

REPORT FOR: **CABINET**

Date of Meeting:	10 April 2014
Subject:	Affordable Housing Programme Update
Key Decision:	No
Responsible Officer:	Lynne Pennington, Divisional Director of Housing Services
Portfolio Holder:	Councillor Barry Macleod-Cullinane, Deputy Leader of the Council and Portfolio Holder for Adults and Housing
Exempt:	No
Decision subject to Call-in:	No
Enclosures:	Appendix 1: Estate Development/Regeneration Consultation Outcomes

Section 1 – Summary and Recommendations

This is an information report providing an update on the Affordable Housing Programme now referred to as “Homes for Harrow”.

Recommendations:

Cabinet is requested to note the report and the ongoing commitment to progress the Affordable Homes programme approved by Cabinet on 20 June 2013 and continue with design feasibility and financial modelling work to take forward the infill and regeneration proposals.

Reason: (For recommendation) To provide a progress update on the delivery of key housing objectives

Section 2 – Report

Introductory paragraph

Increasing the supply of housing, including affordable housing is a key objective of the Council's Housing Strategy. The Housing 30 year business plan sets out how we want to make best use of increased Housing Revenue Account (HRA) financial resources to be ambitious in the way we use our assets to develop our business, maintaining and improving our existing Council housing stock as well as building new affordable homes.

Options considered

Various options were considered for deciding the best use of housing assets and the different ways in which the Council could build new affordable housing. These were considered by Cabinet in June 2013 when approving the Affordable Housing programme to be taken forward. This information report provides details of the programme being developed. Options for delivery of the regeneration aspects of the programme will be the subject of future Cabinet reports.

Background

1. On 20 June 2013, Cabinet approved the first phase of an Affordable Housing Programme involving:
 - the development of new housing for affordable rent and sale being developed on vacant or under-utilised HRA land/assets such as garage sites, funded partly through the additional income being generated in the HRA as a result of self-financing and partly through other resources held by the Council specifically for the purpose of delivering additional affordable housing;
 - Detailed regeneration feasibility studies being taken forward on HRA housing estates where an initial assessment indicates there is viable potential to develop additional new homes.
2. A financial assessment was carried out to see what capacity the HRA has to enable a new build affordable housing programme to be taken

forward. The modelling suggested that the HRA could afford to develop up to 150 properties over the next 5 years by using a combination of S106 receipts, other capital receipts, right to buy receipts and revenue contributions. There is already financial capacity to deliver around 50 new homes over the next two years. Once these new homes are completed immediate positive net cash flows will be generated for the HRA and this will contribute to increased balances over the 30 year period of the Housing Business Plan.

Infill Opportunities

3. An initial 50 unit development programme was identified for detailed site investigations to be taken forward to enable a final programme of “Hidden Homes” to be commissioned. Cabinet agreed that delivery of the first phase programme should be supported by procurement of a development management service. An essential element of the service to be procured was to develop internal capacity through training, coaching and mentoring so that further phases could be managed internally.
4. A competitive tendering process was taken forward to procure the development management service in September 2013. Unfortunately only one tender was received and this was not considered sufficient to enable appointment. Feedback from the firms invited to tender indicated that the volume of development work in London particularly to meet GLA grant funding deadlines, meant they did not have the capacity to bid for the work. In order to progress the programme, PRP architects were appointed to draw up feasibility designs for the identified sites using available legal and service information.
5. The feasibility designs for the sites will be complete by mid-April and this will enable a programme to be finalised. It should be noted that all of the sites identified are complicated and will require detailed site surveys, investigations and financial appraisal to verify the proposals and unit numbers.

Estate Development/Regeneration

6. An initial desktop assessment of the Council’s HRA estate concluded that many of the Council’s estates are not suitable for redevelopment/regeneration because the Council now owns less than 60% of the homes and/or because there is limited potential for redevelopment at a higher density. A provisional shortlist of estates was identified where partial or full redevelopment may be financially achievable and create opportunities to increase the level of housing, including additional affordable housing.
7. On some estates, the majority of new homes developed would need to be for private sale to produce a viable business plan. In some cases additional funding would be needed to allow them to break even as was the case with the Rayners Lane and Mill Farm regeneration

schemes. These will require consideration of different delivery models to ascertain the optimum solution.

8. In June 2013 Cabinet agreed that detailed feasibility studies should be taken forward on 8 estates to establish the potential for a realistic and deliverable regeneration programme. Grange Farm estate was added to the list in late September 2013:

- a. Alexandra Avenue
- b. Amy Johnson Court
- c. Brookside Close
- d. George V Avenue
- e. Grange Farm estate
- f. Hazeldene Drive and Pinner Green flats
- g. Howard's and Deacon's Close
- h. Dickson Fold
- i. 301 Pinner Road

9. PRP architects were appointed in November 2013 to carry out the detailed feasibilities for each estate. These will involve design options being developed for each estate in consultation with residents and then assessing costs and funding options to decide whether they should be taken forward.

10. In January, site visits were made by the officer/consultant team to each of the estates to confirm the opportunities for additional housing. Following that site visit, 301 Pinner Road and George V Avenue were removed from the list on the basis there was no potential for additional development.

