

Item No. 5.	Classification: Open	Date: 1 December 2020	Meeting Name: Housing and Community Engagement Scrutiny Commission
Report title:		Affordable Housing Delivery and Retention	
Ward(s) or groups affected:		All	
From:		Strategic Director of Housing and Modernisation	

RECOMMENDATION

1. That the Housing and Community Engagement Scrutiny Commission note the update report.

BACKGROUND INFORMATION

2. The council building programme was originally established in January 2015 when the council agreed its new long term housing strategy for the borough including specific commitments to increase housing supply, including building 11,000 new council homes for social rent by 2043.

KEY ISSUES FOR CONSIDERATION

Overview of the council build programme

3. The programme coordinates council resources and activities to deliver new homes and resources as necessary to increase delivery capability in order to expand the programme to meet the council target. Teams directly delivering the programme and supporting delivery have been increased to meet the resource requirement to deliver the planned and future pipeline. The programme also includes partnership working to deliver new homes such including working with Leathermarket JMB to deliver new council homes and collaborative working on the delivery of a Community Land Trust development in Southwark.
4. Residents are at the heart of the programme, both those who do not currently have a home as well as those who will be affected by homes being developed in their estate or area. With Covid-19 communication has evolved with a mixture of direct correspondence and innovative use of online consultation tools such as Commonplace.
5. Community briefs have and are being developed for all sites and development on estates is taking an estate wide approach aimed at enhancing the estate based on conversations that are held with residents.

Resident project groups are set up where feasible and residents are part of the development process from inception to completion. 'Expand and enhance' approach is key to ensure that all residents see the benefits of new homes. Up to 100% local lettings have been agreed so that local overcrowding is tackled and ensure local people benefit from new homes.

6. The council has thoroughly reviewed its approach to design with a report on 'Delivering Quality' from an industry expert, presented to senior officers in 2019 to ensure that not only is the council delivering homes but it is delivering quality and a legacy of great design.
7. This has resulted in the delivery of the Council's New Homes Design Standards documents consist of the following:
 - Design Values – high level outcomes which the council wishes to achieve.
 - Design Standards – more detailed design standards with design team must adhere to and which the council's delivery teams use as an audit checklist.
 - Employer's Requirements – main build contract documents which dictates some build components to ensure compliance with existing arrangements in place as well as site and handover protocols.
8. These convey the clear and consistent message on design as well as insuring all the standards required are up to date and as clear as possible.
9. Southwark Council has worked with the LHC have on developing a ground-breaking architectural framework of 110 teams. The four-year framework gives access to a range of award winning practices administered by framework procurement specialist LHC and accessible to any contracting authority in London and is estimated to be used to procure approximately £10.5 million-worth of Southwark's design services every year to 2025.
10. Additional resources have been recruited to the council to ensure we have the capacity to take into account the acceleration of the programme and maximise opportunities for acquiring and developing new sites. A programming team is in place to oversee the monitoring of the overall delivery programme and a communications role added to lead that function.
11. To secure additional resources the council bid for funding from the GLA and has been awarded over £88m funding from the Council Homes for Londoners programme of which nearly 25% has been drawn down. Further successful bids for the GLAs Home Capacity Fund and Small Sites Programme have added to the funding of the programme.
12. The Council Plan adopted in October 2018 commits to build at least 2,500 council homes by 2022. So far, 1251 have been completed or on site (including Aylesbury package A) leaving a balance of 1,249, left to deliver by May 2022.

13. The council has built or delivered 677 new homes, 574 are under construction and a further 1252 council homes have planning permission. A further 1,823 are in various stages of design development. In addition, further opportunities are being added to the programme.
14. New Build Schemes currently under construction include:
- Chilton Grove (Rooftop Homes)
 - Copeland Road car park
 - Daniels Road
 - Goschen Estate
 - Haddonfield Garages
 - Ivy Church Lane Garages (Kinglake Street)
 - Lakanal New Build (Cézanne)
 - LeatherMarket - Joseph Lancaster
 - Meeting House Lane [1-29 Lillac House]
 - Rye Hill Park Garages
 - Tenda Road Direct
 - Welsford Street Garages
 - Pelier Street (William Cuffay House)
 - Aylesbury Package A
 - Adrian & Dennis (39-44 Rutley Close)
15. The council is currently forecasting to deliver in excess of the 2,500 homes and there is a high confidence of meeting this target. As with any programme there will be delays to some projects but with the capacity within the programme, it is still likely that the 2,500 homes target will be met.

