housing associations are required to have due regard to the council's Tenancy Strategy but are not required to follow the policies that are set out.

The government through its Housing and Planning Act intends that future tenancies granted by the council should be for fixed terms of between two years and 10 years. The government is also proposing that where families have children under the age of nine, a tenancy should be granted that will last until the youngest child reaches the age of 19. There will be some exceptions to fixed term tenancies, possibly for the elderly and the disabled, which will be set out in regulations to be set by central government in the future. Depending on the level of flexibility allowed by government it is intended that the new Tenancy rules will be further consulted upon.

The government is also proposing that other than where a spouse or civil partner is succeeding a tenancy, the new tenancy should be for a fixed term. The new Tenancy Strategy, once adopted will impact on future tenancies granted by Tower Hamlets Homes, and influence the tenancy policies of our local housing association partners.

In summary, our broad approach will be as follows:

- Applicants over the age of 65 should be granted lifetime tenancies
- Applicants who are severely disabled should be granted lifetime tenancies, with exceptions made where the property is wheelchair accessible accommodation
- Applicants who have children under the age of nine years old should have tenancies for 10 years
- General needs applicants (including those who succeed a tenancy) should be granted tenancies of no less than ten years
- There should be a presumption of a fixed term tenancy being renewed if the tenant(s) housing needs are the same (or greater) than at the time of the original application
- Introductory tenancies for council tenants and starter tenancies for should be for 12 months, increased to 18 months where the tenant has not met one or more of the tenancy conditions, e.g., non-payment of rent; anti-social behaviour. This will be in addition to the fixed terms identified above.

It should be noted that the granting of a fixed term tenancy does not mean a tenant cannot qualify to exercise their right to buy providing they meet the qualifying conditions.

For housing association landlords, we would want them to continue the policy lettings homes on Assured Tenancies (i.e., lifetime tenancies) at social rents, but recognise in some instances this may not be possible to do that because of contractual arrangements associated with the development of new Affordable Rent accommodation. However, the council does not wish to see existing social rent homes which become empty, converted to Affordable Rent homes or with fixed term tenancies. The council welcomes the Mayor of London's recent announcement (Sept 2016) that no further rent conversions (meaning from social rent to Affordable Rent) will be supported as part of his new affordable homes programme.

**Action 12:** Refresh the Tenancy Strategy to take account of legislative changes requiring local authorities to issue fixed term tenancies

## 5.5 Tackling overcrowding

The council currently has in place a 2016-2018 Overcrowding Action Plan which was updated in March 2016 and includes the following:

- Property based actions by delivering larger family accommodation through s106 schemes and new affordable housing schemes.
- Lettings actions set through the operation of the Common Housing Register Allocation Scheme (April 2013).
- Advice and partnership actions by ensuring all housing associations with stock in the borough sign up to the Common Housing Register Forum.
- Under occupation actions by developing bespoke packages to meet specific households' needs; encouraging housing associations to reduce under-occupation; and financial incentives to encourage under-occupiers to consider moving.

The Council's Overview and Scrutiny Housing sub committee has agreed to carry out a review of under occupancy and the findings of the committee will be incorporated into an updated plan.

**Action 13:** Keep under review the Overcrowding and Under-occupation Plan

## 5.6 Older People's Housing Needs

People are living longer and often do not have housing choices that enable them to move to more appropriate accommodation that meets their needs. In an affordable housing context, this can involve small-sized households, sometimes single people, under-occupying family homes which could be used for larger households. Whilst the council has access to sheltered housing for older people available through its Housing Association partners, older people's needs sometimes require consideration of health and/or mobility issues. The need to continue to meet the two aims of the council's 2013 – 2015 Older Persons' Statement remain valid, which are:

- Aim 1: Provide a range of good quality accommodation and access to home adaptations and improvements that offers older people housing that meets their needs.

- Aim 2: Help older people to continue to remain active, independent and healthy in their homes supported by flexible and affordable services.

The council's view is that a third aim should be added to this which is:

- Aim 3: Develop a specific approach that meets the needs and wishes of older people that will help incentivise households who are under-occupying by giving them a wider range of choice. This aim recognises that is a large and growing cohort of older people who do not require institutionalised care as well as those who do, often through extra care schemes

The Council has agreed that rather than refresh its Older Persons' Statement it will contribute fully towards the development of the Council's forthcoming Ageing Well Strategy that aims to cover all aspects of the health, wellbeing and quality of life of people growing older in Tower Hamlets – ensuring that Tower Hamlets is a borough where growing older is about retaining independence and dignity with the assistance of family friends and the community where necessary but knowing that the right care and support is there if that independence becomes significantly reduced. A continuing challenge are the costs associated with older patients who are unable to leave hospital because they don't have a suitable home and/or care to return to, also known as 'bed blocking'. The financial cost of this is being borne by the health sector, but some joint working and possibly sharing of costs and savings may offer some incentives and opportunities to address this issue. There are a range of housing options (for example, sheltered accommodation, extra care housing) and interventions (for example, providing disabled adaptations to residents' homes) but these resources are limited. Given that we can expect housing and health challenges associated with an ageing population to grow, innovative working between the relevant agencies and most crucially the residents concerned will be needed.

Key housing issues which will have to be reviewed include defining future provision of older persons housing requirements as required by the current National Planning Policy Framework (NPPF) and reviewing all aspects of support for the ageing population including support through sheltered residential and extra care housing. The GLA also has funding available for older people's housing under the current 2015-18 programme and we expect to be continued in the forthcoming 2016-21 programme. Given the continuing growth of this cohort of need together with the council's objective of reducing under-occupation in the borough's social housing stock, we will need to take a fresh view on whether his source of funding can add value to the council's approach.

The scope of the proposed strategy encompasses the breadth of responsibilities placed upon the local authority by the Care Act 2014. In summary these responsibilities are centred on:

- maintaining and promoting independence and wellbeing
- facilitating the development of a vibrant social care market in the borough
- assessing and providing for needs which the authority has a duty or power (subject to available resources) to meet. This encompasses both the provision of a range of services in the community (to enable the individual to continue living in their own home) and the provision of residential and nursing home care when living in your own home is no longer a viable option
- safeguarding vulnerable individuals.
- working in partnership with the NHS and other stakeholders to deliver integrated and personalised care and support.

The strategy will also provide a core reference point for the future development of service delivery and/or commissioning strategies for a range of adult social care and supported housing services including:

- Information and advice provision.
- Community support, handypersons and befriending type services;
- Advocacy.
- Personal care.
- Daytime activities provision.
- Support and care in sheltered and extra care sheltered housing.
- Residential and nursing home care.

A reference group incorporating all stakeholders including residents and carers and housing partners will be set up to oversee the development and implementation of the Strategy.

**Action 14:** Contribute towards the development of the Corporate Ageing Well Strategy which includes reference to developing accommodation designed to meet the needs and wishes of older people.

