

MUNICIPAL YEAR 2018/2019 REPORT NO. 20

MEETING TITLE AND DATE:

Cabinet 4 July 2018

REPORT OF:

Executive Director – Place

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Agenda – Part: 1

Item: 9

**Subject: Estate Renewal and Regeneration
– Affordable Homes**

Wards: Various

Key Decision: N/A

**Cabinet Member consulted:
Leader**

1. EXECUTIVE SUMMARY

- 1.1 The Council has a large and well-respected Estate Renewal and Regeneration programme, with c 5,000 housing units on site and in the pipeline.
- 1.2 The government's cap on Housing Revenue Account (HRA) borrowing has limited the Council's ability to build new council and affordable homes in this programme.
- 1.3 This report describes the current performance of the council in building affordable homes and provides an opportunity for cabinet to give political direction on regeneration aims, in advance of further detailed reports to cabinet in the autumn.

2. RECOMMENDATIONS

- 2.1 To note the performance of the Council to date in building affordable housing types through its ongoing Estate Renewal and Regeneration programme.
- 2.2 To note the options currently under consideration to increase the supply of council and other affordable homes on council-led developments and to note that the forthcoming Local Plan and updated Housing Strategy will provide subsequent opportunities to support building further affordable homes.

3. BACKGROUND

3.1 Enfield's Affordability Gap

- 3.1.1 The median household income in Enfield (2018) is £33,830, ranging from £22,000 in Edmonton Green to £47,500 in Winchmore Hill. This compares with £35,871 in London and £32,090 in England.
- 3.1.2. The average property price in Enfield (April 2018) is £392,750 (all types). The median cost of renting in the private sector is £1,275 per month or £15,300 per year.
- 3.1.3 Enfield has a growing number of households who present as homeless and currently 3,956 households are in temporary accommodation.
- 3.1.3 Appendix 1 describes affordable housing tenancy types. Enfield's current planning policy seek 40% affordable homes (council or affordable rent and shared equity) in new developments, including on council-led projects.

3.2 Current Estate Renewal and Regeneration Projects

- 3.2.1 One way in which the council can address the affordability gap is through regeneration of council owned housing estates or council-led development.
- 3.2.2 The Council successfully completed three estate renewal and regeneration projects in 2017, at Lytchet Way, Ordnance Road and Dujardin Mews. These provided 78 affordable homes, a mix of social rent, affordable rent, and shared equity.
- 3.2.3 The current pipeline of projects is summarised as follows. Many of them are on site currently, and they are due to complete over future years. All projects provide wider socio-economic benefits, such as new community centres or commercial or retail facilities.

Current Estate Renewal and Regeneration Projects

	Ladderswood	Alma	New Avenue	Snells & Joyce*	Small Sites	Electric Quarter
Prior	161	746	171	795	109	0
Affordable	120	547	130	428	109	0
Leasehold	41	199	41	367	0	0
Proposed	517	1009	408	c 3000	94	167
Affordable	90	200	129	1450	47	25
Shared Equity**	59	199	11	150	14	27
Private	368	610	268	1350	31	115
Other		0	0	50	2	0

*Regeneration of the Snells and Joyce Estates will be decided via a ballot of residents. Target to meet the GLA's 50% affordable criteria subject to viability.

**Shared equity is currently considered affordable in Enfield's development management policy.

3.2.4 Overall, the forward programme contains 5,195 total homes proposed with 2,401 affordable or shared equity, 46% percent. There is overall a net gain of 3,213 homes and an increase of 607 affordable homes.

3.2.5 The Council has been restricted in its ability to deliver more affordable homes on estate regeneration and renewal projects due to the restriction on HRA borrowing for housing construction. While officers will review the Housing Revenue Account (HRA) to examine potential for further borrowing, the cap will continue to constrain council options.

3.3 Options to increase the number of affordable homes on estate regeneration and renewal projects

3.3.1 The current administration has indicated that it wishes to increase the supply of affordable homes in the borough. It has also expressed a desire to build more council homes than in recent times.

3.3.2 Options to increase the supply of affordable homes are described below. This cabinet paper does not seek approval for any specific option to proceed; instead it notes the range of projects ongoing which will be brought to future cabinet meetings.

3.3.3 **Convert rooftops and flat roofs into new homes by adding additional storeys to existing council homes.** This would replicate the programme at Lytchet Way Estate where additional floors have been added to a selection of flat roof three-storey low-rise blocks, also adding a pitched roof rather than the existing flat roof. The project produced 24 one and two bed flats at an average cost of £125k per flat. 20-200 new affordable homes could be delivered.

3.3.4. **Apply for further grant funding.** The GLA recently announced a new prospectus with extra funding to help London councils to deliver additional affordable homes: "Building Council Homes for Londoners". The extra funding negotiated by the Mayor is intended to empower councils to 'get building again'. Officers have met with the GLA, and Enfield was encouraged to apply for c £10-20m of grant. The specific additional funding now available could be deployed on current regeneration schemes or to new projects. 100-200 affordable units could be funded through this grant. However, any allocation has a big impact on the HRA Business Plan, which still has to provide the greater share of funding for additional homes.

