



HOUSING SCRUTINY COMMITTEE

18 April 2024

SECOND DESPATCH

Please find enclosed the following items:

Item 1	Main Scrutiny Review 2023/24 -New Homes Build in Islington: - Witness evidence -Presentations	1 - 44
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Hackney Housing Regeneration and Delivery

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Agenda Item B1



Hackney is Building

- Hackney was one of the first councils to start building our own council homes
- Estate Regeneration Programme (ERP) started in 2011, Housing Supply Programme (HSP) started in 2016, New Homes Programme (NHP) started in 2024
- By April 2018, 660 new and refurbished homes had been completed - mostly estate regeneration schemes
- Between May 2018 and May 2022, the Council started, completed or received planning permission for 1,984 homes
- Direct delivery model - mainly D&B with inhouse sales team, plus some development agreements
- Skilled inhouse delivery team established, along with the infrastructure to deliver

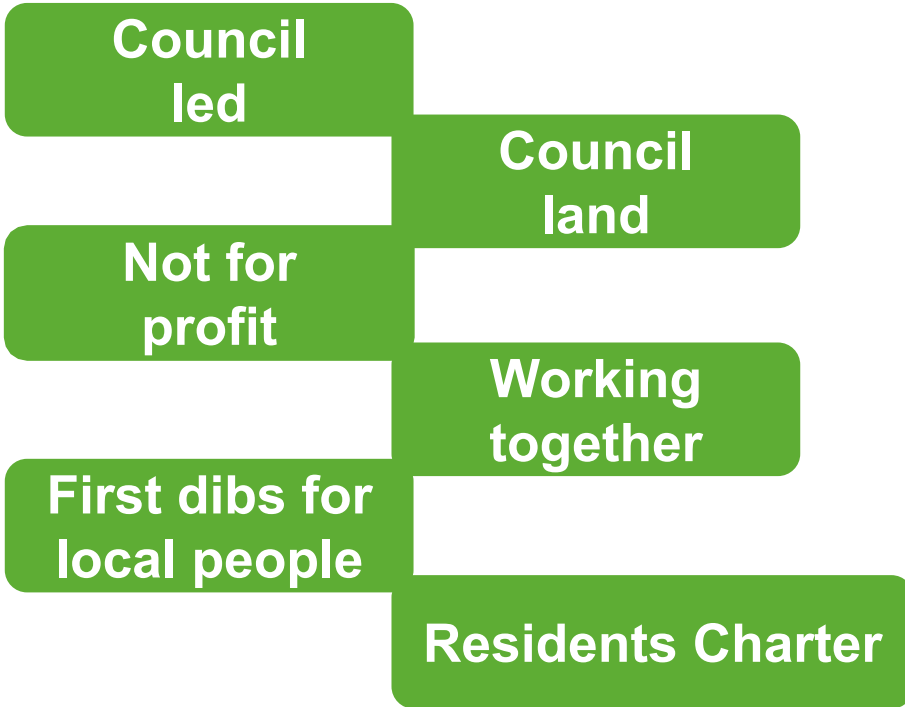
Our objectives

- **Deliver high quality mixed tenure developments** including homes for social rent, shared ownership and outright sale alongside a range of non-residential uses, public realm improvements and socio-economic outputs
- **Build additional, high quality homes** within existing estates by building on underused land, typically car parks, garages and depots.



Frampton
Park Estate

Our commitments to residents



Our manifesto targets

- During the last manifesto period, 2018 - 2022 target of **1,984 homes**
- Of these homes, **956** are **affordable** - Social Rent and Shared Ownership
- The current manifesto **2022 - 2026** target is to deliver **1,000** new **Social Rent homes**
- Our current and new sites building programmes are contributing **568 Social Rent** homes to this target



Colville
Estate

Our building programme

- More than **3,400 homes** across more than **30 sites**
- ERP, HSP & NHP - a mix of large and small sites - including estate regeneration, infill and brownfield sites
- **Social rent**, shared ownership and outright sale to pay for it
- A portfolio, self-funding approach
- ERP and HSP **50% affordable**
- NHP programme **75% social rent**