## **5.7 Supported Housing and use of temporary accommodation**

Supported Housing plays an important role in providing accommodation for people who may have dependency issues, such as alcohol, drugs, or who have particular mental health issues. Other needs that need to be met include those of rough sleepers; people with learning difficulties; and people with specific health needs. Consideration also needs to be given to children leaving care and those fleeing domestic violence. The services required, such as floating support, to enable people to live independently is funded through the Vulnerable Adults Commissioning team.

Some of these groups immediate and longer term needs will be picked up through policies developed out of the Homelessness Strategy, which will include reference to the need for 'move on' accommodation so that supported housing is available to those who most need it. We will consider the needs of all these groups when developing new housing and reviewing allocations policies and take into account the view of our partner organisations who provide services to the most vulnerable people in our community.

The Government announced in September 2016 that it intended to devolve Supporting People funding to local authorities to provide additional top up funding to providers where necessary, reflecting the higher average costs of providing supported accommodation. It also indicated that it intends to exempt women's refuges, alms houses and community land trust from the Local Housing Allowance (LHA) Cap, but supported housing schemes will not be exempted. What this means is that the services that some clients need with their accommodation will not be fully eligible for housing benefit with the gap met from the devolved funding. Whilst the devolved funding is expected to be ring-fenced, it's unclear how long this funding will last for given the continuing reduction in public money allocated to local authorities to deliver local services. The 1% rent reduction to social housing will still apply to Supported Housing schemes.

Overall, we expect the changes to have a negative impact on the delivery of new supported housing schemes and possibly impact on existing services. The council will seek to mitigate the impacts of these policy changes where possible.

**Action 15:** Ensure that supported housing needs are reflected in both the common housing register allocations scheme and the delivery of new affordable housing.

## **5.8 Housing for people with disabilities and long term health conditions, including autism**

The vulnerable adults commissioning team are developing an Accommodation Plan which will provide an overview of the accommodation available to people with learning disabilities (LD). The borough seeks to improve the overall offer of accommodation including opportunities to invest to save whilst also supporting young people to remain close to their families, friendship networks and local community. We expect the number of people with disabilities and long term conditions, for example, dementia, autism, to grow and people are likely to live for longer with these health conditions. The Children and Disabilities Joint Strategic Needs Assessment (JSNA) for the borough states that the number of children with special educational needs (SEN) and disabilities is higher than both London and England averages. It is therefore likely that the demand for accessible housing will increase and the design of new local housing needs to reflect that. Taken with the longer term broad objective of relocating people with learning disabilities currently located outside the borough back into Tower Hamlets, this will increase demand for suitable accommodation, often on the ground floor, also,

It is recognised that this is just the start of a longer piece of work and in the next three years will be undertaking additional research to ensure that services are responding to the changing needs of this population. This will include an analysis of older carers; degenerative disease in older people with learning difficulties as well as a larger review of all out-of-borough placements.

The national autism strategy asks local authorities if their housing strategies specifically identify the housing needs of people living with autism which include an estimate of how many people with autism we would be expecting to i) live in the community ii) live in supported housing iii) live in residential / nursing care. The Transforming Care programme is a national programme that aims to further reduce the number of people with a learning disability and/or autism who display behaviour that challenges, including those with a mental health condition who are in institutions, particularly aiming to reduce the number of in-patient facilities and increase the number of people with an LD or autism who are living in the community. The council expects there to be continued availability of funding under the Home Ownership for people with learning difficulties (HOLD) as part of the forthcoming investment prospectus and will need to assess what level of local demand there is to meet.

The council will work corporately towards meeting the needs of people with learning difficulties and autism over the next three years.

**Action 16:** Support the development of the Accommodation Plan for People with learning disabilities (LD) and support the development of accommodation for those with other disabilities and long term conditions, including autism.

## **5.9 Project 120 - meeting the needs of people who use wheelchairs**

Project 120 (P120) was started in 2012 to address the specific housing needs of families with a wheelchair user and other complex medical needs on the Council's Housing waiting list. The name stems from the 120 families who were on the Accessible Housing waiting list at that time.

The Council works closely with developers and housing associations to identify specific needs of a family at an early stage and identify a property in development which can then be adapted accordingly to meet that need. The project has been very successful and by April 2016, 148 families had been rehoused in new accommodation bespoke built to meet their needs.

**Action 17:** Work closely with colleagues and partners to support the most vulnerable people in the borough and continue to meet their housing needs

## 5.10 Gypsies and Travellers

Part of the Local Plan development process deals with assessing the housing needs of gypsies and travellers in the borough. As part of this process, council officers from planning; housing and environmental health will liaise to ensure that gypsy and traveller housing needs are fully considered in housing strategy and set out in the Local Plan to be adopted in autumn 2017.

**Action 18:** Assess the existing and future requirements for the gypsy and traveller communities

## 5.11 Young people and housing

Young people in Tower Hamlets experience homelessness each year in significant numbers. In 2015-16, more than half of the homelessness reported to the borough by single people came from those under 35, whilst just under a quarter who reported homelessness were aged between 18-25 (23%).

Risk indicators of homelessness for young people vary widely. These can include non-attendance at school or not being in education, employment or training (NEET), ongoing disputes with younger siblings, inter-generational conflict sometimes related to opposing religious and cultural values within the household, periods in childhood in local authority care, overcrowding, involvement in offending, abuse and violence in the home, teenage pregnancy, parental relationship breakdown and other parental factors.

Young people on low incomes unable to live in the family home face a number of difficulties accessing affordable alternative housing. A room in a shared house for rent privately is in virtually all parts of London beyond the budget of most u-35s who are in low waged work or entirely benefit dependant, due to housing benefit restrictions. New housing benefit restrictions which will apply to social housing from 2018 could also make the social sector unaffordable for many young people. In addition, from February 2017 phased introduction of new rules for job-seekers aged 18-21 could see many lose access to financial help with housing costs.

**Action 19:** Ensure that young people's housing needs are fairly reflected in the development of housing allocation and homelessness policies and the negative impact of welfare reforms are mitigated where possible.

## 5.12 The Waterway Community

Tower Hamlets is served by three interconnecting canals, the Grand Union, Hertford and Limehouse Cut. The canal network is managed by the Canal and River Trust with the Council having responsibility for planning matters related to the waterways in the borough. The number of people on boats using the network in the borough and across London has risen significantly over the past 5 years, possibly as it can provide a cheaper alternative to mainstream housing with the majority of users being transient 'continuous cruisers' moving on a regular basis around the whole London network.

There are relatively few fixed moorings in the borough but partners have identified some areas where permanent houseboats or medium term leases could be set up. The Housing and Planning Act 2016 includes a duty for local authorities to consider the needs of people residing places on inland waterways where houseboats can be moored. In order to meet this duty the Council has entered into an initial dialogue with partners including housing associations on the opportunities available on the canal network. The need for more residential moorings is supported by the Port of London Authority who are also keen to see the river retained for transport purposes.

