

**Report of:** Executive Member for Housing and Development

Meeting of:	Date	Ward(s)
Executive	18 October 2018	

<b>Delete as appropriate</b>	Non - Exempt	<del>Exempt</del>
------------------------------	--------------	-------------------

## **SUBJECT: Housing Scrutiny Review of the Council's New Build Programme – Executive Member Response**

### **1. Synopsis**

- 1.1 On 19th April 2018 the Executive received a report from the Housing Scrutiny Committee about their review of the council's New Build Programme. The report highlighted three recommendations to improve the delivery of new affordable homes in the borough

### **2. Recommendations**

- 2.1 To agree the responses to the recommendations made by the Housing Scrutiny Committee set out in section 4 of this report and to note progress to date.
- 2.2 To agree that officers report back on progress to the Housing Scrutiny Committee in 12 months' time.

### **3. Background**

- 3.1 In December 2017, the Housing Scrutiny Committee started a review looking at the council's new build programme in comparison with other boroughs.
- 3.2 The objectives of the review were to:
- Review the principles underpinning the council's new build programme.
  - Review the design, build and environmental standards of the council's new build housing.
  - Assess the obstacles to developing more council housing in Islington.
  - Evaluate the decision making process for how new council housing developments are identified and progressed.
  - Assess the level of resident involvement in the new build process.
  - Consider how new build properties are allocated.
  - Evaluate the performance of the new build team.
  - Compare the council's approach to new build in other London boroughs.

3.3 The Committee considered evidence at its meetings in December 2017 and January 2018. Evidence was received from Stephen Nash, New Homes Development Programme Manager, and officers from the London Borough of Camden. The committee also received written evidence on specific matters requested by members.

## 4. Response to recommendations

4.1 **Recommendation 1 – Islington Council should consider if it can enhance public engagement and consultation processes in advance of significant new build schemes. This could include holding community events, the appointment of local residents to community liaison positions and co-designing aspects of the scheme that will have a direct impact on local residents.**

4.1.1 **Response** – the council’s New Build Team have extensive experience of delivering effective consultation on new build sites with years of good practice fed into the process. This has resulted in the successful delivery of new build sites over the last 10 years with significant resident buy in. However, as the programme has expanded with schemes becoming larger and more complex, it is timely to review the consultation processes.

The council’s new Housing Strategy, which is currently in development, will include the council’s strategy for developing new homes. The strategy will include a communications plan for the new build programme:

- Setting out a positive and consistent articulation of our new build programme and its benefits to all residents.
- Establishing a process for demonstrating resident support for the new build programme and our approach to balloting, in line with the requirements of the GLA.
- Establishing a communications plan outline for all schemes in development.

The overall aim is for residents to be engaged in the process from initial feasibility to letting new homes as well as raising awareness of the council’s new build programme amongst residents in the borough. To facilitate this there will be additional communication resources for the new build team as part of the ‘turbo-charging’ of the team. We are also exploring community co-design as a way of fully including residents in the co-design of schemes.

The majority of the council’s programme is on its estates and we need to ensure that new build schemes are a means to ensuring wider estate improvements that benefit existing tenants and residents. Working closely with our colleagues in Housing Property Services, Homes and Communities and Communications, we will work together to ensure that we address wider issues on estates such as anti-social behaviour, design issues and repairs.

4.2 **Recommendation 2 – Islington Council should work with other local authorities to lobby for relaxed restrictions on the use of Right to Buy receipts and HRA borrowing.**

4.2.1 **Response** – the council has lobbied MHCLG individually and as part of the North Sub-Regional Group of Local Authorities and via the North London Directors Group. Lobbying was also undertaken via London Councils and the Local Government Association. The Lead Member for Housing has also raised this issue with the Deputy Mayor for Housing at the GLA.

Lobbying from Local Authorities appears to have paid off. In May 2018 the GLA released a new prospectus, solely for developing Local Authorities. The Building Council Homes for Londoners programme is dedicated to supporting councils to increase their capacity to deliver new-build programmes in recognition of the key role Local Authorities will play as providers of new genuinely affordable housing. As well as offering grant rates well in excess of that available to Housing Associations, the GLA’s Right to Buy Ring-fence Offer enables council’s with unspent RTB receipts to effectively bank them with the GLA rather than lose them to Government. Islington has opted into that Offer and already saved £7m in unspent RTB receipts which would have been lost and is now available for the council to bid for via the GLAs online bidding system.

An addendum to the Building Council Homes for Londoners programme was published in July 2018 and sets out how councils can bid for £500 million additional Housing Revenue Account (HRA) borrowing. Unlike grant funding, the council is able to use both the HRA Borrowing funding and RTB receipts funding together. The deadline for applications is 30<sup>th</sup> September 2018 and Islington fully expects to take advantage of this funding stream.

However, there are still restrictions around cross subsidy between funding streams and a maximum of 30% of the construction cost of a social rent home which affects the council's ability to maximise genuinely affordable housing development. The council will continue to lobby vigorously to ease these restrictions as set out in the draft Housing Development Strategy.