Colville Estate

Taylor and
Chatto Courts





Pages

Colville
Estate

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Chowdhury
Walk

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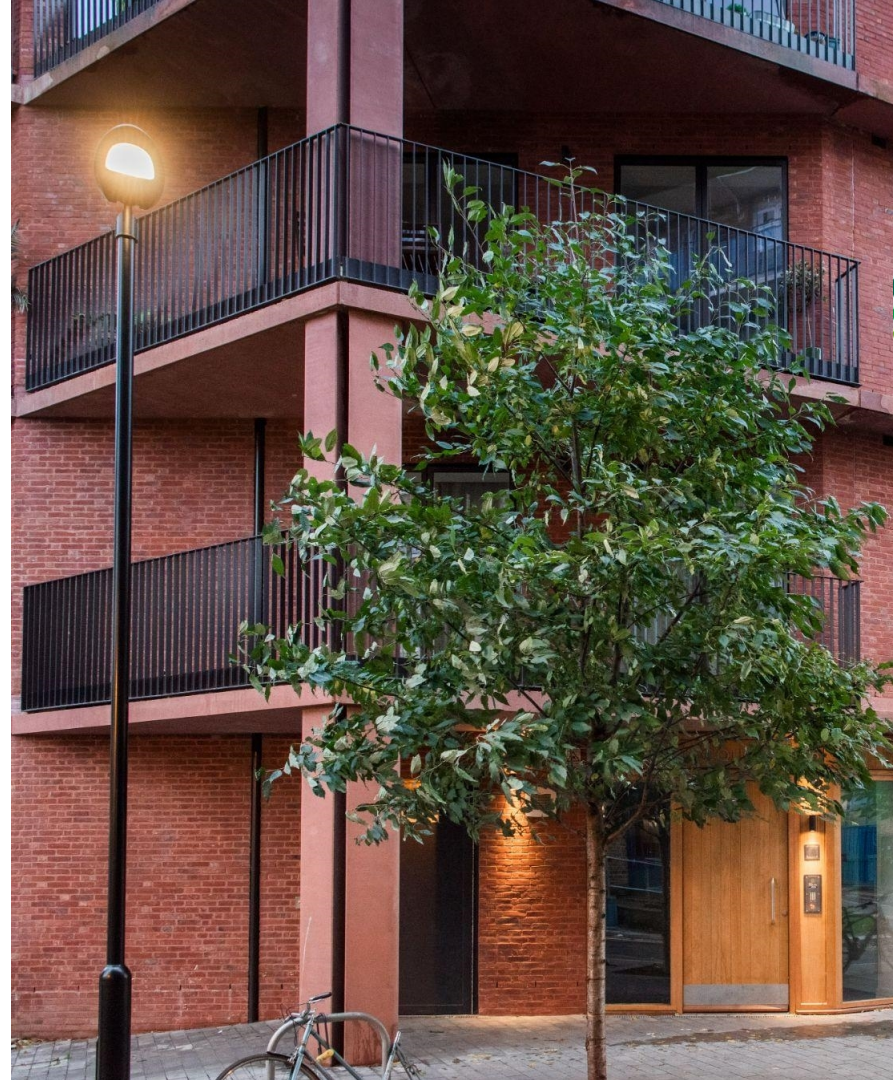
New Homes Programme

- In Dec 2022 Cabinet approved the New Homes Programme (NHP)
- Key plank in the '1,000 new Council homes for social rent' target
- 5 underused sites on housing land
- c.400 new homes, 75% for social rent
- Resident participatory design
- Surrounding improvements and alignment with capital works in existing homes



Our approach to design

- to deliver well designed, high quality homes that support attractive, functional, safe and sustainable neighbourhoods - places where people want to live and that make a positive contribution to the Borough
- to build characterful, cost effective, robust and well-loved homes that age well and stand the test of time.
- to deliver resilient, high performing and energy efficient homes that lower the energy burden of the residents and contribute to the Council's net zero targets
- to be informed by the views and knowledge of the local community to make the best possible housing for those in need whilst bringing benefit for existing residents.





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Financial rules

- Overall, the programme should be financially self-sustaining
- Should break even over 50 year investment
- This is to protect the Council's finances and front line services
- Rents and services charges of residents in existing homes do not pay towards the cost of building new homes
- Hackney's council rents are amongst the lowest in London
- We seek to maximise inward funding from GLA and other sources

Financial realities

- The cost of building has increased significantly over the last few years
- Each square metre of new building now costs at least £4,000 to build
- The total cost of each new home is £500,000+
- Council rents don't pay back the full cost of a new home over 50 years
- We don't receive enough government funding to fill the gap
- Outright sale homes are needed in the programme to cross-subsidise the social rent homes, to make them viable

Viability = income - costs

If **income** is greater than **costs**
(over 40 years) the programme is
financially viable