3.3.5. **Revisit current joint venture arrangements on Alma, New Avenue and Ladderswood to convert private sale homes to affordable by using Right to Buy receipts.** With recent changes in the London housing market,

private sales are no longer guaranteed and our two main joint venture partners have approached the Council about the potential to increase the affordable housing percentage on the consented schemes. The potential increase in affordable housing units is relatively small, but immediate and useful given the requirement we have to spend RTB receipts.

- 3.3.6 Revisit current joint venture arrangements on Alma, New Avenue and Ladderswood to increase the number of homes to increase the number of affordable units.** This would necessitate our developer partners to apply for a variation in planning, or indeed a completely new application, but has the potential to achieve 100-200 more affordable housing units across the three sites over several years. Specific projects would be brought through planning on a case by case basis.
- 3.3.7 Snells Park and Joyce Avenue provide an opportunity to substantially increase the overall number of affordable units by a redeveloping both estates around a new master plan.** The viability is constrained due to the number of leasehold, freehold and RP properties previously acquired across the estates (45%). This introduces a significant financial burden through the cost of buy-backs, although this could be ameliorated to some extent through soft loans from the GLA. Other development in the area including Meridian and Spurs will positively impact sales values, with this cross-subsidy helping to move towards the target of 50% affordable units. We will be seeking cabinet approval to progress this development in September, albeit dependant on a resident ballot.
- 3.3.8 Consider infill on council housing estates.** The starting point for infill sites will be to work with the Council sponsored housing association, Red Lion Homes, to deliver new affordable homes part funded by RTB receipts. A review of council housing estates with potential development partners (e.g Red Lion Homes) could identify infill or garage conversion sites to be developed for new council and affordable housing, subject to planning. This is a medium term option.

4. ALTERNATIVE OPTIONS CONSIDERED

Not applicable.

5. REASONS FOR RECOMMENDATIONS

Not Applicable

6. COMMENTS OF THE EXECUTIVE DIRECTOR OF RESOURCES AND OTHER DEPARTMENTS

6.1 Financial Implications

- 6.1.1 The current HRA capital programme includes a £128m investment in building homes programme over the next 5 years.
- 6.1.2 As set out in this report, the ability for the Council to borrow is restricted by the historical HRA cap on debt. In Enfield this is £198m, and our available forecast headroom is £9m. In addition, the Governments reduction in rents up to 2019-20 places additional pressures on the HRA revenue budget, reducing our flexibility to pay for borrowing or associated fees. This has also restricted Enfield's ability to build more homes and invest in our current Asset portfolio.
- 6.1.3 As options to increase the housing supply are brought forward for formal cabinet consideration, financial due diligence will be carried out. Subsequently, the HRA business plan, annual budget, and council's capital programme will need to be amended as appropriate to reflect decisions agreed. A full review of the Business Plan is currently being undertaken to update the year end position.
- 6.1.4 Long term, by increasing housing supply in Enfield this should reduce the Temporary Accommodation expenditure and increase rental income for the HRA.

6.2 Legal Implications

There are no legal implications arising from this report, as it is for noting only.

7. KEY RISKS

The rising affordability gap in housing in London between private housing options and median incomes increases the pressure on councils to provide housing and homelessness reduction. Not increasing the level of affordable housing provided on Estate Renewal and Regeneration schemes is likely to increase the pressure on the Council to provide temporary accommodation and other similar homelessness support.

8. IMPACT ON COUNCIL PRIORITIES

These projects make a strong contribution to the Council's priorities by providing better quality accommodation, empowering residents which fosters community cohesion and improving life opportunities.

8.1 Fairness for All

Increasing the provision of affordable housing will enable older people and people with disabilities to live independently, and support the delivery of other aims

8.2 Growth and Sustainability

Increasing the provision of quality, affordable housing is a specific objective of Enfield Council.

8.3 Strong Communities

Estate regeneration helps provide clean, safe and resilient neighbourhoods, and creates environment in which residents want to live, work, learn and volunteer

9. EQUALITIES IMPACT IMPLICATIONS

All projects are monitored in relation to their equalities impact. Providing additional affordable housing has the potential to benefit individuals with protected characteristics and people who are economically disadvantaged.

10. PERFORMANCE MANAGEMENT IMPLICATIONS

There are no performance implications arising from this report.

11. HEALTH AND SAFETY IMPLICATIONS

There are no health and safety implications arising from this report.

12. PUBLIC HEALTH IMPLICATIONS

Housing is a fundamental determinant of health as evidenced by that those without homes have a life-expectancy some 30 years lower than the national average. Good quality homes are associated with higher life expectancies and better health. Ultimately these developments should therefore improve public health both through the provision of better quality housing and by relieving some housing demand.

Background Papers

None