**Action 20:** Investigate the possibility of developing more fixed moorings across the Borough's canals in order to provide additional fixed term housing opportunities



## **Section 6 – Delivery Theme 3 – Raising private rented housing standards**

### **Why this is important**

The private rented sector is now the largest segment of the local housing market. While private renting works well for some, not least as a short-term option, it is increasingly becoming the only option for people who want to rent a home in the social sector - or to buy a home - but can't save for a deposit because private rents are so high. A part of the housing strategy is about creating more choice for such households, but in the meantime we need to ensure that the standards of accommodation for people in private rented housing are good – not only by weeding out the bad landlords who give the sector a poor reputation but also by working to professionalise the sector, supporting “amateur” and small landlords to provide decent, well-managed homes to their tenants. Whilst much of the new-build private housing in the borough is well managed, some private sector rented homes are in poor condition and poorly managed.

Around 15,000 ex-council homes bought under the right to buy are now being let by private landlords. In some instances this has led to serious overcrowding and anti-social behaviour such as noise nuisance fly-tipping, and drug-related criminal behaviour on estates owned by the council and its housing association partners. We will work jointly with our partners to tackle these issues. The need to improve joint working runs as a theme through the strategy, underpinning a number of interventions that the council is undertaking in respect of private sector housing and other initiatives and issues it has to consider. These will be brought together through a stand-alone 2016-21 Private Sector Housing Strategy which will include reference to:

### **6.1 Landlord Licensing Scheme**

A landlord licensing scheme has been introduced for private landlords in the west of the borough covering the following areas:

- Spitalfields and Banglatown
- Weavers
- Whitechapel

The council wants to use selective licensing to tackle anti-social behaviour, deal with poor housing standards and assist in improving the overall management of rented accommodation. The Council could consider extending this scheme to homes in multiple occupation (HMOs) provided further conditions are met.

**Actions 21:** Review selective and additional licensing schemes for the private rented sector, ensuring that the schemes are adequately resourced; explore options for a scheme for houses in multiple occupation; and lobby government to use legal powers available to adopt a wider licensing scheme where necessary.

### **6.2 Closer working with private sector landlords including promoting accreditation**

As a means of improving the quality of private rented housing across the borough, the Council wants to improve the quality and professionalism of private landlords. The Council is committed to supporting the London Landlord Accreditation Scheme. The Scheme awards accreditation to reputable landlords who undergo training and comply with a code of conduct. It was set up in 2004 as a partnership of landlord organisations, educational organisations and 33 London boroughs. Accreditation is a condition of access to Empty

Property Grants and is funded by the Council where a landlord lets through our Housing Options service to a homeless family.

**Action 22:** Develop enhanced support for landlords, including through the London Landlord Accreditation Scheme, to improve the quality of housing and management in the private rented sector.

### **6.3 Private Sector Housing Renewal policy 2016-21**

The council is required to have a private sector housing renewal policy. The council's current Private Sector Housing Renewal Policy 2016 – 2018, makes available a mix of grants and loans, some of which are means-tested, to tenants and landlords that fund bringing long term empty homes back into use. It also features Disabled Facilities Grants and Home Repair Grants that allow tenants to live independently in their homes

In May 2016, Council Tax records showed that 4,595 properties in Tower Hamlets have been empty for more than a year. Of these 2,963 are residential properties; 1,632 are commercial. Around half of these are second homes. However, many are in a neglected state and have a damaging impact on their local area.

The Council has concerns about the perceived trend of homes bought off-plan being left empty. The Council is also concerned that inappropriate Airbnb-style holiday letting may be reducing the availability of housing and causing nuisance to communities. We need to research these perceived trends, establish the evidence and plan what interventions, if any, are required.

In the context of a housing crisis, vacant properties could provide desperately needed homes. The Council can adopt a number of approaches towards bringing empty properties back into use including negotiating with owners, empty property grants, enforcement through Empty Dwelling Management Orders and Compulsory Purchase Orders

Disabled Facilities Grants and Home Repair Grants also feature in the Private Sector Housing Renewal policy that allow tenants to live independently in their homes

Disabled Facilities Grant is now contained within the Better Care Fund (BCF), a programme spanning both the NHS and local government. The intention is to better integrate health, social care, and housing support to the most vulnerable disabled people in our society, placing them at the centre of their care and support. The overall use of grant in relation to working across the sector, in particular to better enable hospital discharge and home security, will be developed over the course of this strategy.

On the trend of 'Buy to Leave' where homeowners are leaving homes empty, the council is keen to build up an evidence base to understand the scale of the issue in the borough and work with the GLA who are undertaking their own pan-London research.

#### **Actions 23:**

Develop an evidence base on the extent of Buy to Leave in the Borough and if necessary review the action the Council could take to reduce the number of new homes that are being purchased but being left empty by investors and by owners of existing empty properties.

Adopt an updated private sector housing strategy for 2016-21 which includes reference to the Better Care Fund approach and addressing empty homes issues.

#### **6.4 Housing conditions: investigation and enforcement**

The Private Housing Strategy supports the use of the full range of statutory powers available to enforce housing safety and standards. These include not only existing powers to deal with housing hazards and with statutory nuisance, but also new powers provided under the Housing and Planning Act 2016 to tackle criminal and rogue landlords more robustly.

To raise private rented housing standards, council officers on a cross departmental basis will need to develop a holistic approach to develop further and implement its statutory responsibilities and implement the priorities identified in this section.

**Action 24:** The council will continue to undertake its statutory responsibilities to ensure private rented sector housing is safe to live in and is well managed.

#### **6.5 Promoting the rights of private tenants**

Part of the council's work in this area will be promoting the rights of private tenants. This will include:

- Working with community partners and programme a regular publicity campaign to promote awareness of private tenants' rights - including on the Council website, in Our East End, and through posters in public spaces, Ideas Stores, and Council offices.
- Publishing and publicise expectations of how landlords should carry out the 'Right to Rent' checks consistently and fairly to avoid discrimination.
- Engaging with private tenants including through forums
- Provide tenancy training to homeless households moving into the private rented sector

**Action 25:** Develop and implement a programme of engagement with residents and stakeholders to promote the rights of private tenants.

#### **6.6 Other private sector housing issues**

Other issues relating to the private rented sector including supporting the Right to Manage for private sector and housing association leaseholders, influencing the growth and reach of institutional investment in quality private rented homes and promoting joint working towards all aspects of private rented sector housing are discussed in more detail in sections 4.8 to 4.10 of the Private Sector Housing Strategy.

## **Section 7 – Delivery Theme 4 - Effective partnership working with residents and stakeholders**

### **Why this is important**

As a guiding principle, more is achieved through working with people than not. Partnership working at its highest level is illustrated through the council's work with partners on the Community Plan, adopted in 2015. In housing terms, the council continues to be reliant on partners in the housing association and broader third sector to help deliver its housing objectives. A key element of this partnership working centres on the operation of the Common Housing Register and the Preferred Partners Agreement (PPA) which the council wishes to see continue. As part of this Strategy we are intend to review the PPA arrangement but remain committed to the principle of having development partners who are committed to local housing priorities. In addition the council places strong value on its partnership working with residents and seeks to underpin this by ensuring the boards of Tower Hamlets Homes and local housing associations have resident representation.

The council needs to consider the way it works with its partners, primarily its residents; housing associations; and other stakeholders in the borough and the Greater London Authority.

