

# LONDON BOROUGH OF NEWHAM

## CABINET

<b>Report title</b>	<b>Housing Delivery Statement</b>	
<b>Date of Meeting</b>	<b>15<sup>th</sup> November 2018</b>	
<b>Lead Officer and contact details</b>	<b>Janaki Mahadevan, Policy and Public Affairs Manager. Tel: 020 33737024</b>	
<b>Director, Job title</b>	<b>Elaine Elkington Interim Director of Regeneration, Planning and Housing Delivery Tele 020 3373 3796</b>	
<b>Lead Member</b>	<b>Rokhsana Fiaz, Mayor of Newham, Lead member for Regeneration, Planning and Housing Delivery</b>	
<b>Key Decision?</b>	Yes	Reasons: Affects all Wards
<b>Exempt information &amp; Grounds</b>	No	:
<b>Wards Affected</b>	All wards	
<b>Appendices (if any)</b>	1. Housing Delivery Statement	

### 1 Executive Summary

This statement is the first chapter in changing the paradigm of housing delivery in Newham. It sets out a new approach to housing; one that looks back at what has been achieved but more importantly looks forward and sets out a new approach, seeks to learn lessons and refocus so the Council can move forward in a way that better addresses the needs of local people.

The Mayor has set out a clear ambition for housing through a number of manifesto pledges. The attached statement sets out how the borough intends to deliver on the Mayor's vision for housing, focused on engaging residents in decisions about their neighbourhoods; delivering more genuinely affordable homes for local people; and clearly articulating Newham's values and ways of working to potential partners. Newham is home to some of the largest redevelopment sites in London. The potential to create well designed neighbourhoods that support cohesion and stability in the borough is great. But to get the most out of these opportunities the Council must push for these schemes to focus on delivering genuinely affordable housing numbers and that there is full resident involvement in planning and design.

The attached statement outlines how the Council intends to deliver on this ambition

and the next steps required to meet the vision set out by the Mayor of Newham.

## **2 Recommendations**

**For the reasons set out in the report and its appendix, Cabinet, is recommended to:**

- i. Note the Housing Delivery Statement
- ii. Note that this is the first part of a wider housing delivery plan, which will be developed into a five year housing strategy
- iii. The Mayor and Cabinet will receive regular updates on housing delivery in Newham

## **3 Background:**

A combination of relatively low wages, high levels of deprivation, high levels of population churn, and the rapid increase in housing costs in recent years puts Newham at the frontline of the housing crisis. The impact on residents is significant. Homelessness has risen rapidly with the numbers in temporary accommodation now the highest in London.

Ultimately this demonstrates a failure of the housing market to deliver the homes needed. Local authorities have faced major barriers to housebuilding, but Newham is committed to accelerating housing delivery with an emphasis on genuinely affordable homes.

## **4 Key Considerations & Proposals**

The Mayor committed to producing a Council plan for housing delivery in her first six months in office. This document meets that commitment by setting out how the borough intends to deliver on its housing targets and start the process to increase affordability of housing in the borough.

## **5 Policy Implications & Corporate Priorities**

This statement sets out the Council's ambition for housing delivery based on the Mayor's vision for the borough. It clearly articulates the drive to deliver more genuinely affordable homes to tackle the impact of the housing crisis on Newham residents and increase resident engagement in local developments.

It will inform development of the Council's Corporate plan and is the first stage of a wider strategy that will detail how the Council intends to accelerate house building with a focus on affordability.

## **6 Alternatives considered**

Not applicable

## **7 Consultation.**

Briefing for Cabinet members : 10<sup>th</sup> August 2018

Further briefing for Cabinet members: 12<sup>th</sup> October 2018

Consultation with Scrutiny Chairs: pre-Cabinet on 15<sup>th</sup> November 2018

## **7.1 Name of Lead Member consulted: Rokhsana Fiaz**

Several Meetings with Lead member for Regeneration, Planning and Housing Delivery from July 2018 through to October 2018.

## **8 Implications**

### **8.1 Financial Implications**

8.1.1 The proposed Comprehensive Housing Delivery Plan will have significant financial implications for the General Fund, Housings Revenue Account (HRA) and the Council Capital programme.

8.1.2 The development of housing will require significant capital expenditure. This will be funded through a combination of prudential borrowing, capital receipts, grants and S106 contributions. Cabinet in September 2018 approved a bid to the GLA “Building Homes for Londoners” programme that potentially would provide significant grant for affordable housing, and increased borrowing capacity within the HRA.