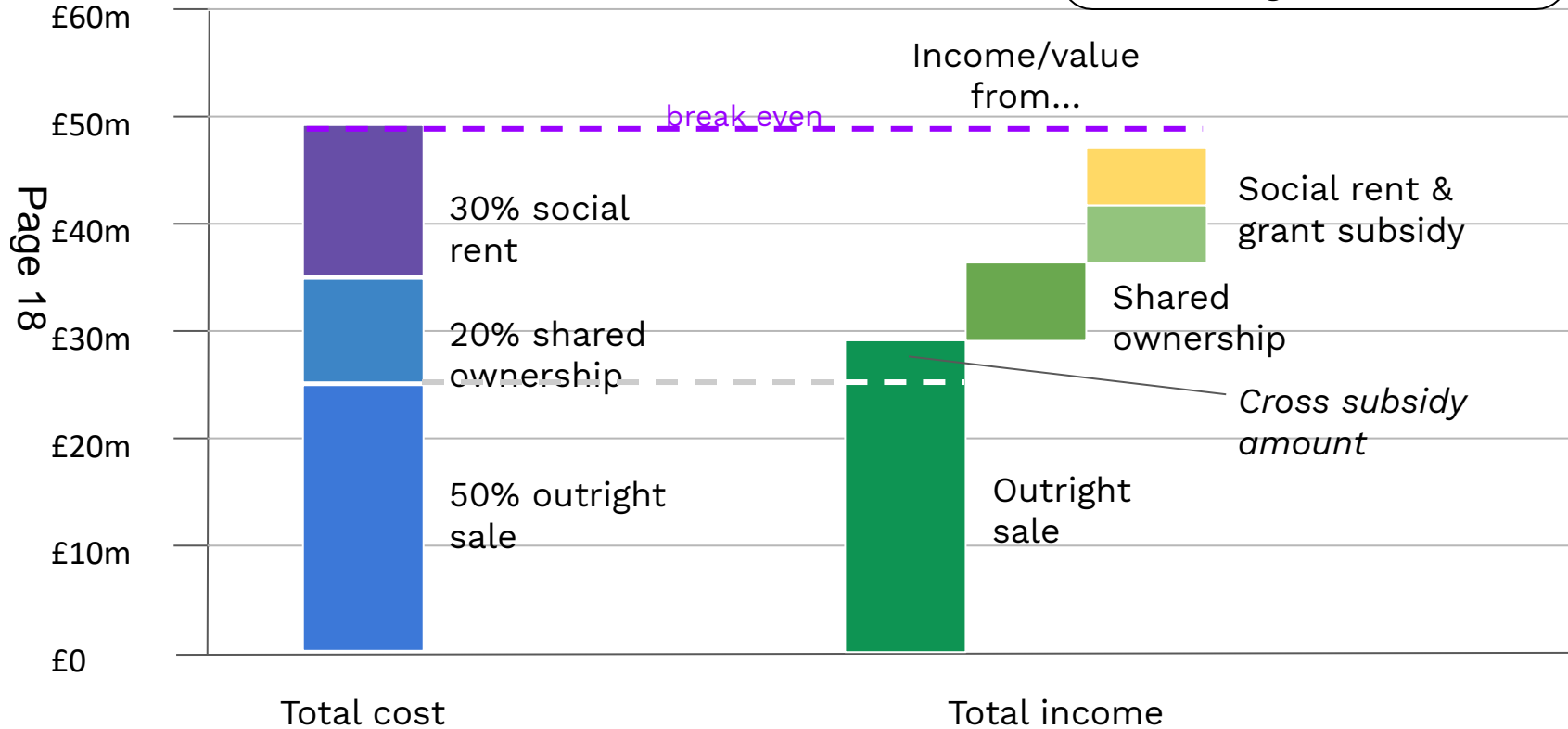
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If **income** is lower than **costs**
(over 40 years) the programme is
not financially viable

Example

50% affordable housing

100 homes example:
Achieving 50% affordable
housing with cross subsidy
from outright sale homes



Challenges

Viability

Cross subsidy model challenging in current market - construction cost inflation/property prices plateauing

Dwindling RTB receipts

The number of RTB sales is expected to reduce significantly over the coming years - 75% reduction expected

Changing regulatory framework

Building safety, energy efficiency

Grant rules

GLA eligibility criteria in relation to ballots and additionality

Opportunities

Diversifying our model

Working with the market to respond to current challenges, bringing contractors and partners into the process earlier

↳

Evolving and developing our skills as a developer

Boosting commercial and construction expertise

↳

Seeking further subsidy

GLA, other sources

Refining our approach to design

Efficiency, standardisation, MMC



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Presentation to Islington's Housing Scrutiny Committee

By Tim Porter, Be First Director of Delivery
18th April 2024

Introduction

Barking & Dagenham is an impoverished London borough featuring at the wrong end of the league table for many outcomes, including:

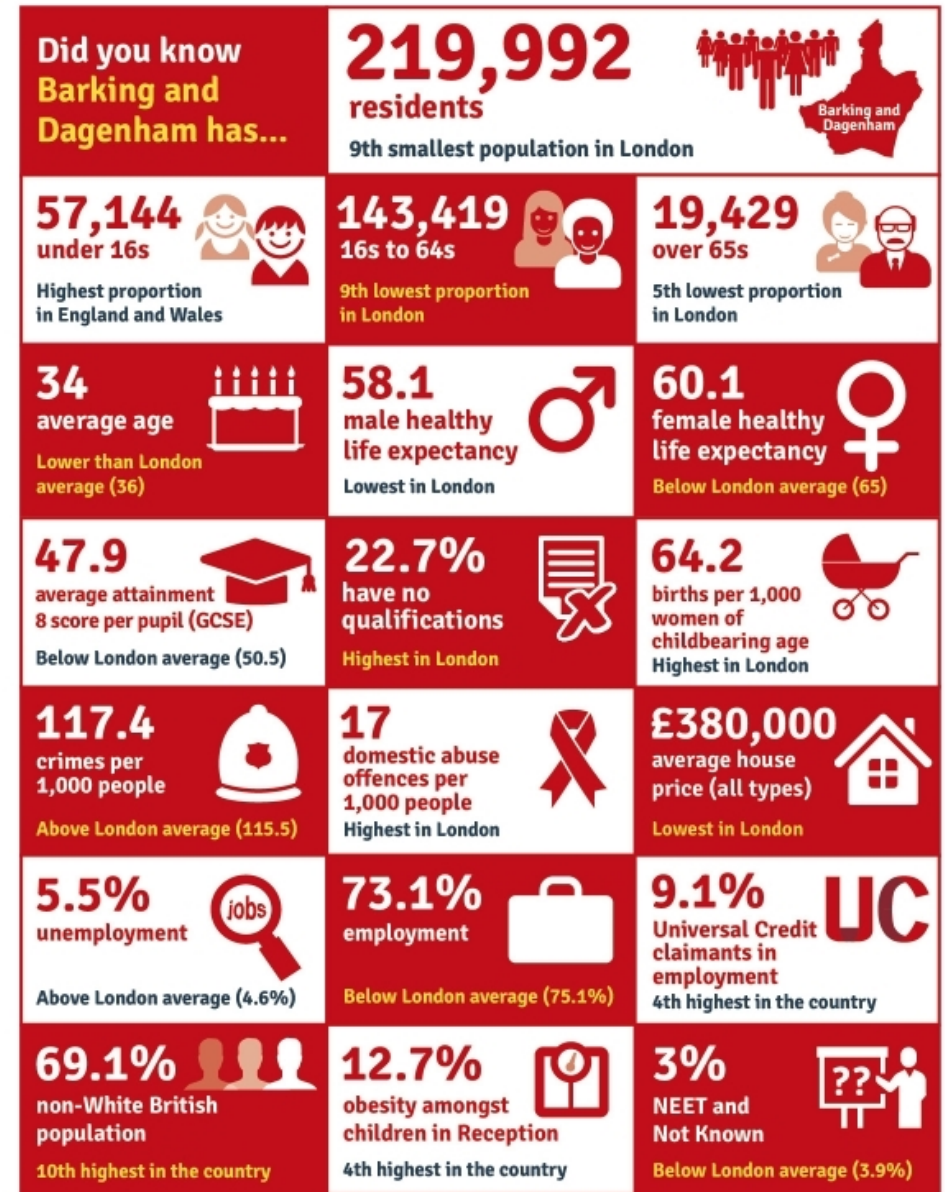
- low life expectancy
- excess weight and obesity
- economic inactivity
- Housing Benefits/Universal Credit
- child poverty
- domestic abuse

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We are London's growth opportunity though, including:

- Barking Riverside and other growth areas
- relocation of Billingsgate and Smithfield markets to Dagenham Dock
- film and television production Centre in Dagenham
- building new homes – including many with affordable rents (Reside)

The aim of this slide deck is to focus on insight that might be more positive in terms of attracting investment



Some positives

- Large population growth between the 2011 and 2021 Censuses (3rd highest in country)
 - bucking national trend of ageing population
 - youngest population in England & Wales (26% residents aged under 16)
- Increasing diversity
 - better educational outcomes amongst non-White British residents
 - increased migration from South Asian and West African countries
- Room for job creation with just under half of employed residents travelling to a place of work outside Barking & Dagenham (44.9% - 3rd highest in England & Wales)
- Falling unemployment
- Positive well-being scores
- Increasing number of households with household income of £50,000 plus
- Cheap rent and low house prices
- Improving A level results and more students going to prestigious universities



- Be First is a Council owned regeneration company tasked with accelerating regeneration in the Borough.
- £1.5bn of development on Council owned sites over last 5 years has delivered over 1,000 new homes, workspace and mixed-use schemes.
- We provide planning services at no cost to the Council.
- Focussed on delivering Inclusive Growth but also making a financial return for the Council.
- Also facilitate development by others (eg film studios)

Our mission is to accelerate regeneration in the borough, so that no-one is left behind.