It will be important that the council is clear in expressing what changes are going to be proposed over the coming years and explain why. Some issues such as the passing into law the introduction of fixed term tenancies will involve further consultation and some difficult discussions with existing tenants and particularly those who hope to live in the borough in the future.

The introduction of Universal Credit benefits system may mean that council and housing association tenants in the future will have to pay their rent in a different way so we need to make sure advice and support is in place to ensure rent arrears do not build up.

In terms of specific areas of partnership working in the future:

### **7.1 Tower Hamlets Homes and the council's tenants and leaseholders**

Tower Hamlets Homes (THH) is the arm's length management organisation (ALMO) that is responsible for managing and maintaining the council's housing stock of some 21,000 social rented homes and leaseholder homes originally sold under the right to buy.

The ALMO, a company 100% owned by the council, was established to access government funding to deliver a decent homes programme, to repair and modernise the housing stock, whilst this programme was completed in 2016, the council continues to make significant investment in its stock to maintain a decent standard.

There has been an initial consideration of a possible extension of the Management Agreement (MA) for two years to July 2020. The decision of whether to extend the management agreement or to take an alternative approach is highly dependent on the local context. The decision will be driven by the wider housing strategy of the borough, the nature of the local housing market and the need for councils to deliver services more efficiently. THH is a key Council partner in mitigating some of the risks to the HRA over the next few years particularly, in relation to the revised rent legislation within the Welfare Reform and Work Act, and policies included in the Housing and Planning Act.

**Action 26:** Consider extending the council's management agreement with Tower Hamlets Homes.

## **7.2 Tower Hamlets Housing Forum: working with our registered provider partners**

The council works in partnership with around 50 housing associations in the borough, half of whom are members of the Common Housing Register, who collectively own and manage more homes than the council.

Specific areas of partnership working between the council and housing associations are:

- Preferred Partners Agreement - where certain housing associations which develop new housing in the borough are accredited by the council as preferred partners
- Common Housing Register Allocation Scheme – which is the council's and local housing association partners' allocation scheme for the borough
- Common Housing Register Agreement - where all new and empty homes that become available to occupy are allocated to applicants in need on the basis of the allocation rules set out in the Allocation Scheme

Some of our local housing associations – Poplar Harca, Eastend Homes and Tower Hamlets Community Housing – were set up by the council to deliver decent homes, improvements, new homes and broader regeneration outcomes which they have been undertaking. There are areas of housing management work, for example, waste management and dealing with anti-social behaviour in homes bought under the right to buy where the council and housing associations have a shared interest in addressing, which may involve some future joint working.

With the government's recent decision to force housing associations to reduce their rents by 1% for four years, this has meant that housing associations nationwide are progressing discussions about merging. Although a 1% reduction for four years doesn't sound much, this reduction has had a profound impact on housing association financial planning. This has impacted on the council (through Tower Hamlets Homes) too with difficult decisions having to be made about future investment. The impact on housing associations' business plans – particularly those who are developing new homes – is causing some organisations to pursue merger opportunities to insulate themselves from potential future financial difficulties.

We're concerned that such mergers will have a negative impact on local service delivery and negatively impact on broader strategic investment decisions. We are particularly keen that Tower Hamlets based local housing associations stay locally focused and accountable and we will work with the statutory authorities – principally the Greater London Authority and the Homes and Communities Agency - to make sure this remains the case.

A further issue is the government's stated intention to deregulate the housing association sector. What this means in practice will emerge over time, but our concern is that agreements and understandings in place on issues such as nomination agreements; responsibility to house homeless households; and council rights to nominate members to housing association boards will loosen.

The large majority of new affordable housing for rent will be delivered by housing association partners, most of whom are members of the council's Preferred Partners Panel. We intend to review the rationale for maintaining this arrangement, recognising that there will be

difficulties maintaining it and the difficulties associated with the council prescribing who builds future affordable housing in the borough.

The council is keen to support the work and independence of borough-focused registered providers and are prepared to work with them to assess how their investment capacity can be maximised to meet the major development and regeneration opportunities that remain in the borough. Ideally new housing that is developed by local partners in the borough, in partnership with the council (possibly with the support of the Mayor of London), can enhance the position of our local partners.

**Action 27:** Develop more effective working with registered providers operating in the borough delivering local priorities remain local, independent and accountable to residents. To achieve this, the council will seek to:

- crystallise this effective working relationship in the form of a covenant that sets out the obligations that the council and its registered partners have to each other and the residents that we work for in order to support local housing associations deliver our shared objectives including individual development and regeneration projects.
- continue its partnership working arrangements with registered providers through the Common Housing Register
- review the Preferred Partnering Protocol
- review how in partnership with borough-focused registered providers investment capacity can be maximised to meet major development and regeneration challenges that remain in the borough.

### **7.3 East London Housing Partnership and other local authorities**

As well as liaising closely with the Mayor of London and the Greater London Authority, the council works with its partner authorities in the East London Housing Partnership. This work covers a range of housing issues and will continue to do so as many of the issues we face in Tower Hamlets are faced by our neighbouring authorities also. As set out earlier in this document, the council is looking beyond our borough boundaries (and beyond East London) to deliver new housing options. We will need to be sensitive in our approach and work on a partnership basis and see where possible shared priorities can, if possible, be met.

**Action 28:** Continue to work in partnership with our East London neighbouring authorities and develop new partnerships where the council is seeking to meet its housing needs.

### **7.4 Private sector development partners**

The council works with private sector developers on a daily basis, not least through negotiating affordable housing through the planning process, usually called S106 legal agreements. These agreements require developers to deliver certain obligations in return for a planning consent. There is a broader and perennial challenge of negotiating social value from private sector investment. This is not exclusively about housing, but connects with the earlier priority to help ensure local people have access to quality employment opportunities.

**Action 29:** Continue to work in partnership with private sector partners to generate better employment opportunities for local people.

## 7.5 Third Sector Partners

Core to our partnership approach is working with third sector agencies many of which are members of the Tower Hamlets Council for Voluntary Service. Whilst many employ members of staff they are by definition reliant on people giving their time and money voluntarily to help support people who make up the Tower Hamlets community. One of their major assets is their contribution to filling the service gap that public and private sector agencies are unable to fill, nurturing community activities and services and providing forums for people to meet and interact, fostering community cohesion.

**Action 30:** Continue to work in partnership with third sector partners to generate better employment opportunities and broader community regeneration outcomes for local people.

## 7.6 Helping to deliver healthier communities

The aim of the Tower Hamlets Health and Wellbeing Board (HWBB) is to improve the health and wellbeing of Borough residents. The Board's work programme is led by the borough's Director of Public Health in partnership with health and other stakeholders. The board is responsible for producing the Joint Health and Wellbeing Strategy and also the Joint Strategic Needs Assessment (JSNA) which in housing and health terms helps stakeholders understand what future health needs have to be catered for and what the housing implications of those needs are. A broader responsibility of the Board is promote healthy lifestyles, e.g., reducing alcohol and tobacco dependence, reducing teenage pregnancies; tackling obesity; which proactively reduce future dependence on day to day health services. As part of its future approach, the Board has identified five areas for transformation:

- Addressing the health impacts of deprivation
- Helping communities lead change around health
  - Healthy place
- Tackling childhood obesity; and
- Developing a truly integrated system to support health.

