

Affordable Housing

**Progress and implications of
current environment**

Housing Scrutiny – 29th November

Programme Update – Direct Delivery

2022 Completions



Bury Street West

50 homes

- Practical completion & handover from Dec 2022
- Winner – Best Development (rural/suburban), Inside Housing Development Awards 2022
- Sales completions by Aug 2023



Electric Quarter

75 homes

- Legal completion & handover achieved Jan 2022
- Sales underway with 5 flats remaining



Newstead House & Maldon Road

22 homes

- Practical completion & handover achieved Mar 2022
- All homes let



Gatward Green

12 homes

- Practical completion & handover May 2022
- All homes let

Programme Update – Direct Delivery

Under Construction

Reardon Court

70 homes

- Detailed Consent granted
- Contractor award Feb 2022
- Start on site Mar 2022



Planning Consented



Exeter Road (Phases 1-3)

129 homes

- Detailed consent for Phase 1 granted
- Detailed consent for Phases 2 & 3 granted



Upton & Raynham

134 homes

- Detailed consent granted
- Existing block demolished via prior approval



Bullsmoor Lane

29 homes

- Detailed consent granted
- Existing house demolished via prior approval

Programme Update – Meridian Water

Phase 1

- 977 homes with full planning permission
- 301 homes under construction
- First completions (20) March 2023
- Council acquired 242 homes in Phase 1 via DA and 27 additional homes directly from Vistry



Phase 2

- M2 – 274 homes granted full planning permission
- Outline planning permission for circa 2000 homes
- Successful meanwhile uses including film studios and creative makerspace generating revenue for the Council

Programme Update – Joyce and Snell's

- Successful ballot in December 2021 with a turnout rate of 85% representing one of the strongest residents' ballot results in London
- Hybrid planning application submitted in August 2022 for up to 1,900 homes
- Contractor procurement commenced.
- Start on site on first 4 phases from March 2023 triggers drawn down of £54m GLA affordable housing grant and Land Fund



Housing development and regeneration team of the year – urban category

“ The Council is showing visionary, values-based leadership to invest in delivering sustainable development, while building a strong narrative to bring local communities with them.”



Economic forecasts that affect the housing market

- Bank rates to stabilise between 4% - 5% by 2025 – but long term higher rates of debt (corporate and mortgage) than in the previous decade, this along with -
- Declining household incomes increases the likelihood of a material housing market downturn
- Stamp duty reduction – no tax on first £250k and £425k not likely to make a significant impact in London

Council's response

- Greater focus on acquisitions to underwrite continued delivery, reducing exposure to inflation volatility and mitigating risk on RTB spend
- Working to influence the conditions for supply through lobbying and relationship with developers
- Exploring range of delivery options for future delivery across all programmes

	Direct Delivery	Investment Partnership	Development Agreement	Land Sale
Responsibility for technical expertise	All	Shared	None	None
Responsibility for speed of delivery	All	Shared	Some	None
Council risk to build cost inflation	100%	50%	0%	0%
Ownership of new asset	All	Shared	Some	None
Design control	All	Shared	Some	None
Income	Long term income	Long term income and potential land receipt	Land receipt and potential long term income	Land receipt
Share of profits	100%	50%	0%, unless overage	0%

Council



Influencing the conditions of supply

- Lobbying for
 - Increased grant on shared ownership – currently £50k need £100k
 - Increased grant/funding for life expired stock
 - Flexibility to use RTB receipts alongside grant to address viability gaps
 - Funding for infrastructure works, community facilities and high street development on Joyce and Snell's
 - Additional funding to address inflationary pressures for HIF
 - Investment Zone would have increased land values
- Building relationships with RP and developers through dedicated forums

Response of RPs working, or likely to work in the Borough

- All RPs (15) at recent forum reported they are experiencing rising costs affecting viability and delivery also noting a protracted planning process.
- 2/3rds of RPs likely to have regulatory down grades to V2 which is compliant but needs “to manage material risks to ensure continued compliance”, credit ratings handing “negative outlook” to a number of associations
- To maximise nominations from RPs pre-allocations to households with identified need early on is important to reduce refitting costs and reduce the number of unlettable affordable units due to location, local connection, etc.
- Thus far, only 3 RPs bid for Affordable Housing Framework - expectation pre-tender was a number of RPs likely to bid but recent market changes have impacted on the sector's ability to commit to new projects,
- Other RPs – Peabody, Optivo, Origin and SME RPs continue to work in the borough