11. Design options have been taken forward for the remaining estates. A key part of developing the options has been to involve residents in the process and two consultation events have now been held on each estate. The consultation outcomes are summarised at Appendix 1.

The outcomes from the feasibility options are:

Estate	Type of development (Subject to Planning, detailed legal, service information etc)	Potential additional new homes	Other considerations	Community view
Alexandra Avenue	Infill	11 in infill blocks 14 through loft conversion	New parking layout, landscaping and improved access to open space	Generally positive subject to detailed design

Amy Johnson Court	Infill	3 in one small infill block	Improved landscaping to communal areas and existing flats (through alignment of capital works programme)	Generally positive subject to improvements to existing homes and communal areas
Brookside Close	Infill	11 (4 bungalows and 7 flats)	Improved access to existing bungalows and new parking area (to replace garages)	Mixed response. Any development would need to be coordinated with improvements to security for existing homes to tackle anti social behaviour issues.
Grange Farm estate	Complete regeneration driven by need to replace existing homes in the long term	Replacement of existing 260 homes with c433 new homes and replacement community centre	Complete redevelopment would create new estate layout based on courtyards, private and communal amenity areas, new parking arrangements. The increase in homes is not sufficient to make the scheme financially viable so additional funding sources will be required to take this forward.	Generally positive and want to see the regeneration of the estate
Hazeldene Drive and Pinner Green flats	3 options considered: Complete regeneration, infill and major	Proposals considered replacement of existing 123 homes with c. 177	Further option appraisal with detailed assessment of 30 year investment	Some disappointment that regeneration not viable and support for

	improvement of existing housing.	new homes and infill on garage site only	needs including retrofit requirements needed to determine best way of improving existing housing stock especially energy efficiency and potential for any partial redevelopment option	major improvement approach.
Howard's and Deacon's Close	Complete regeneration or major improvement of existing homes	Proposals considered replacement of existing 84 homes with c147 new homes	Complete redevelopment would create new estate layout based on courtyards, private and communal amenity areas, new parking arrangements. The increase in homes is not sufficient to make the scheme financially viable so additional funding sources will be required to take this forward	Mixed response to redevelopment proposal.
Dickson Fold	On hold for the time being pending investigation of complicated legal issues.	Not applicable at the moment	Not applicable at the moment	Tenants concerned about having to move and concerns shared by wider community.

Next Steps

12. The additional infill opportunities identified above will be considered alongside the infill site programme which will be progressed independently.
13. The potential for full redevelopment of Hazeldene Drive is limited and further detailed options appraisal is required to consider long term investment needs including retrofit requirements.
14. The Grange Farm estate is identified as a priority for complete regeneration primarily because the opportunity to improve and maintain the quality of the existing homes is constrained by the nature of the construction. The regeneration proposal for Howard's and Deacon's Close should also be explored further and compared to a comprehensive improvement programme for the existing homes.
15. These are complex projects which will require a new approach to the way we use our current housing stock. In order to enable the regeneration projects to be taken forward, the Council will need to work with residents to put in place a decant strategy that will require moving some existing residents off site to enable a regeneration programme to start. These residents would need priority for rehousing on the Council's Housing Register which will reduce the amount of lettings available for other priority need households. This has to be considered within the context of increasing demand resulting from welfare reform and the consequent cost pressures on the Council's General Fund.
16. In addition, these projects will require the Council to identify new funding sources and partnership solutions which enable the Council to retain ownership of the new affordable homes and maximises the number and value of homes for sale to cross subsidise the redevelopment. The financial feasibility assessment demonstrates that even with an increase in new homes of which all additional homes are sold, there is still a significant funding gap to be met to enable the regeneration schemes to be taken forward. Next steps will include discussions with partners such as the GLA to identify additional sources of funding to support regeneration schemes.
17. Regeneration projects take time to put in place and then deliver. Completion of the new affordable housing on the Rayners Lane estate took 10 years and the Mill Farm project will have taken 7 years from initial consultation with residents to completion of the new affordable housing. In the meantime, existing homes need to be maintained to provide safe and reasonable quality homes. During the project planning and delivery stage, the Council will need to agree with residents what and how interim works will be delivered assuming it will not be practical to move everyone at the same time.
18. The outcome from the Hazeldene Drive feasibility study demonstrates that further options appraisals will be required which consider the long term investment needs of the estate, including retrofitting works and

other environmental improvements that would tackle issues such as anti-social behaviour. This approach would need to be implemented for all HRA assets and is in the process of being taken forward through consideration of a Better Homes standard to replace the current minimum Decent Homes standard.

Legal Implications

19. There are no legal implications to this report as it is an Information report. However, as the Homes for Harrow programme progresses there will be numerous legal issues to consider such as:

- The process for procuring development partners, where appropriate
- Legal arrangements and commercial agreements which underpin the agreed delivery model to take forward, particularly in relation to the estate regeneration proposals. These may vary from estate to estate;
- The process for moving secure tenants to enable regeneration schemes to commence;
- The process for acquiring leasehold interests on the regeneration estates, including Compulsory Purchase Orders.