Direct Delivery

BeFirst

A main focus of work has been direct delivery of new homes (majority affordable) utilising Council PWLB borrowing for Council's housing company Reside.

Contributing towards Be First delivering 20% of whole of London's new Council housing and last year third biggest Council house builder in England.

Housing addressing high local needs but also sub market rentals supporting the need for the Capital to retain its workforce - a key role B&D can continue to play. Strong selling point to Regional and National Government.

Turnkeys

Never part of original plan Business Plan – turnkeys became an important additional income stream - the purchase of homes from the private sector which helped accelerate regeneration and benefit from private sector build costs. Still requires Council borrowing.



Income Strips

We have done an income strip deal for the Trocoll House scheme adjacent to Barking Station. Rail Pen/Fifth Capital owned the site, secured planning and take all construction risk. Council funds Be First and other fees and is committed to an annual rent rising with CPI but capped at 4%.

Risk is rental inflation not as high as CPI. Council didn't favour income strips when borrowing was cheap - unclear their appetite and the extent they would enter into income strip arrangements.

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The acquisition has a strong ESG focus. The delivery of 198 build to rent apartments, 35% of which are affordable will help tackle the local housing shortfall. **Julian Allport, Investment Manager at Railpen**, commented: "We are pleased to have agreed this deal with Fifth Capital for the development of Trocoll House. The build to rent sector has been resilient throughout the pandemic, delivering strong investment returns. We look forward to being a long-term partner of Barking & Dagenham Council."

Railpen website

Commercial Portfolio

Be First has purchased 18 additional properties for the Council. Some, like Dagenham East Travelodge and Welbeck wharf, helped facilitate regeneration and deliver good rental income relatively fast – others (especially Thames Road) are land assembly to unlock longer term opportunities.



Recent purchases struggle to cover interest/holding costs.

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There has been limited direct commercial development by BF - some ground floor uses in residential schemes but the main commercial scheme is Industria.



Fund and Asset Management approach via Advisory Board.

Be First Skills and Capabilities

- Land assembly (including utilising CPO powers)
- Public Engagement
- Development Management
- Planning – Planning Consultancy but also Local Planning Authority functions (inc producing Local Plan)
- Regeneration/Place-making
- Highways
- Civils works
- Design Quality – numerous awards including Stirling Prize nomination
- Own Framework for architects and Contractors
- Liaison with LBBD's Housing company – BD Reside responsible for letting and management of non HRA stock.

**No-one knows
Barking and
Dagenham better.**

The Be First offer

The **BeFirst** Offer



Expertise in architecture, urban design and masterplanning in urban, suburban and rural conditions