CATEGORIES	DELIVERED	On site	2020/21	2021/22	2022/23	2023/24	2024/25
Direct Delivery	419	574	488	1305	316	107	0
S106 purchase	258	0	0	79	0	61	0
TOTAL	677	574	488	1429	316	168	28
RUNNING TOTAL	677	1251	1739	3168	3484	3652	3680

16. With the first lock down many of the schemes on site were temporarily stopped but within a couple of months they were all back on site. Contractors were able to put their new procedures and health and safety working practices in place and have been able to continue delivery albeit with delayed programmes. There were also delays in getting into contract on some schemes due to the uncertainty of the period.
17. In March 2020, Cabinet approved the recommendation and strategy to look beyond the initial 2,500 homes called *Routes to 11,000: a new council homes strategy for Southwark*. This sets out the enormity of the task ahead to continue to deliver council homes and sets out the direction that the council is taking.

18. The strategy sets out four key aspirations:
 - Build council homes residents will be proud to live in
 - Build local construction skills
 - Build sustainably
 - Build sustainable communities

19. Build council homes residents will be proud to live in
 - Create 2,500 new council homes by 2022
 - Build 11,000 new council homes by 2043
 - Building additional council intermediate housing, including shared ownership and intermediate rent.
 - Increase the number of council homes and build to the highest standards
 - Develop the use of off-site modular manufacturing, and modern methods of construction (MMC), where it is appropriate, to minimise the on-site 'installation' time which compares favourably with conventional construction projects built on new foundations
 - Build a legacy of great design so that on any council-built estate it will not be obvious whether homes are private, intermediate or council, and ensuring all residents can be proud of the homes in which they live.
 - Southwark's design standards ensure that the new homes will be a lasting asset for the community; both industry experts and feedback from residents have informed them. They will continue to be developed based on the resident feedback the council receives.

20. Build local construction skills
 - Set up our own construction company to create the homes and develop the skills our borough needs.
 - Guarantee that all our building contractors advertise jobs to local people first.

21. Build sustainably
 - Make sure our homes meet the highest possible standards for sustainable design and construction to contribute towards making Southwark carbon neutral by 2030.
 - Have a clear developed approach decarbonising our developments and supply chains
 - Look to work with partners and contractors to develop a more sustainable supply chain of materials
 - Meaningful plans for offsetting where the development and supply chain cannot be decarbonised

22. Build sustainable communities

- Make sure all local residents benefit from the new council homes we create, by delivering on the principles of great estates, ensuring up to 100% local lettings, and doing other improvement works at the same time.
 - Consider the needs of the whole estate and how it will benefit from any new homes and associated works.
 - Ensure a right to return for council tenants and resident leaseholders so local people can stay in the borough they call home
 - Make sure every new development has enough GPs, school places, and parks to support communities.
 - Guarantee that at least 50% of the homes built on council housing land are council rent and that they ensure a right to return for council tenants and resident leaseholders, so they can stay in the borough they call home.
 - An enhanced offer to residents who will have upward extensions including opportunity to move or purchase the new properties.
 - Make sure all sales of private council-built homes are aimed at local people first.
 - Make sure the council can gain income from the sale of private homes, to help fund new council homes, where alternative funding is not available.
 - Coordinate new build works with existing asset management to ensure value for money.
23. The council estimates it can deliver around 6,000 homes on land it owns or has already identified as part of the pipeline. This leaves at least a further 5,000 homes that need to be identified. However, the amount of land required will be higher where there is a need for private sales and other tenures to fund the continual delivery of council homes.
24. To expand the pipeline the council is continuing to identify sites for new council homes on our own land and housing estates, exploring further opportunities for infill development, small sites, land redesignation and intensification, as part of the council's 'expand and enrich' approach to our housing estates, and resident-centred estate improvement plans.
25. The council is developing a programme of upward extensions on existing buildings in order to create new homes. Rooftop sites also allow the council to retain more green spaces and parking spaces which are under pressure in the context of our housing targets. An IDM on these sites is expected shortly to add a number of these to the programme that already includes rooftop homes at Chilton Grove.
26. In December 2018, the cabinet adopted a report 'Great Estates vision paper' detailing the 'expand and enrich' approach the council estates and setting five tests that need to be met for any redevelopment proposal. Test one required 'a net increase in social rent homes alongside increased density, to meet the acute need of families on our waiting list'. The council will look to continue to purchase land on the open market for immediate and longer term building opportunities, particular around