Quality housing accommodation makes a significant contribution to individual and community well-being. However, it's not always the case that households have this platform to live healthy lives. Issues such as overcrowding and damp, poorly ventilated accommodation are likely to contribute to negative health outcomes and with an increasing number of vulnerable households in private, temporary accommodation where housing conditions are generally poorer. There is an obvious read across to the work of housing stakeholders and there is already considerable joint working between the HWBB and housing association partners represented on the Tower Hamlets Housing Forum, referenced in section 7.2 of this strategy document. Future joint work could include working with housing associations to promote health and care issues such as GP registration, screening programmes and health promotion.

Linked to this is the wider agenda of *Making Every Contact Count* which encourages conversations based on behaviour change methodologies (ranging from brief advice, to more advanced behaviour change techniques), empowering healthier lifestyle choices and exploring the wider social determinants that influence all of our health.

**Action 31:** Tower Hamlets housing stakeholders will continue to support and disseminate the work of the Health and Wellbeing Board to deliver better health outcomes for the borough's residents; facilitate the dissemination of the *Making Every Contact Count* approach.

## **7.7 Working with our residents**

Ensuring that residents' needs and aspirations are reflected in the council's work on housing will need to be core to our future strategic approach.

### **- Engagement and Representation**

Giving residents the opportunity to express what's important to them will need to continue featuring in what the council and its partners do. Whether this is through board membership on local housing associations; representation on scrutiny panels; speaking rights at meetings; or just making sure residents' enquiries and complaints are dealt with effectively as possible will help ensure residents' views are effectively represented. The council remains committed to maximising the amount of new affordable housing to rent and buy that is delivered in the borough and retaining what we have, new priorities that have arisen from the growth of private rented housing means that we need to widen our approach and the expertise that underpins it.

### **- New homes on council-owned land**

We also understand that existing residents, particularly on council estates, are concerned about new build schemes that are being proposed on council-owned sites that can contribute to the council's objective of 1,000 new council homes by 2018. We recognise that concern, but ultimately the scale of the housing crisis is such that we need to consider and propose schemes that some residents will find difficult to accept. The council will always ensure that residents have the opportunity to have their say with all proposed schemes having to meet the council's planning policies.

### **- New Homes on housing association-owned land**

Whilst the council is the single largest social landlord in the borough, taken together housing associations have more social housing stock than the council. This is partly because of the transfer of stock from the council to housing associations under the *Housing Choice* process, with the other reason being the significant development of new affordable housing in recent decades. Most of the largest housing associations in the borough are represented on the Tower Hamlets Housing Forum referenced in section 7.2 of this section.

In tandem with the council seeking to redevelop council estates – Ocean and Robin Hood Gardens as examples – using housing associations as partners, there is a more recent trend of housing associations seeking to redevelop their own stock, without direct assistance from the council. Given the high values of land in the borough and the limited amount of public subsidy to build new homes, this is a trend that we expect to continue. However, there are certain guiding principles that we intend to adopt when considering proposals that are put forward to the council and affected residents for consideration. The council will expect:

- the number of social rented housing units to be replaced on a 'like for like' basis, for example, space standards, but also allowing for some changes of mix to reflect tenants' changed accommodation needs, caused, for example, by overcrowding



- tenants to be able to move once or at minimum have a right to return to their area
- housing options for leaseholders to remain in their area
- at least 50% affordable housing on the proposed new development
- tenants and leaseholders to be consulted from the outset on proposals and to have access to their own independent tenant advisors and ideally a consensus reached on development proposals

The council will always ensure that residents have the opportunity to have their say with all proposed schemes having to meet the council's planning policies.

#### **- Meeting welfare reform challenges**

As welfare reform continues to roll out, we think some tenants will struggle with the introduction of the new Universal Credit. This will mean housing benefits, instead of being paid direct to the landlord, will be paid to the applicant with other benefits, which means they will need to pay their rent to the landlord. With competing household expenses, some tenants may find it difficult to prioritise, and fall into rent arrears as a result. With the reduction in the Universal Credit to £23,000 a year for non-working households. Ensuring that tenancy packs have details of benefit entitlements and contacts for key service providers, including information on local community facilities can help with the broader objective of helping tenants to settle in to use their home as the platform to realise their wider ambitions. The council will need to strike a balance between sharing information electronically through social media as well as more traditional ways through leaflets and meetings.

**Action 32:** Tower Hamlets housing stakeholders will continue to ensure that residents' needs and aspirations are reflected in the work that they undertake; ensure residents have the opportunity to have their voices heard by the key housing stakeholders; ensure that up to date and accessible housing advice is given to residents impacted by the continuing roll out of welfare reform.

### **7.8 Working with the Mayor of London and the Greater London Authority**

This housing strategy document makes extensive reference to the housing ambitions of the Mayor of London which the Greater London Authority (GLA) will have a core coordinating and investment role to help deliver the majority of the affordable housing the borough needs. The GLA has played a significant planning and investment role in the council's success, delivering the affordable housing it has delivered to date. A recent example of that partnership is demonstrated by the creation of the Poplar Housing Zone. The council expects this partnership to continue and widen given the breadth of Mayoral commitments set out in Section 3 of this document.

Later in 2016, we expect the GLA to publish an Investment Prospectus for the 2016/21 Affordable Housing Programme; a Draft Affordable Housing Supplementary Planning Guidance (SPG) document; more detail on the proposed London Living Rents. This will require a considerable level of engagement between the council and the GLA, some of which will be through the East London Housing Partnership referenced above, in order to ensure the Mayor's ambitions are realised in a successful and sustainable way.

**Action 33:** The council and Greater London Authority (GLA) will continue to work in partnership to realise the Mayor of London and Tower Hamlets' shared housing objectives.

## **Section 8 – Our approach to equalities**

The Equality Act 2010 places equality mandatory duty on local authorities (and other public bodies) to protect people from discrimination in the workplace and in wider society. To meet this duty, the Council needs to consider all individuals when carrying out their day-to-day work when shaping policy, in delivering services and in relation to their own employees. It also requires that public bodies to:

- have due regard to the need to eliminate discrimination
- advance equality of opportunity
- foster good relations between different people when carrying out their activities

The adoption of the Housing Strategy and associated documents requires the Council to undertake an Equalities Impact Assessment (EqIA) to fully assess what the positive, negative or neutral impacts of adopting the documents will be on defined equality groups. The nine relevant protected characteristics of these groups are:

1. Disability
2. Gender Reassignment
3. Pregnancy and maternity
4. Race
5. Religion or belief
6. Sex
7. Sexual orientation
8. Marriage and civil partnership
9. Age

Tower Hamlets has an additional category aimed at reducing social and economic exclusion.

10. Socio economic

An initial Equality Assurance Checklist has been completed which does not identify an adverse impact from these proposals on the equality groups of the nine protected characteristics. A full assessment of individual policies such as the Allocations Scheme and Homelessness Strategy will be carried out and if any potential negative impacts are identified mitigating actions will be identified accordingly.