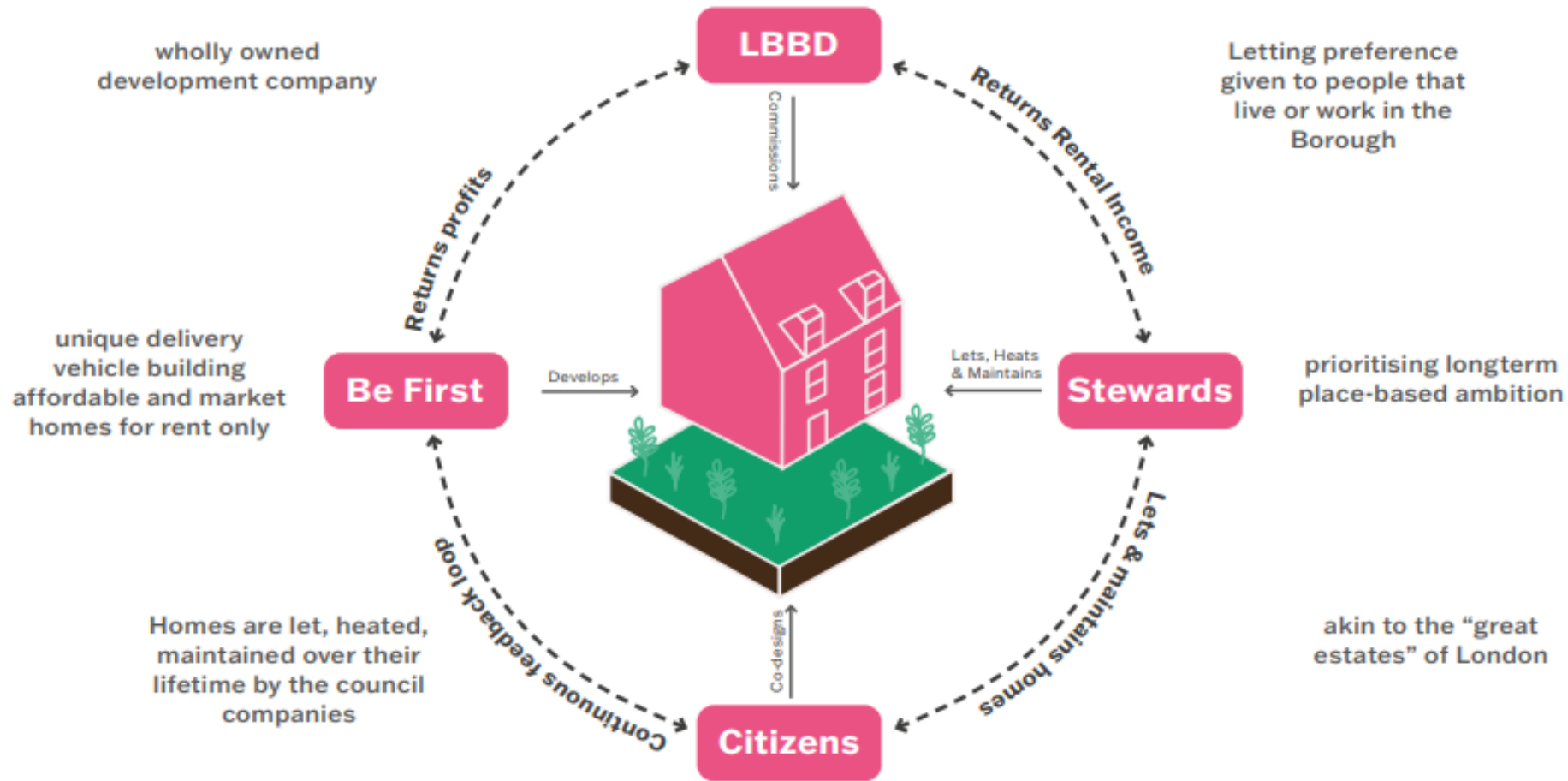
In house commercial team with links to property consultants (e.g. Savills, JLL etc.)
Understanding of market conditions in LBB and beyond



Expertise in construction and delivery of projects at all scales and project values

The Be First delivery model

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Key components of a Be First building

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Design Quality

High quality design, informed by residents and specific to the borough.



Sustainability

Net zero carbon in operation and heated by communal heat networks where available.



Efficient

Designed to be efficient and simple to construction using Be First's Pattern Book. Optimising the use of factory made offsite components across the portfolio.



Management and Maintenance

Management, maintenance and lifecycle costs considered from the outset. Continuous feedback loop informing new project briefs.

Design quality



Co-designed with residents

Opportunities for home customisation and multi generational living, informed by resident engagement



Well-designed interiors

Contemporary interiors with good quality finishes, maximising natural light and making the most of space



Engaging public realm and amenity

Well designed outdoor areas with places for relaxation, activity and play



Sustainable



Sustainable neighbourhoods

Buildings with lower carbon emissions, water consumption, and waste production, within landscapes that promote healthy lifestyles



Zero carbon in operation

Homes built to exemplary energy standards like Passivhaus, keeping bills low for residents



Reducing embodied carbon

Using high quality, low impact materials from sustainable sources, maximising off site construction and reducing waste



Efficient



Efficiency

Embedding efficient layouts, simple structure, and a low cost approach to ensure that time on site is reduced and quality is increased



Buildability

Working with partners to ensure schemes are deliverable



Patternbook led approach

Standardising building parts across the portfolio and maximising off site construction



Management & maintenance



Long life cycle

Quality buildings which stand the test of time, with lower running and repair costs