opportunity areas such as the Old Kent Road where the council has already made a number of strategic purchases.

27. Another key source of opportunities for new homes going forward will be with strategic partnerships that may include large land portfolio holders, City of London, water authorities, faith groups, other public bodies such as the NHS, Transport for London and Housing cooperatives. We have been promoting awareness of these expansion opportunities in order to build partnerships and align land disposal strategies through our 'Seven frontiers of council house-building' presentation, presented at a number of housing, development and tenant forums.
28. From a survey published on 6 November, 61% of residents now back full regeneration Meaning they are in favour of demolishing and rebuilding all four towers on the Ledbury Estate. Turnout was 79% of those households still living in the towers and 47% of all those eligible to take part.
29. The latest decision, based on information from more extensive surveys, included four options:
 - Strengthening the four towers
 - Strengthening the four towers and building between 87 and 130 new homes
 - A mix of strengthening one or more of the towers and the demolition of the others and replacing them with new homes
 - Demolishing the four towers and replacing them with new homes.
30. A final ballot will take place in March 2021. The proposal will include plans to build 333 new homes to replace the four towers of which 278 will be for social housing.
31. The Tustin Estate Improvement and Rebuild Programme was initiated in May 2019. This programme of work seeks to improve the quality of the low-rise homes on the estate, build more council homes where resident opinion supports this, and improve the wider environment on the estate to support quality of life.
32. The Tustin Estate comprises of a mixed typology of homes. It is made up on three towers currently undergoing major refurbishment and consisting of 217 households and 13 new hidden homes; one block of non-self contained flats in use as a hostel for residents seeking temporary accommodation; four low rise blocks of flats and maisonettes and terraced houses. The tenure on the estate is also mixed and includes those looking for temporary accommodation; council tenants; private tenants; resident and non-resident leaseholders as well as resident and non-resident freeholders.
33. Following consultation, in October 2020 residents across the estate were asked their opinion on the favoured option to go forward to a GLA compliant estate regeneration ballot. The favoured option is

redevelopment of the low rise, refurbishment of Council homes on Manor Grove, replacement of a primary school and landscaping which will result in 200 reprovided Council homes, 220 additional Council homes and 220 homes for sale and intermediate tenure.

34. The ballot is scheduled for February 2021. Following the ballot result, it is anticipated that planning permission will be secured in 2022 allowing for a start on site of demolition and new build in 2022.
35. The *Routes to 11,000: a new council homes strategy for Southwark* outlines the scale of the resource need to deliver new homes. 2,500 homes are fully fundable under the HRA. Under the modelling assumptions in the report nearly 4,000 council homes could be delivered alongside the rest of the capital programme. Beyond that, using these assumptions, that include no grant beyond the current allocation and no private or other tenures the programme, would require borrowing beyond levels that the council is comfortable with, whilst meeting its commitments to existing residents and functions under the HRA. Since the modeling inflation rates, increased planned capital expenditure and Covid-19 have made the shortfall worse.
36. The council clearly cannot take an approach to singularly deliver 11,000 council homes through its own resources without looking at different tenures, incomes, models of delivery and support from central government.
37. The council will prioritising borrowing for the delivery of new homes as these assets deliver a revenue stream and capital receipts, accepting that there may be calls to use borrowing to address statutory, particularly fire safety in light of the Grenfell Fire and other key priorities that the council must respond to.
38. The council will seek to deliver 11,000 homes within a self imposed debt cap to ensure that any debt remains serviceable from income without having a detrimental effect on services.
39. The council will continue to campaign to increase grant for the delivery of council homes including supporting the delivery of low carbon homes. Without grant the council will look generate income to deliver council homes.
40. The council will maximise revenues through private sales, whilst maintain that overall at least 50% of the homes built on council land will be for council rent and ensuring homes are marketed to local people first.
41. Delivering low carbon homes will be key moving forwards towards the council 2030 new carbon zero target. The council has engaged with a climate/ energy specialist to support with the strategy for achieving net zero carbon (NZC) and developing a roadmap with key milestones. To date site visits have been conducted to give an assessment of current