Respondents to the consultation on the Housing Strategy 2016 – 2021 Consultation document have been requested to be mindful of the duty placed upon the Council in relation Equality Act 2010 and are asked to identify any potential impacts of the proposals contained in this document on the equality groups accordingly.

## **Section 9 - Financial Overview – Resourcing the delivery of the housing strategy**

When framing a housing strategy and identifying policy actions to deliver them, the next issue to consider is resources. Work will need to be undertaken to ensure responsibilities are allocated to officers and a detailed workplan prepared. This section sets out in broad terms a financial overview of the environment in which the council and its partners work within. The focus is primarily on the funding the delivery of new affordable homes.

### **9.1 Government Funding**

The government has set out in clear terms its policy towards housing and particularly council housing in its 2016 Housing and Planning Act which is described in Section 3 of this document. The government plans to end the issuing of lifetime tenancies; require council landlords to sell its own higher value homes to fund the extension of the right to buy for housing associations; and have imposed a reduction in rents over a four year period on all social landlords. The government has also made clear that the future funding for new affordable housing will be focused principally on affordable home ownership through shared ownership and starter homes programmes, neither of which are likely to be affordable to most people in the borough on low to medium incomes. Therefore the council is not expecting any significant support from central government to meet the significant housing challenges the council and its partners are facing.

### **9.2 Greater London Authority Funding**

The GLA on behalf of the Mayor of London administers funding programmes that channel funding available from government to build new affordable housing. The GLA in recent years has promoted Housing Zones which take a longer term, more holistic area-focused approach to realising large scale development opportunities. In Tower Hamlets, there is a Housing Zone for Poplar Riverside which is expected to deliver 9,000 new homes.

In tandem with this, significant interventions in the field of estate regeneration have been undertaken using a model of demolishing council homes to be replaced with a mix of private for sale; shared ownership; and housing association homes (usually for tenants displaced by the works) has been successfully undertaken all over London, with Tower Hamlets one of the leading agencies for change. We expect this trend to continue and the GLA are funding schemes under its Estate Regeneration Fund to achieve this.

At the time of writing, a financial settlement between the Mayor of London and the government had yet to be announced, but it is clearly likely to be less generous than previous funding rounds, but still set alongside more ambitious targets. The Mayor of London in September 2016 set out the broad principles that will support the new London Living Rent product which will be for working households on incomes of between £35,000 and £45,000. The council expects this to be a key feature of the affordable homes programme to be published later in 2016. The settlement from government will provide funding for new affordable housing from 2018 onwards, probably over three years, but longer for Housing Zones schemes (if supported). The GLA would normally have regard to their own Housing Strategy and London Plan when considering what priorities it wants to fund and on what terms. But it is noted that the current London Plan and Housing Strategy (adopted by the previous Mayor

of London) are quite different to the stated housing ambitions of both the new Mayor, Sadiq Khan, and central government, most noticeably on the balance between homes for rent and homes for affordable home ownership, so it is to be expected that both the London Plan and London Housing Strategy will be subject to revision in the coming years.

Given the borough hosts three Mayor of London Opportunity Areas (where opportunities for major housing growth have been identified as described in Section 4.1 of this document) the council and its partners are well positioned to be recipients of new funding. New funding is likely to be increasingly focused on equity loans rather than grant. This is particularly useful for the initial stages of major regeneration projects which require 'front funding' to help buy out leaseholders and undertake enabling work, but this money does need to be paid back to government in the future with the intention of recycling it for interventions elsewhere.

A major issue in Tower Hamlets continues to be the high cost of land and associated enabling costs. In value for money terms, schemes delivering affordable housing in outer London where land prices are lower are likely to look more attractive. The adoption of the National Planning Policy Framework and the impending introduction of the Starter Homes Initiative means it will be increasingly difficult to require private developers to provide affordable housing for rent and for the future, it is increasingly likely that the council itself will be the change agency using its own land, money and efforts that will deliver the affordable rented housing it clearly needs.

We expect the Mayor of London to publish later in 2016:

- The Investment Prospectus which will set out funding priorities for the 2016-21 affordable housing programme
- Draft Affordable Housing Supplementary Planning Guidance
- Detailed guidance on the levels of proposed London Living Rents

This will set the direction of housing investment strategy and policy in the capital for the immediate future.

### **9.3 Tower Hamlets Council Funding**

The council's Cabinet considered in July 2016 a report entitled 'Housing Revenue Account: Outline 30 Year Business Plan and Medium Term Financial Outlook'. The Housing Revenue Account (HRA) relates to the activities of the Council as landlord of its dwelling stock, and the items to be credited and debited to the HRA are prescribed by statute. Income is primarily derived from tenants' rents and service charges, and expenditure includes repairs and maintenance and the provision of services to manage the Council's housing stock. The HRA also benefits from some but not all of right to buy receipts and can benefit from other funds, such as the government's new homes bonus. These funds can contribute towards the development of both new Council and Housing association housing.

The HRA is self-financing and no longer reliant on government subsidy, meaning the council needs to plan carefully and prudently for the future, ensuring there is sufficient funding to meet its landlord obligations to its tenants and leaseholders over the medium to long term. The original intention was to give local authorities greater freedom to use their assets and income, but in 2015 it was announced that social rents would be reduced by 1% for four years beginning in 2016/17. Combined with

the sale of higher value empty council homes, these initiatives have had a negative impact on the scope of what the council would like to do in the future.

Despite the difficult position the council finds itself in due to the government announcement on rents in 2015, over the next 30 years, the council expects to spend over £1bn (today's prices) on maintaining its stock as well as funding a significant programme of new council home building. The council has a programme of over 500 new council homes to be built (See Section 4.3) with a commitment to build a total of 1,000 council homes by 2018.

To deliver the housing strategy commitments – particularly those focused on new housing delivery – the council will need to be flexible in its approach in order to realise new priorities and initiatives that emerge in the future. Inevitably this will involve close partnership working our development partners and residents of the borough, using what land, money, borrowing powers and people resources to maximum effect.

An issue with many local authorities are facing relates to rising costs of temporary accommodation (TA) for homeless people. We expect the trend of homelessness to rise and this means TA costs are likely to rise as well unless the council does something about it. In section 4.4 of this document we set out in more detail what options we are looking at to mitigate the long term financial impacts of this trend which will include greater reliance on the private rented sector, including such accommodation outside the borough.

#### **9.4 Tacking Fraud**

As important as ensuring the Council achieves best value through the use of existing resources is to ensure that fraudulently activity is tackled to ensure the scarce homes available are used to meet the genuine needs of those identified through the Council's common housing register allocations scheme.

Social housing tenancies have a very high economic value. This means that there are people who are prepared to adopt what is now criminal behaviour to mislead council officers and officers from its partner housing associations in order to gain a council or housing association tenancy; and/or place their own tenants in that home on an unauthorised basis; and in some instances exercise a right to buy.

