



London Borough of Enfield

Report Title	Housing Supply Update
Report to	Housing Scrutiny committee
Date of Meeting	12 December 2023
Cabinet Member	Cllr Nesil Caliskan – Leader of the Council
Executive Director / Director	Joanne Drew – Strategic Director of Housing & Regeneration
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Ward(s) affected	All
Classification	Part 1 Public

Purpose of Report

1. This is an update on the borough's housing supply which includes delivery by the Council, housing associations and other developers/landlords and includes a draft Housing Delivery Test Action Plan which is required as a statutory response to the Government's Housing Delivery Test (Appendix 1). The Action Plan sets out how the Council is working to unlock supply, improve the lives of residents across the Borough and ensure that it uses all its levers to improve the quality of the built environment delivered by a range of partners.

Main Considerations for the Panel

2. Over the past three years, delivery of approximately 480 homes has also been driven by the Council. For example, through direct delivery or through its partnership regeneration schemes. With more control and direct investment in growth and by acting as master developer to ensure delivery of thousands of homes on Meridian Water, enabled by the lifting of the HRA debt cap in 2018, the Council has developed a pipeline of sites and delivery routes to maintain housing delivery.

3. Additionally, the Planning service have embedded actions from previous years to improve performance. As Planning is integral to housing supply at all stages, from plan making defining land use to planning determination for how many homes will be built, previous action planning has identified a need to improve the interface with the development sector. In the past year significant improvements have been made in clearing backlog of undetermined planning applications, from 1,778 in June 2022 to 743 in June 2023.
4. To enable supply beyond the control of the Council as landowner, developer and partner, a forum has been established to ensure that Housing Associations (Registered Providers) and third-party landowners are moving sites forward at pace. Partnerships have been forged between landowners and affordable housing providers to unlock stalled sites, including innovative products and acquisitions.
5. In the period 2020/21 to 2022/2023, the Council has met 75% of its housing target delivering 894 homes in 2022/23. This is an improvement on the previous year (755 completions) despite challenging market conditions. However, as delivery across three years is 75% of the Government's requirement, the Council is placed in the 'buffer' category. This requires the Council to prepare a Housing Delivery Action Plan and add a 20% buffer to the Council's 5-year housing land supply which is monitored through the AMR.
6. Although the housing delivery is above what was averaging historically which was around 500 homes a year up to 2019/20, the Council's housing targets have also increased as a result of the updates to the Mayor of London's London Plan which sets London local authority housing targets.
7. The Council's 5-year housing land supply requirement is 6,230 homes over the next five years i.e. 1,246 homes a year increasing to 7,476 homes when the 20% buffer is applied. The number of homes identified for housing delivery between 2022/23 to 2026/27 is 5,162. This indicates that Enfield Council cannot demonstrate a five-year land supply and so would remain in the National Planning Policy Framework's presumption in favour of sustainable development category for decision making and requires a "buffer" of 20%

Table 1 – Housing Delivery Test: 2022 Measurement

	2020/21	2021/22	2022/23	Total	HDT 2023 Measurement	HDT 2023 Consequence
No. of homes required	830	1,246	1,246	3,322	75%	Buffer
No. of homes delivered	853	755 ¹	894	2,502		

¹ This was previously reported as 1,041 homes.

8. Although the overall 2022/23 housing delivery has not met housing targets, we have recorded above average residential completion rates in this year which can be largely attributed to:

- Build out of Council led schemes such as Bury Street West, Gatward Green and Maldon Road as well as significant number of minor housing development schemes which contributed 428 net additional homes towards this year's housing completion figures.
- The build out rate of Council schemes is currently averaging at 24 months per phase and there are another 1,000 new homes targeted within Alma, Ladderswood and New Avenue Estates to be delivered across the remaining phases by 2027 which will help future housing delivery performance.