operational energy performance and understand our carbon 'hotspots'. A performance gap report and summary presentation have been delivered. A review of our design standards has been undertaken and we will work together to determine key design interventions to implement in future. Two schemes (one small and one medium) have been identified and are currently at design review stage to be delivered as new carbon zero homes. A table of options and measures for review, comment and approval will be presented to ensure full consideration of cost and timing implications of each approach. A project group has been set up to ensure a collaborative cross council approach to consider options and test building typologies and construction costs, to feed into New Southwark Plan and 11,000 homes strategy.

42. The council is looking forward now, beyond the 2,500 homes to create a dynamic, low carbon and viable programme towards 11,000 homes.

Monitoring of developer-led s106 delivery

43. The Affordable Housing Monitoring Project is being delivered through the planning division.

44. The key objective of this project is to provide clear, accurate and up-to-date information on affordable housing in Southwark. To achieve this, they needed to find out:

- What affordable homes have been agreed?
- Have developers delivered what was agreed?
- What happened to the affordable homes after they were delivered?

45. Already the [website](#) has been updated to include detailed information on the total housing approvals and completions figures since 2004, including the tenure breakdown of housing. The statistics cover the number of homes permitted and delivered, affordable housing breakdown, family housing supply, scale of development and non-conventional accommodation. The website sets out the net and gross approvals and completions data under each housing tenure. This data will be updated regularly as part of the Annual Monitoring Report.

46. An audit was carried out where the council wrote to all the Registered Providers (RPs) requesting details of units held. There are 11,999 units managed by RPs in Southwark and there have been 4,320 affordable units secured by S106 legal agreements since 2001. The audit can be [found here](#). The audit contains planning permissions since 2001 and shows the Registered Provider/Registered Social Landlord for each social rent and intermediate unit identified. In some cases the Registered Provider/Registered Social Landlord is yet to be confirmed.

47. Moving forward with the Affordable Housing Monitoring Project in the context of the Planning Division Digital Strategy the Digital Strategy is mapping data and collating data in order to find out all of our sources and

interactions. Once we understand the data and the data flows we need to map out the architecture required to provide a digital system that can transport all of the data with minimal data entry. Affordable Housing Monitoring forms part of the wider Digital Strategy. This strategy includes a data discovery where we are mapping all of the data used by the Planning Division. The purpose of this project is to work out how we can manage all of our data so that we can upload this data onto the website as we receive it to ensure up to date and accessible information. Another project is to create a new website for the Planning Division. This will be set up so that users can access planning by questions, addresses of properties and services rather than being a website that sets out information. Information will be searched in the same way as using a search engine. This will include information on Affordable Housing.

48. Although we have provided additional information online regarding the cumulative data around affordable housing at the request of the Ombudsman, we will now focus on continuing to collect unit level data. The following sets out the key steps in order to achieve this task. Steps 1 to 5 are being actioned before Christmas. Step 6 is being actioned after Christmas.
 1. Allocate this task to relevant officers (resourcing set out below) and ensure training is provided where necessary.
 2. Ensure that this information is being recorded in section 106 agreements. Ensure that s106 agreements are setting out exactly which units are intended to be affordable housing.
 3. Continue reviewing existing s106 agreements and collate data. Find out which schemes have been completed. There are at least 330 sites to follow up, see if the scheme was implemented, contact the RSL and capture the data in Exacom.
 4. Continue contacting developers and housing associations to fill the information gaps and find out the unit level data needed for schemes that have already been completed. A potential challenge may be developers and RSL's being unable to engage with us at this time.
 5. Previous sites need to be manually inputted and the information gained.
 6. As part of the wider digital strategy for the planning division consider the most effective way of collecting and displaying the affordable housing monitoring data about each unit. For example, the headline figures on affordable housing are currently on the website in spreadsheets rather than interactive data. The digital strategy will work on creating tools and a website that can display fully interactive data.
49. We are in the process of further improvements and features to provide more detailed data than any other borough as far as we are aware. The intention is for this dataset to be ready for use by the end of December. An update on progress will be provided in January once we have determined the digital architecture required for the Planning Division's Digital Strategy. The [website](#) has been updated to include detailed