High rents in the private sector and the close proximity of Tower Hamlets to the City and Canary Wharf creates conditions which can make sub-letting attractive. The Council will seek to develop existing collaborative working arrangements to target use of social/affordable rent/home ownership homes for sub-letting activity and commercial gain as well as being diligent in its scrutiny of Right to Buy applications which attract substantial discounts for those purchasing.

#### **9.5 Conclusion**

From time to time, there will be a need to review specific actions, for example, when the Mayor of London's new Housing Strategy is finalised and certain policies that the council has adopted need to amended to fit with them. In effect, this means this housing strategy will need to be a 'live' document, reviewed annually, taking account of what is a very fast moving environment.

The remainder of this document is a schedule of the actions set out in the strategy which will deliver the vision that we set out in the beginning of the document. The council will develop a workplan that will help deliver the objectives we set out.

## **Section 10 – Housing Strategy Actions**

<p><b>Delivery Theme 1 – More affordable housing, economic growth and regeneration</b></p>
<p><b>Action 1:</b> Maximise affordable housing building from all sources of housing supply, with a focus on the borough’s three opportunity areas</p>
<p><b>Actions 2:</b></p> <ul style="list-style-type: none"> <li>• Use council-owned sites to deliver 100% rented housing combining social target rents and homes at ‘living rent’.</li> <li>• Use council-owned sites to develop higher rent homes let to applicants from a separate waiting list and potentially developed by a council owned Housing Company.</li> <li>• Reduce government defined Affordable Rents to lower levels including social target rents taking into account the possible reduction in overall affordable homes for rent.</li> <li>• Plan for emerging Government policy, in particular the proposed requirement to deliver 20% Starter Homes on schemes over 10 units as part of the affordable housing offer.</li> <li>• Review its policy regarding commuted sums for affordable housing, with the aim of: <ul style="list-style-type: none"> <li>▪ Creating mixed and sustainable communities</li> <li>▪ Considering the overall output of affordable housing</li> <li>▪ Making best use of Council owned land/assets.</li> </ul> </li> <li>• Develop clear affordable housing policy for market sale, for discounted market sale including Starter Homes and shared equity schemes with reference to evidence available regarding take up of subsidised home ownership schemes.</li> <li>• Explore long term financial investment from institutions for an intermediate rent product for households with average/median incomes.</li> </ul>
<p><b>Action 3:</b> Complete a full capacity study of Council owned land site (within the Housing Revenue Account and the General Fund) to identify opportunities and funding options.</p>
<p><b>Actions 4:</b></p> <ul style="list-style-type: none"> <li>• Set up a housing company to deliver new homes both inside and outside the borough.</li> <li>• Explore the merits of the developing a co living model of housing for working people.</li> <li>• Explore the merits of the council buying or developing its own accommodation to meet emergency and temporary housing needs for homeless households.</li> <li>• Explore the use of modular housing to assist in meeting homeless and mainstream housing need across the Borough.</li> </ul>
<p><b>Action 5:</b> Ensure new developments are built to near zero energy high efficiency targets and through carbon offsetting initiatives the Council will deliver residential energy improvement projects.</p> <p>Building on the Mayor of London’s Housing Design Guide, the council will seek the highest quality housing standards in new affordable housing built in the borough.</p>
<p><b>Action 6:</b> Analyse the register of self-builders in line with statutory requirement in order to inform the Local Plan and respond to self and custom build.</p>
<p><b>Action 7:</b> Ensure the council’s future housing interventions help foster a community spirit  Develop a new growth strategy to help ensure local job opportunities are maximised for local people</p>



<b>Delivery Theme 2 - Meeting people's housing needs</b>
<b>Action 8:</b> Refresh the Common Housing Register Allocation Scheme to widen housing options for the council to give priority to those in housing need and use private rented housing and other suitable accommodation to meet housing needs.
<b>Action 9:</b> Develop and implement an intermediate housing register.
<b>Action 10:</b> Refresh our Homelessness Statement into a Strategy and align it with the 2016-21 Housing Strategy.
<b>Action 11:</b> Reconvene the Homelessness Partnership Board who will oversee the production, delivery and monitoring of the action plan
<b>Action 12:</b> Refresh the Tenancy Strategy to take account of legislative changes requiring local authorities to issue fixed term tenancies.
<b>Action 13:</b> Keep under review the Overcrowding and Under-occupation Plan.
<b>Action 14:</b> Contribute towards the development of the Corporate Ageing Well Strategy which includes reference to developing accommodation designed to meet the needs and wishes of older people.
<b>Action 15:</b> Ensure that supported housing needs are reflected in both the common housing register allocations scheme and the delivery of new affordable housing.
<b>Action 16:</b> Support the development of the Accommodation Plan for People with a Learning Disabilities (LD) and support the development of accommodation for those with other disabilities and long term conditions, including autism.
<b>Action 17:</b> Work closely with colleagues and partners to support the most vulnerable people in the borough and continue to meet their housing needs.
<b>Action 18:</b> Assess the existing and future requirements for the gypsy and traveller communities.
<b>Action 19:</b> Ensure that young people's housing needs are fairly reflected in the development of housing allocation and homelessness policies and the negative impact of welfare reforms are mitigated where possible.
<b>Action 20:</b> Investigate the possibility of developing more fixed moorings across the Borough's canals in order to provide additional fixed term housing opportunities
<b>Delivery Theme 3 - Raising private rented housing standards</b>
<b>Actions 21:</b> Review selective/additional licensing schemes for private rented sector; explore options for a scheme for houses in multiple occupation; and lobby government to use legal powers available adopt a wider licensing scheme where necessary.
<b>Action 22:</b> Develop enhanced support for landlords, including through the London Landlord Accreditation Scheme, to improve the quality of housing and management in the private rented sector.
<b>Action 23:</b> Develop an evidence base on the extent of Buy to Leave in the Borough and if necessary review the action the Council could take to reduce the number of new homes that are being purchased but being left empty by investors and by owners of existing empty properties; Deliver an updated private sector housing strategy for 2016-21 which includes reference to the Better Care Fund approach and addressing empty homes issues.
<b>Action 24:</b> The council will continue to undertake its statutory responsibilities to ensure private rented sector housing is safe to live in and is well managed.
<b>Action 25:</b> Develop and implement a programme of engagement with residents and stakeholders to promote the rights of private tenants.