Council's Bury Street West, Maldon Road, Gatward Green developments completed in 2022/23

9. As planning is critical to building a pipeline for future years, improvements have been made to the processing of applications. During the last three financial years, just north of 7,400 homes were granted planning permission as part of major housing schemes. Around 3,000 of these were granted outline planning permission and close to 4,400 homes were approved in detail. The number of dwellings approved since the first Housing Delivery Action Plan was published shows a significant increase from 647 approved homes in 2019/20. The substantial increase of the homes approved is due to a number of major residential applications, such as Meridian Water Orbital Business Park (19/02718/RE3, 20/03821/RM) with 2,600 homes, Colosseum Retail Park (20/00788/OUT) with 1,578 homes and Edmonton Green Shopping Centre and Adjoining Land (20/04187/OUT) with 1,438 homes, together accounting for 5,616 homes alone.

Economic Conditions

10. Since 2020 the housing construction industry has undergone unprecedented financial strain – with the global economic shock resulting from the Covid 19 pandemic, supply and labour contraction following our exist from the European Union, which was further compounded by the supply uncertainties due to the Ukraine War and the cost uncertainties of the building regulations.

11. Current challenges impacting housing supply are a 'perfect storm' of issues constraining housing delivery, both inside and outside of London. These issues are summarised as:

- a) Macro-economic conditions such as inflation and interest rates remain very high – particularly compared to recent years which saw interest rates at nearly zero per cent. The cost of construction materials has stabilised, albeit at very high levels. In practice, these conditions mean that the cost of development (including debt servicing) is more expensive and demand for sales is declining. Higher rates of contractor insolvencies (in part because of these conditions) are also making development more expensive and uncertain.
- b) Lack of government investment particularly in respect of grant funding for affordable housing – has been a longstanding challenge for housing associations and local authorities. This is limiting the potential for counter-cyclical investment which helped to maintain delivery during previous economic downturns. This underinvestment inhibits new supply, but the lack of government investment in existing stock also has an indirect drag as providers are having to invest greater sums in housing maintenance, repairs and remediation. Below inflation rent rises in 2022 and the 2016-2020 rent reduction have also threatened financial sustainability. Current macro-economic conditions (including the dampened sales market) are underscoring the need for greater government support to maintain delivery.
- c) Policy uncertainty continues to impact on multi-phases regeneration schemes such as Joyce and Snell's, Exeter Road and Upton and Raynham. It is notable the extent to which a single intervention such as requirements for second staircases is currently stalling development. The sector feedback is that new developments were held pending the government's recent clarified position on the second staircase requirement. There was also awareness that certainty may not unlock development if the additional costs of incorporating a second staircase are significant. This acute challenge has emerged amid a backdrop of further uncertainty – most notably the future rent settlement and introduction of the Infrastructure Levy.
- d) Funding rigidity as central government continues to place stringent rules on the way in which funding can be deployed in London. One key example is the Affordable Homes Programme (AHP) funding settlement in London, where the GLA has to adhere to strict funding requirements in deploying grant – constraining its ability to quickly adapt programmes to respond to a changing market and environment. For example, whilst recent flexibility to support estate regeneration was welcomed this has come late in the development cycle. The lack of certainty on funding beyond 2026, when the AHP ends, is also a significant barrier (particularly for larger and more complex schemes). Additionally, the rigid rules governing the way retained Right to Buy receipts are set can be counterproductive to the delivery of replacement homes and removal of these rules would allow for longer term planning of investment and acquisitions for new homes.
- e) Planning – Government cuts to local planning authorities over the past ten years are being felt acutely. Housebuilders highlighted that planning

applications are taking longer, and attribute these delays to a continued lack of appropriate resourcing and pressure on Local Planning Authority (LPA) officers including where Planning Performance Agreements (PPAs) are being utilised. The above are compounded by long standing challenges.

- f) The high cost of land remains one of London's largest barriers to increasing levels of homebuilding, especially among smaller housebuilders. There is limited demand for market sale homes given high prices. London's market is also characterised by high rates of homelessness and temporary accommodation use. London Councils research from August 2023 shows that one in 50 Londoners are now homeless and living in temporary accommodation, and the capital's boroughs are collectively spending on average around £60m per month on temporary accommodation costs. Longer-term government investment in delivering social rented homes would make better use of public funds, as well as provide more secure housing for homeless households.
12. Adding to the volatility over the past year has been the increasing interest rates which caused a slump in house prices as potential buyers struggle with affordability of the private homes that cross subsidise affordable housing provision.
13. At the same time, demand for affordable housing is growing as housing insecurity in the private rented sector (PRS) grows due to landlords existing the market as mortgage rates and the increasing costs of doing business hit their profit margins.
14. As a result, while demand grows, nationwide housing delivery is at a near standstill and with planning applications at an all-time low, the housing supply pipeline is likely to slow.