Financial Implications

20. Funding totalling £6.5M is already approved for the infill programme from RTB receipts/ other receipts and the Affordable Housing Fund, HRA revenue and GLA grant funding.

21. Taking forward the regeneration schemes will require new funding sources and delivery models as set out in paragraph 16. There are no implications for the Medium Term Financial Strategy (MTFS) as the costs of new build housing in the HRA and housing regeneration will not fall to the General Fund.

22. New affordable new homes developed through the HRA contribute to the New Homes Bonus (NHB) but the Council may not directly benefit from this in the future due to recent changes to the way in which NHB is to be distributed. The longer-term future of NHB beyond 2015-16 is currently unknown.

Performance Issues

23. There are a number of Performance Indicators built into the Housing Ambition Plan for 2013/14 for which progress is monitored on a quarterly basis and reported to Improvement Board.

24. The table below shows the relevant key performance indicator for delivery of new affordable homes. The Homes for Harrow project will contribute positively to performance in this area in the future. For example building new affordable homes will provide additional housing options for people in priority housing need and contribute to

homelessness prevention and managing the predicted growth in homelessness costs.

25. The Mayor of London, Boris Johnson, wants all of London's councils to increase delivery of all housing types to meet the increasing demand for housing in the capital. The draft Further Alterations for the London Plan sets out the proposed targets for Harrow. The Homes for Harrow programme will contribute significantly to achievement of these targets.

Performance Indicator	Q3 2013/14 Performance	Q4 Target	Red Amber Green	London Plan target
Number of affordable homes delivered (gross)	74	95	Anticipated Green for year end.	The overall current annual housing supply monitoring target for Harrow is 350, with a policy target that 40% or 140 homes should be provided as affordable subject to financial viability. We knew this target would not be achievable for 2013/14 but an average over a 3 year period is on target. The Further Alterations to the London Plan propose an increased target of 593 for Harrow which would translate to an annual affordable housing target of 237 homes.

Environmental Impact

26. The Homes for Harrow programme will have a positive impact and contribute to the Council's Climate Change Strategy and Delivering Warmer Homes strategy through:

- Improving energy efficiency and reducing CO2 in the Council's housing stock.
- New affordable homes will be required to achieve a minimum of level 4 of the Sustainable Building Code.
- Other environmental improvements often included in new housing developments or retrofitting of existing social housing include: provision of green roofs, solar thermal hot water systems to meet the target for use of renewable resources and resulting reduction in CO2 emissions, improved biodiversity as a result of increased tree planting and landscaped communal open spaces, provision of Sustainable Urban

Drainage Systems, and green travel plans to encourage use of public transport and walking.

Risk Management Implications

See separate guidance notes.

Risk included on Directorate risk register? Yes

Separate risk register in place? No. these will be developed for each specific project as they are developed.

Equalities implications

Was an Equality Impact Assessment carried out? Yes, for the Housing Strategy and related housing strategies.

27. The Housing Strategy EQIA informed the development and adoption of the key objectives which underpin the Housing Business Plan. The provision of additional housing options through the development of additional affordable housing has an overall positive impact on a number of protected characteristics.

Corporate Priorities

The Homes for Harrow programme will contribute positively to the Council's vision for Harrow: a place to live and work and be proud of and the administration's priority to deliver a cleaner, safer and fairer Harrow.

- 1. Cleaner:** Improving areas that are neglected such as unused garages by building new homes will improve the environment. Regeneration of estates will enable the provision of better planned green space which is usable by the whole community.
- 2. Safer:** Unused garage sites and poorly designed housing estates contribute to increased crime and anti-social behaviour and the Homes for Harrow programme will provide a solution to tackling this.
- 3. Fairer:** The Homes for Harrow programme will provide high quality housing for rent, low cost home ownership and private sale to help satisfy demand from a wide range of households.

Section 3 - Statutory Officer Clearance

Name: Dave Roberts	<input checked="" type="checkbox"/>	on behalf of the Chief Financial Officer
Date: 18 March 2014		
Name: Matthew Adams	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 31 March 2014		

Section 4 – Performance Officer Clearance

Name: Jonathan Kilworth	<input checked="" type="checkbox"/>	on behalf of the Divisional Director Strategic Commissioning
Date: 26 March 2014		

Section 5 – Environmental Impact Officer Clearance

Name: Andrew Baker	<input checked="" type="checkbox"/>	on behalf of the Corporate Director (Environment & Enterprise)
Date: 17 March 2014		

Section 6 - Contact Details and Background Papers

Contact: Alison Pegg, Housing Partnerships and Strategy Manager, 020 8424 1933

Background Papers: Cabinet report 20 June 2013, Housing Business Plan 2013, consultation draft Asset Management Strategy, Proposals for a future Affordable Housing Programme, and Proposed Grants to Move scheme

<http://www.harrow.gov.uk/www2/documents/g61429/Public%20reports%20pack%20Thursday%2020-Jun-2013%2018.30%20Cabinet.pdf?T=10>

**Call-In Waived by the
Chairman of Overview
and Scrutiny
Committee**

NOT APPLICABLE

*[Call-in does not apply as the
decision is for noting]*