information on the total housing approvals and completions figures since 2004, including the tenure breakdown of housing. Please visit the website, review the data and the information and provide us with feedback on whether this enabled you to find the information that you were looking for. Where this is not possible please let us know and we will work to improve our website.

Net Approvals

Financial Year (1 Apr - 31 Mar)	Affordable Housing						
	Affordable Housing total	Social Rent	Affordable Rent	Other Intermediate	London Living Rent	Discounted Market Rent	Discounted Market Sale
2016 - 2017	410	295	NA	115	NA	NA	NA
2017 - 2018	616	307	58	194	NA	NA	57
2018 - 2019	798	426	13	145	53	161	NA
Total	1824	1028	71	454	53	161	57

Net Completions

Financial Year (1 Apr - 31 Mar)	Affordable Housing			
	Affordable Housing total	Social Rent	Affordable Rent	Other Intermediate
2016 - 2017	552	371	22	159
2017 - 2018	184	90	15	79
2018 - 2019	626	190	45	391
Total	1362	651	82	629

*It must be noted that approvals and completions within a given year should not be compared as the figures relate to different schemes, the delivery of the approved schemes do not come forward at the same rate. However, it is possible that there are a number of units from the approvals figures that have since been completed and are also included in the completions figures

Gross approvals

Financial Year (1 Apr - 31 Mar)	Affordable Housing						
	Affordable Home Total	Social Rent	Affordable Rent	Other Intermediate	London Living Rent	Discounted Market Rent	Discounted Market Sale
2016 - 2017	411	295	NA	116	NA	NA	NA
2017 - 2018	729	420	58	194	NA	NA	57
2018 - 2019	846	474	13	145	53	161	NA
Total	1986	1189	71	455	53	161	57

Gross completions

Financial Year (1 Apr - 31 Mar)	Affordable Housing			
	Affordable Home Total	Social Rent	Affordable Rent	Other Intermediate
2016 - 2017	593	412	22	159
2017 - 2018	188	94	15	79
2018 - 2019	901	465	45	391
Total	1682	971	82	629

*It must be noted that approvals and completions within a given year should not be compared as the figures relate to different schemes, the delivery of the approved schemes do not come forward at the same rate. However, it is possible that there are a number of units from the approvals figures that have since been completed and are also included in the completions figures

Retention of past delivery – e.g. RTB and shared ownership falling out of affordable tenure

50. There are a large percentage of former Right To Buy that are then either sold or rented at market value, which takes them out of affordable housing. Records from correspondence addresses indicate around 35-37% of the leasehold stock have been sub-let, but as leaseholders do not have to tell us when the sub-let we believe that the real figure is more likely to be 50% or higher. This estimate is based on experience from investigations for decanting or other purposes.
51. On average leaseholders sell within 7 years of purchase – although RTB leaseholders may well sell on earlier in order to capitalise on the discount.

Right to buy completions by Year

Year	RTB completions
2010	2
2011	28
2012	49
2013	210
2014	301
2015	280
2016	288
2017	187
2018	102
2019	87
2020	55
Grand Total	1589

Tackling the use of leasehold properties for non-residential use (e.g. Airbnb)

52. This is being addressed in the *Anti-social behaviour and noise on Southwark Council Estates* Report.

APPENDICES

No.	Title
None	

AUDIT TRAIL

Lead Member	Councillor Leo Pollak, Cabinet Member for Housing	
Lead Officer	Michael Scorer, Strategic Director for Housing and Modernisation	
Report Author	Stuard Davis, Steve Clearly, Juliet Seymour	
Version	Final	
Dated	25 November 2020	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments Included
Director of Law and Democracy	No	No
Strategic Director of Finance and Governance	No	No
Cabinet Member	No	No
Date final report sent to Scrutiny Team	25 November 2020	