<b>Delivery Theme 4 - Effective partnership working with residents and stakeholders</b>
<b>Action 26:</b> Consider extending the council's management agreement with Tower Hamlets Homes.
<p><b>Action 27:</b> Develop more effective working with registered providers operating in the borough delivering local priorities remain local, independent and accountable to residents. To achieve this, the council will seek to:</p> <ul style="list-style-type: none"> <li>• crystallise this effective working relationship in the form of a covenant that sets out the obligations that the council and its registered partners have to each other and the residents that we work for in order to support local housing associations deliver our shared objectives.</li> <li>• continue its partnership working arrangements with registered providers through the Common Housing Register</li> <li>• review the Preferred Partnering Protocol.</li> <li>• review how in partnership with borough-focused registered providers investment capacity can be maximised to meet major development and regeneration challenges that remain in the borough.</li> </ul>
<b>Action 28:</b> Continue to work in partnership with our East London neighbouring authorities and develop new partnerships where the council is seeking to meet its housing needs.
<b>Action 29:</b> Continue to work in partnership with private sector partners to generate better employment opportunities for local people.
<b>Action 30:</b> Continue to work in partnership with third sector partners to generate better employment opportunities and broader community regeneration outcomes for local people.
<b>Action 31:</b> Tower Hamlets housing stakeholders will continue to support and disseminate the work of the Health and Wellbeing Board to deliver better health outcomes for the borough's residents; facilitate the dissemination of the <i>Making Every Contact Count approach</i> .
<b>Action 32:</b> Tower Hamlets housing stakeholders will continue to ensure that residents' needs and aspirations are reflected in the work that they undertake; ensure residents have the opportunity to have their voices heard by the key housing stakeholders; ensure that up to date and accessible housing advice is given to residents impacted by the continuing roll out of welfare reform.
<b>Action 33 :</b> The council and Greater London Authority (GLA) will continue to work in partnership to realise the Mayor of London and Tower Hamlets' shared housing objectives

## Annex A - Glossary of Terms

### **Affordable Rented Housing – comprises two forms of affordable rented housing.**

- Social rented housing is usually owned by local authorities and private registered providers (as defined in section 80 of the Housing and Regeneration Act 2008), for which guideline target rents are determined through the national rent regime.
- Affordable rented housing is let by local authorities or private registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is subject to rent controls that require a rent of no more than 80 per cent of the local market rent (including service charges, where applicable).

**Arm's Length Management Organisation (ALMO)** – an organisation set up and owned by the council to manage its housing stock. The ALMO in the borough is called Tower Hamlets Homes.

**Assured Tenancy** – The type of tenancy issued by housing associations which are 'lifetime' tenancies. For new tenants, these are preceded by a 'Starter Tenancy', usually for one year.

**Assured Shorthold Tenancy (AST)** – The type of tenancy issued by housing association landlords which are fixed term tenancies, usually preceded by a Starter Tenancy for one year, sometimes extended to 18 months. ASTs are usually for five years, but can be as short as two years or longer than five years. Private landlords also use this tenancy, but usually issue them for shorter periods, between 6 months and year, but can be longer.

**Common Housing Register Allocation Scheme** – The council is required by law to produce a Housing Allocation Scheme. In Tower Hamlets, the council works in partnership with local housing associations to produce a joint document, the Common Housing Register Allocation Scheme. This document sets out the policies which decide who can go on the register which may mean being allocated affordable rented housing in the borough. The scheme also sets out how homelessness needs are met.

**Community Land Trust housing model** - An alternative form of intermediate housing is through community land trusts. The model is based on the land on which the homes are built being retained for affordable housing in perpetuity. The mutual home ownership model requires that prospective occupiers become co-operative members who pay a housing cost based on what they can afford and over time, build up a premium over and above meeting the costs necessary to meet the co-op's housing management and loan costs. This premium can be released if the occupier leaves the scheme for alternative accommodation.

**Commuted Sums** – See S106.

**Department for Communities and Local Government (DCLG)** – The government department of state responsible for housing, planning and regeneration, which also sponsors the Homes and Communities Agency.

**Fixed Term Tenancy** – The type of tenancy issued by local authority or ALMO landlords which are for fixed terms. These are usually for five years (but can be for longer), but can be as short as two years or longer than five years. These tenancies have the same rights and conditions as Secure Lifetime Tenancies, but are for fixed terms.

**Greater London Authority** – comprises the Mayor of London; London Assembly; and the staff who support their work. It is the capital's strategic regional authority, with powers over transport, policing, economic development, housing, planning and fire and emergency planning. The Mayor is responsible for producing the London Housing Strategy and the London Plan. The council's housing strategy and local plan need to be in general conformity with the Mayor's documents.

**Homes and Communities Agency (HCA)** – The government appointed regulator of housing associations who are registered with the HCA, i.e., registered providers. The HCA provides governance and financial viability ratings for individual housing associations.

**Housing Allocation Scheme** – See Common Housing Register Allocation Scheme.

**Houses in Multiple Occupation (HMOs)** – are privately rented homes where residents occupy individual rooms and use the kitchen/bathrooms on a shared basis. These can be homes which are houses, maisonettes or flats. If the home is three storeys or more, it needs to be licensed by the council for occupiers' use. Increasingly HMOs can be found in former council rented and our stock transfer partners' properties.

**Housing Associations** – are social landlord organisations which are not local authority landlords, who provide affordable rented accommodation. Housing associations registered with the Homes and Communities Agency are known as 'Private Registered Providers' and used to be known as Registered Social Landlords (RSLs).

**Intermediate Housing** – A broad term to describe accommodation which is intended to be affordable for working households available for rent; ownership or a combination of rent and ownership. Such households do not usually qualify to go on the Common Housing Register but are not able to afford housing on the open market for private rent or ownership.

**London Living Rent** – A new intermediate housing product which the Mayor of London is promoting, based on the principle that rents shouldn't be more than around a third of what people earn.

**Secure Lifetime Tenancy** - The type of tenancy issued by councils or ALMOs which are 'lifetime' tenancies. For new tenants, these can be preceded by an 'Introductory Tenancy', usually for one year.

**Local Plan** – A local authority planning document that sets out the council's proposed planning and land allocation policies over a set period of time.

**Low Cost Home Ownership (LCHO)** – A form of affordable housing that is available for sale at less than open market values, either through shared ownership or at a discounted price.

**Private Rented Housing** – Accommodation let by private landlords at market rates, usually on an Assured Shorthold Tenancy. Private rented housing should be considered part of the market housing sector.

**Registered Providers** – Housing associations and Arms-Length Management Organisations (ALMOs) which are registered as providers of affordable housing with the Homes and Communities Agency (HCA).

**S106** – is a legal agreement between a developer and the council for the developer to provide specific community contributions in return for the council granting planning consent

for a scheme. These community contributions can be money – commuted sums – to go towards building schools, health facilities, or affordable housing. Alternatively it can be an agreement to do certain things, for example, environmental improvements or provide affordable housing. The housing is usually provided through the developer contracting with a housing association.

**Shared Ownership** – An intermediate housing product available from housing associations (and more recently other bodies) whereby the applicant buys a share of a home (not less than 25%) and rents the remainder.

**Starter Homes** – A government-sponsored affordable housing product which will be available to buy at no more than £450,000 (or £250,000 outside London) and no more than 80% of local market values. The government wants to require local authorities to deliver Starter Homes through private developers.

**Tenancy Strategy** – A statutory local authority document that sets out its policy on the types of affordable housing tenancies (i.e., lifetime tenancies or fixed term tenancies) they wish to see granted by Registered Providers in their areas and on what terms they think the tenancies should be renewed. With the passing of the Housing and Planning Act 2016, it is likely this will need to be revised to reflect the requirement for the council (through Tower Hamlets Homes) to issue fixed term tenancies.

**Tower Hamlets Homes** – The council's arms length management organisation (ALMO) which manages the council's housing stock.