#### **4.3 Recommendation 3 – Islington Council should consider how it can support or incentivise housing associations to deliver a greater amount of new affordable housing on development sites, especially smaller housing associations that have surpluses and work in the borough.**

- 4.3.1 **Response** – RTB receipts have been available to housing associations for several years now, however, the only social housing provider that has applied for RTB receipts is the City of London. The GLA has confirmed that RTB receipts held as part of the Ring-fence offer can be offered to housing associations.
- 4.3.2 The 19<sup>th</sup> June Breakfast with the Leader Session on 19<sup>th</sup> June was attended by 10 of the leading developing registered providers (RP's), including, Peabody, Hyde, Islington and Shoreditch, Newlon and Guinness; the aim of the meeting was to encourage the RP's to build more social housing in the borough. As well as reiterating the council's affordable housing priorities, associations were reminded that RTB receipts are available and the council is keen to utilise those receipts to increase the supply of genuinely affordable homes in the borough. A follow up meeting has been arranged in September 2018.
- 4.3.3 Within the draft Local Plan there is a stronger requirement for developers to bring a registered provider ('RP') on board early in the development process to ensure the correct mix of tenures and sizes of homes. It is crucial RPs are brought in early as possible as on many occasions developers wait till they have planning permission before engaging housing associations and the affordable housing offer may not be in line with the borough's priorities regarding suitability and quality of affordable housing. It is worth noting that the majority of the borough's affordable housing is delivered as a result of requirements of S106 agreements relating to residential development schemes whereby housing associations are presented with the % of affordable housing on the scheme rather than having any involvement in viability negotiations themselves.
- 4.3.4 The borough has commissioned an exercise to look at potential development opportunities across the borough. Part of this exercise will involve ascertaining what surrounds these development opportunities. Any opportunities to work with adjacent housing association's estates to maximise genuinely affordable housing supply will be pursued.
- 4.3.5 The council has worked with Barnsbury HA and Keniston HA to bring forward small sites using a larger housing association development partner and will continue to support smaller housing associations who have ambitions to increase the number of genuinely affordable homes within their property portfolio through new development.

## **5 Implications**

### **5.1 Finance**

- 5.1.1 The recommendations in themselves that include enhancing lobbying/consultation etc. do not in themselves give rise to additional expenditure as these activities are being absorbed within existing resources.
- 5.1.2 Exploratory work is underway with a view to assessing the viability of different opportunities available to the Council that would enable the Council to maximise its housing offer.

## 5.2 Legal

5.2.1 The council has power to provide new housing accommodation under section 9 of the Housing Act 1985.

Whilst the Deregulation Act 2015 abolished the statutory requirement for English authorities to produce a housing strategy as previously required by section 87 of the Local Government Act 2003. nevertheless adoption of such a strategy is recognised as best practice and such strategy may reasonably incorporate the council's strategy for developing new homes.

5.2.2 At present the council is only permitted to fund 30% of the cost of new build social housing from RTB receipts. Any relaxation of this restriction would have to be agreed by the Government.

5.2.3 Legal advice and support will continue to be provided to enable delivery of the council's new build housing programme.

## 5.3 Environmental

5.3.1 There are no environmental implications arising from the recommendations in this report. Any capital development would need to be in accordance with the council's relevant environmental policies.

## 5.4 Resident Impact Assessment

5.4.1 The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding.

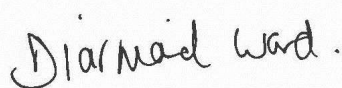
5.4.2 A Resident Impact Assessment (RIA) has not been completed because, having undertaken an initial review, it was concluded that a full RIA was not necessary, as the response to the Scrutiny Committee's recommendations will not directly impact on any particular groups of residents. However, there is potential for the recommendations to have long term positive benefits for residents by increasing the available stock of affordable housing in the borough and adopting a wider range of communication methods for consultation will allow more resident's voices to be heard.

## 6. Reason for recommendations

6.1 This report details the Executive Member's response to the recommendations of the Housing Scrutiny Committee and how Housing and Adult Social Services intend to meet the committees' recommendations.

### Final report clearance:

Signed by:



8/10/18

**Executive Member for Housing and Development**

**Date:**

Report Author:

Stephen Nash – New Homes Development Programme Manager

Tel:

0207 527 6337

Email:

[stephen.nash@islington.gov.uk](mailto:stephen.nash@islington.gov.uk)

Legal Implications Author:

David Daniels – AD Commercial & Environmental Law

Tel:

020 7527 3277

Email:

[david.daniels@islington.gov.uk](mailto:david.daniels@islington.gov.uk)

Financial Implications Author:

Lydia Hajimichael – Finance Manager (Operations & Exchequer)

Tel:

020 7527 5160

Email:

[Lydia.hajimichael@islington.gov.uk](mailto:Lydia.hajimichael@islington.gov.uk)