Golden thread

Management considerations embedded in each building from inception



Asset management

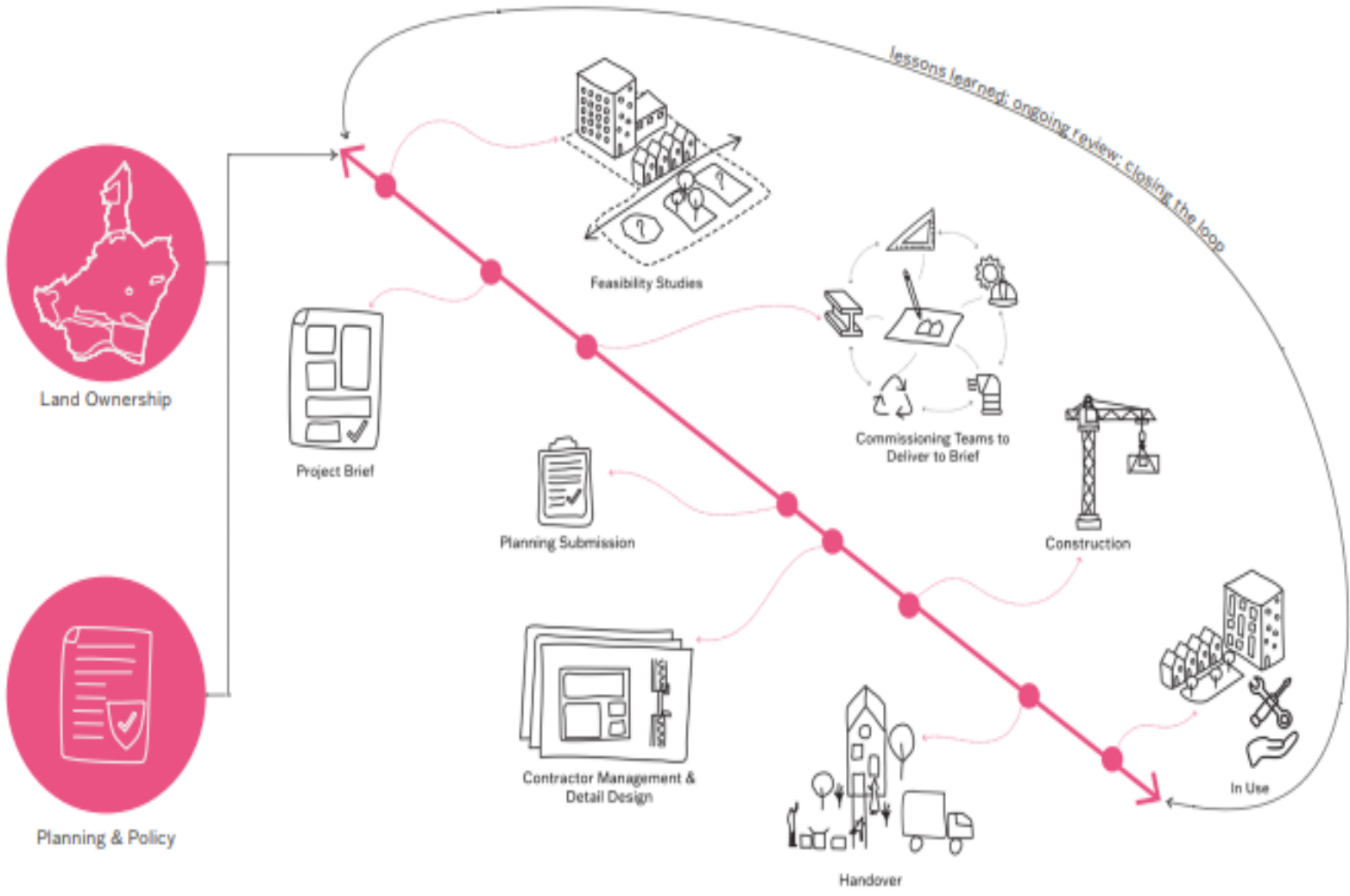
BIM led process and digital asset management, monitoring and engaging with residents