Housing Supply

15. Despite the market conditions, over the past three financial years, the Council recorded completion of 2,502 net additional homes from all providers. This falls short of the 1,246 homes a year housing target set by the Greater London Authority. During this period the Council-led schemes played a significant role where completion of 484 homes were as a result of either direct Council delivery or Council's Estate Regeneration schemes which included:
- Electric Quarter – 106 homes
 - New Avenue Estate Regeneration Phase 1 – 103 homes
 - Maldon Road – 10 homes
 - Newstead House – 12 homes
 - Gatward Green – 12 homes
 - Bury Street West – 50 homes
 - Ladderswood Estate Regeneration Phase 3 – 74 homes
 - Alma Estate Regeneration – 117 homes

Council Delivery

16. This year the new homes programme has experienced challenges arising from the current volatile market conditions. As a way to mitigate these risks going forward, we are reviewing partnership models of delivery and short-term looking to achieve new homes targets by acquiring additional homes already in the pipeline. This also has the benefit of underwriting delivery of existing programmes at a time when progress may be reviewed/paused by partners due to market uncertainty.
17. The Council is contractually obligated to deliver starts through the GLA programme with a longer-term commitment to deliver 3,500 homes. To manage cost pressures and deadlines a review is in progress as follows:
 - a. Value engineering aspects of schemes to create efficiencies.
 - b. Seeking higher levels of grant – especially those funded through historical low grant rate programme such as Upton and Raynham.
 - c. Seeking funding via the S106/CIL budgets.
 - d. Review of procurement strategies including packaging schemes to identify cost efficiencies.
 - e. Review of tenure and increasing private sale.
 - f. Reviewing partnership models of delivery
18. As a result, we have been able to progress our current schemes as outlined below.

Pipeline schemes with planning

19. The Council successfully secured planning for over 300 homes at Exeter Road and Upton and Raynham in 2021. Following a procurement, a contractor was appointed for both sites and enabling works to prepare the site for construction commenced over the period of 2022. However due to the economic conditions described in paragraph 11, the price returned was significantly higher than the approved HRA budget and the sites could not proceed. Following a strategic review of delivery routes, Exeter Road will form part of a package of sites for a forward funded partnership and Upton and Raynham is targeted to commence on site in 2024.

Sites under construction

20. Reardon Court will provide 70 homes for adults with physical and social care needs and is fully adapted for wheelchair users. This is due to complete in April 2024 and will provide newbuild homes in Winchmore Hill.
21. Through our partnership programme, there are over 1000 homes currently on site at Alma, New Avenue, Ladderswood and Meridian Water. These homes will provide new homes for council tenants, shared ownership and first time buyers with over 400 completing by 2024.
22. Brambling House and Greatcrest House (20 new affordable homes at Meridian Water): construction completed in September 2023, with the next set

of homes as part of Block A and Block E1.2 at Meridian Water expected to be delivered in April 2024.

23. Over 300 homes will have completed on Alma Phase 2a, 2aiii and 4 in 2024 and will see over 200 households supported into new council housing. Phase 1 at New Avenue delivered 127 homes in 2022 of which 78 were council housing. A further 90 homes are due to complete in 2024 and Phase 3 will start towards the end of the year which will see the full transformation of the former estate achieved by 2027. Steady progress on Ladderswood has seen the delivery of over 175 homes with the remaining Phases (342) due to be delivered by 2026.