8.1.3 At this stage the development programme requires further work to-progress the feasibility and cost of delivering a large programme across multiple sites. A key component of the work will be identifying the build costs for each element of the programme, and establishing scheme viability.

8.1.4 The delivery of the programme will require significant staffing and consultancy resources, and these will need to be quantified for consideration by the Mayor and Cabinet as part of the Medium Term Financial Strategy.

8.1.5 The development programme is likely to require a significant increase in Council borrowing, and this will be reflected in the Prudential Indicators included within the Treasury Management Strategy to be considered by Council in February 2019.

8.1.6 Cabinet in September 2018 agreed In principle to the submission of the following bids to the GLA “Building Council Homes for Londoners” programme of up to: - £150 million Affordable Housing Grant and £53 million increase in HRA borrowing capacity (headroom).

8.1.7 The Council bid was for £107 Million grant, which was agreed in full by the GLA (subject to contract). With the lifting of the HRA borrowing cap following the recent Budget, the GLA may not need to progress with the increase in HRA borrowing. This is currently under review.

8.1.8 Cabinet in October 2018 agreed to a report setting out how Red Door Ventures could contribute to the delivery of the strategy, subject to GLA grant being available. The October report agreed to projects worth in excess of £100 million a part of a larger programme. This was in turn reflected in the October Cabinet report on the mid year budget strategy By agreeing the change in approach, there will be a lower receipt from the disposal of Council owned sites to RDV and as RDV will have a lower rental stream, reduced dividends are payable.

8.1.9 The Council will need to resource the delivery of the affordable housing programme and the delivery programme.

8.1.10 In order to support the delivery of the London-wide affordable housing programme, the GLA have a fund of £10 million available across London with a maximum of £750k available to each Council. This will be allocated via a bidding process and can be anticipated to contribute to the cost of delivering the programme.

8.1.11 Subject to contract, Newham are ready to progress some of the yearly projects that have planning approval in place and will need to mobilise ahead of the grant being agreed which will require funding. This will mean forward funding and potentially re-instatement of reserves once the grant is received

8.1.12 In this context

- a) A number of new properties will be in the HRA – the HRA should make a contribution to the cost of the development team
- b) LBN will generate fees from the loans to Red Door Ventures these can be utilised in part to fund part of the team. Fees are not paid immediately on scheme commencement on site may need to be on an invest to save basis
- c) Where appropriate it may be possible to capitalise scheme specific costs as long as they meet the accounting definition of capital expenditure.

8.1.13 The development team may be up to 20 plus staff covering the following professional areas:

- Regeneration
- Legal (Conveyancing and Commercial)
- Project management
- Planning capacity
- Property Valuation
- HR resource to ensure recruitment – temporary e.g. 3 months resource
- With 46 sites each likely to require a Cabinet report or Key decision to address council governance requirements
- Finance

8.1.14 While the core of the team would be dedicated to the scheme, others may be needed at different points in the programme and need not be a full time resource.

8.1.15 The programme as an opportunity to develop in-house staff who would benefit from involvement in a wider cross service programme

It is assumed costs would be in the region of £1.0m per annum for two years, subject to detailed costings being undertaken internally.

Funding could be as follows

- GLA support £750K if the maximum grant is obtained
- HRA contribution £500k

- Capitalisation of scheme specific costs £250k
- RDV fee contribution £500k

8.1.16 The exact funding required will be established as the detailed requirements of the development team are established. Any shortfall in GLA grant would need to be met by the Council either from the sources identified above or from the General Fund via the Medium Term Financial Strategy.

8.1.17 For years 3 and 4 of the programme, costs would differ – planning approvals should have been completed and the schemes should be on site so a lower amount should be required.

8.18 As the housing delivery plan is implemented, there will be further expenditure and this will be subject of further reports in line with the position set out in recommendation 2.iii above

## **8.2 Legal Implications**

There will be a number of financial and legal implications arising from any decision to proceed with the proposals set out in the Delivery Statement and wider plan and these will be the subject of future reports.

## **8.3 Equalities Implications**

This report sets out the Councils aim to deliver more genuinely affordable homes which will have a positive impact on a number of residents with protected characteristics, as set out in equalities legislation. An EQIA will be developed in future Cabinet reports and detail the implementation of the intentions set out in this statement.

## **8.4 Other Implications relevant to this report:**

None

## **9 Background Information used in the preparation of this report**

None