End-to-End service



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Risk Management

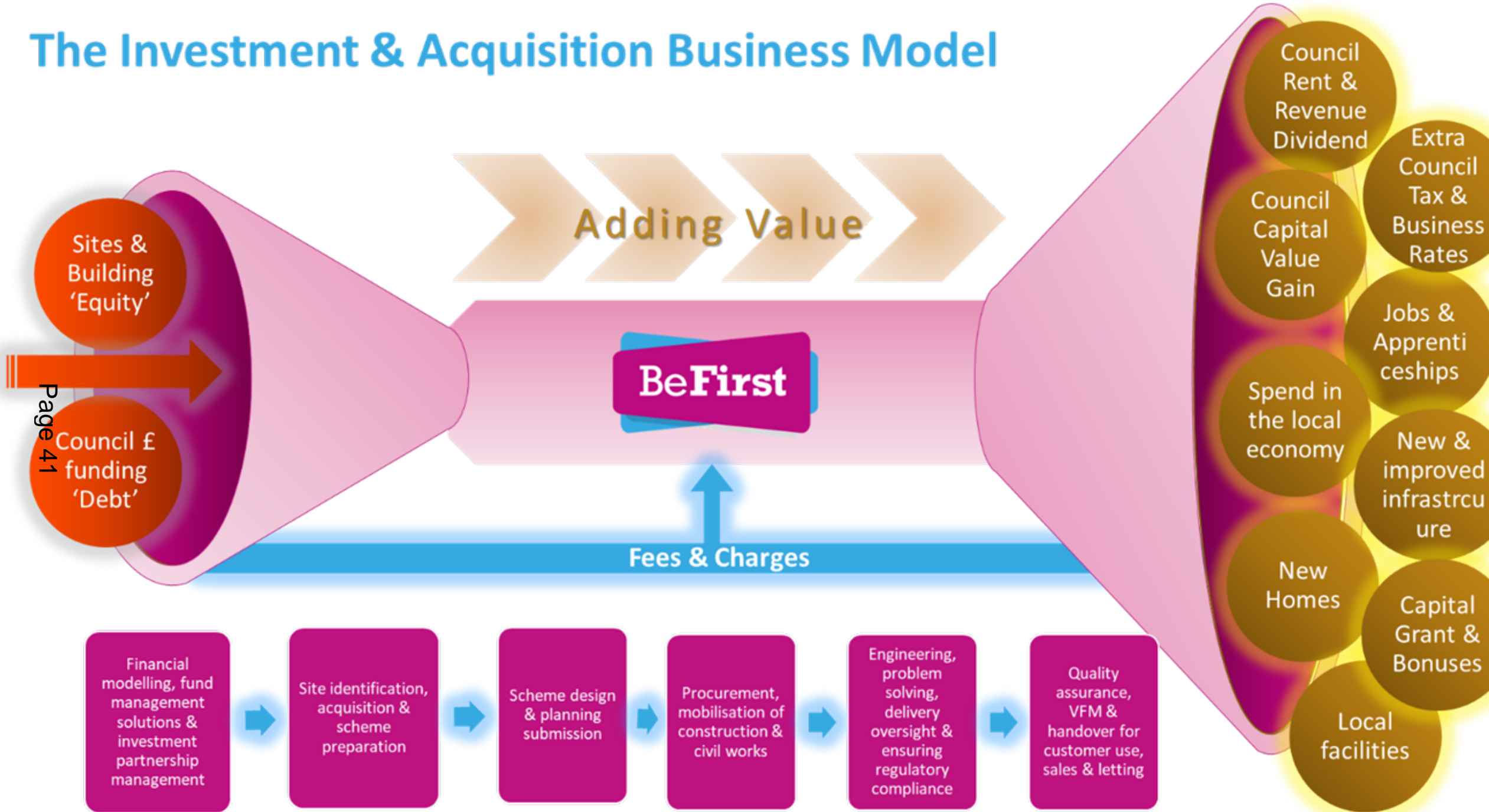
Governance

EDI & Social Value

Reporting

Stakeholder Management

The Investment & Acquisition Business Model

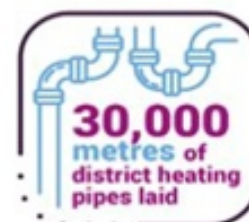
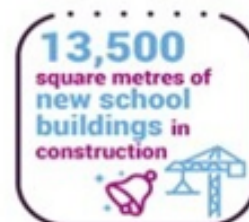


Delivering a difference to Barking & Dagenham

We continue to strive to make better the lives of residents and businesses and to support the council in meetings its public service commitments.

Our notable achievements include:

- ✓ 451 further homes delivered across the Borough during 2022-23.
- ✓ 849 New homes 'Topped out' in 2022-23 across 6 schemes.
- ✓ 55 Apprenticeships supported during 2022-23 through our contractors.
- ✓ 80 weeks of work experience delivered.
- ✓ £22m spent in 2022-23 with local small to medium sized businesses.
- ✓ Delivery Team of the Year 2022-23 at Direct Delivery Awards.
- ✓ 1st ranked planning service in London & the UK.
- ✓ London Borough of Barking & Dagenham Planning Committee supported in approving 9,000 new homes for the borough over the last 3 years.
- ✓ 100% of planning applications determined in time.
- ✓ 2 Architecture awards for 200 Becontree.



Where we are now Conclusion



Be First’s mission is to accelerate the regeneration of Barking and Dagenham delivering growth in homes and jobs and ensuring that there is “no-one left behind”. Whilst this remains relevant the means by which it is achieved is going to need to change.

The strong focus on direct delivery with Council borrowing has meant that Be First has perhaps been less engaged with the private sector and focussed on individual delivery of a wide range of projects.

Be First’s initial 6 years has established a good track record and reputation – for quality, efficiency, delivery capacity and in achieving some big wins. This has required a wide range of skills and tools which just wouldn’t have been available in a Council in-house team.

This provides a strong base but clearly new tools/ways of working are going to be needed.....



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Any Questions?