Proposed pipeline - planning applications

24. Following a successful ballot in Joyce and Snells: a planning application has been submitted for over 2000 homes. The submission is currently being redesigned to include a second staircase and will be resubmitted in April 2024 to be considered by planning committee later that year. Works are planned to commence on the initial 530 homes in 2025.
25. Temporary Accommodation: we are currently developing the design and delivery programme for two pilot sites to deliver 33 homes for temporary accommodation in 2024

Housing Association and Developer Delivery

26. The Council has existing partnerships which are successfully delivering new supply across the borough. Currently there are over 600 homes on site across the regeneration schemes which will see completions in the next 6 months on all tenures. The Council is also developing and brokering relationships between Housing Associations and developer partners which has seen the successful provision of build to rent and shared ownership at New Avenue and Alma. The Council has developed strategies to work with Affordable Housing Providers to maximise contributors towards the delivery of the Council's Good Growth Housing Strategy and delivery of 12,460 homes over the Local Plan period. Specifically, the Council is seeking to work with housing providers to deliver up to 2000 new homes in the borough on Council owned sites over the 10-year strategy period. The Council wants to ensure quality of affordable housing provision across the Borough, as well as speed of delivery of new homes.
27. Working alongside the Council or developers, Registered Providers (RPs) are key partners in the provision of affordable housing in the borough and share a common purpose with the Council to provide good, well managed affordable housing. Currently there are 39 stock-owning Registered Providers in the Borough with a total of 8840 homes. The largest landlords are London and Quadrant, Metropolitan Housing Trust and Christian Action Trust.
28. RPs include local authority landlords and private registered providers (such as not-for-profit housing associations and for-profit organisations) with the core purpose of supporting people with a housing need and are regulated by

the Regulator of Social Housing RPs tend to range in scale from those who work across a large geographical area to more localised and specialist RPs that have been set up to meet the needs of specific communities.

29. Some of the leading RPs in London also have a representative group known as G15, sets out how RPs can collaborate with councils and communities to build more genuinely affordable homes for people living in the capital. The G15 recognises that London's housing crisis is severe, but with new funding pledges and policy announcements, including reinstating grant funding for social rent homes and lifting the Housing Revenue Account cap, that there is an opportunity for housing associations and councils to have a closer and deeper partnership.
30. The Council has established a dedicated team focussed on enabling and tracking schemes from pre-planning through to completion. This allows the council to support and facilitate early delivery by using data trends to inform interventions needed to enable development to happen, including acquisitions where sites have stalled.
31. The trends include where development is taking place and this shows the most development has occurred in New Southgate and Ponders End, followed by Cockfosters and Upper Edmonton where the Council has taken a lead role in releasing land.

RP and Developer Forums

32. As part of the enabling role the Council has established a forum with developing Registered Providers and one for landowners. This has been running for a year and has become a useful forum to discuss the challenges in the local market and develop strategies for collaboration and lobbying issues. It is also an opportunity to promote the Council services and the work being undertaken by planning to improve the service. This provides confidence and assures developers, landowners and registered providers that the Council is committed to new supply and unlocking sites at the earliest opportunity
33. The council has also procured a framework for Affordable Housing Providers to support with development ranging from forward funding, delivery partners and expertise to enhance the council's existing teams working on development projects.
34. The goal being that by establishing strategic partnerships with affordable housing providers this will increase investment in existing stock and create new homes in the Borough. This will also allow market facing advice on the challenges and approach to how housing providers engage and deliver services in the Borough, including the emerging Build to Rent market, to ensure that the Council's wider objectives to address housing needs are met.

Other supply initiatives – e.g. CLTs, Naked House, Self Build

35. In the past year the Council has successfully worked with small builders to develop their own pipeline. This ranges from disposal of sites through the GLA Small builders Small Sites Programme and also facilitating the promotion of self-build and custom build. Working in partnership with Naked

House, the council has promoted the schemes successfully through planning to secure consent for three sites which will deliver an innovative home which can be adapted to meet a growing household needs. These schemes would not have otherwise come forward without the Council's role as landowner, enabler and planner. Following a successful bid to the One Public Estate programme, which is an initiative to support release of public sector land, the Council is preparing nine sites for sale in the next year. This will support custom build and self-builders who are actively looking for sites in Enfield.

36. By taking a mixed economy approach to supply with Council unlocking delivery of sites which would not be attractive to the traditional volume housebuilder, willingness to develop innovative products and establishing a range of partner routes, the Council is able to adapt to the external market conditions to secure future delivery.

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Appendices

Appendix – Draft Housing Delivery Test Action Plan