

**Report for:** Housing and Regeneration Scrutiny Panel, 2<sup>nd</sup> March 2021

**Title:** The Size of Homes in the Housing Delivery Programme

**Lead Officer:** Anna Blandford, Head of Housing Development

**Ward(s) affected:** All

**Report for Key/**

**Non Key Decision:** N/A

## 1. Describe the issue under consideration

- 1.1 Council homes are now on site in more than half of Haringey's 19 wards: 358 Council homes on 14 sites across ten different wards.
- 1.2 475 homes have planning permission, and we remain on track to have 1,000 starts on site by March 2022.
- 1.3 24% of the homes with planning permission have three or more bedrooms.
- 1.4 Across the whole programme, 31% have three or more bedrooms. This is subject to change as initial designs are progressed, and we are seeking to increase the number of family sized homes wherever we can.

## 2. Recommendations

To note the report.

## 3. Background information

- 3.1 We urgently need to build more family Council homes. We are working on a programme-wide level towards dwelling mix targets for Social Rent homes as agreed by Council in February 2019:
  - 10% one-bedroom homes
  - 45% two-bedroom homes
  - 45% three-bedroom or more homes (10% being four-bed or more)
- 3.2 The new Housing Strategy, currently under preparation, will review targets in light of the newly commissioned Strategic Housing Market Assessment and other evidence such as the housing register.
- 3.3 It is important to note that there is a desperate need for Council homes of all sizes. The housing register shows that of the 581 households in the most urgent need, 364 need a one-bedroom home and 130 a two-bedroom home. Of the 11,300 households on the housing register, 73% require a one or a two-bedroom home.

- 3.4 Across the 475 Council homes that already have planning permission, including the 358 under construction, the bedroom mix is as follows:
- 163 one-bedroom homes – 34%
  - 200 two-bedroom homes – 42%
  - 102 three-bedroom homes – 22%
  - 10 four-bedroom homes – 2%
- 3.5 Eleven of these one-bedroom homes have been specified for adults leaving care, and we are working with Adult Social Care to identify clients requiring one-bedroom homes throughout the programme including for schemes that can specifically focus on meeting the borough's priority for developing supported housing.
- 3.6 At this early stage of the programme, we are not yet meeting our family housing target. This is because during the first phase of the programme, as we built up the capacity to deliver directly at scale, the proportion of Council homes delivered through acquisition will be relatively high. 69% of homes with planning permission have been acquired from developers through s106 agreements.
- 3.7 The bedroom mix in acquisitions is to a very great extent constrained by which schemes are available. 34% (112) of the 329 homes acquired have one bedroom, 45% (148) have two, 20% (56) have three and just over 1% (four) have four bedrooms. We have remodelled schemes wherever possible to maximise the number of family-sized homes; but we are constrained in this by existing planning permissions, contractual matters, and financial viability.
- 3.8 Acquisition will remain an integral part of the programme. However, as the programme goes forward, the proportion of homes delivered directly will continue to increase.
- 3.9 Building family-sized homes for social rent is financially extremely challenging in the current political environment. The more bedrooms a home has, the more expensive it is to build; and that differential is not reflected in either grant funding or rent revenue. The GLA's current programme is structured with the same grant available regardless of the size of the home being delivered.
- 3.10 For example, based on our current appraisal model, the gap in viability between a one-bed and a four-bed family home in a build programme of 12 months is striking. The revenue on a one-bedroom Council home will exceed the cost of interest in year one, and it takes 20 years to pay off the loan required to build it. Rental revenue for a four-bedroom home in the same scheme does not exceed interest until year 30, and it takes 80 years to pay off its loan.
- 3.11 This is reflected starkly in the key metric of Net Present Value (NPV), the value of each home to the landlord calculated in terms of rental income less costs.

One-bedroom homes on this example scheme would have a positive NPV of £116,000; four-bedroom homes would have a negative NPV of minus £71,387.

- 3.12 This is why Housing Associations do not now build family-sized homes for social rent. The last time any four bed homes for social rent were constructed in Haringey was in 2009 when L&Q Housing Association built two properties at Dickenson Road.
- 3.13 It is also the reason it is so crucial for the Council to find ways to deliver a viable programme that includes the family-sized homes we need.
- 3.14 We are taking a range of steps to maximise the numbers of family sized homes. Ashley Road, our largest direct-delivery site so far, will deliver around 150 Council homes - 65% of which will have three or four bedrooms. On this site we are also seeking to provide one-bedroom homes for adults with learning difficulties and two- and three-bedroom homes for formerly homeless families. Work on the new HRA Business Plan has focused on increasing the number of family homes. We are working with the GLA to make the case for an increased grant for family-sized homes in their next funding programme. We have also developed a Neighbourhood Moves Scheme that will prioritise smaller homes for local people in underoccupied homes, thereby releasing family-sized homes for those that need them.
- 3.15 Across our current programme, 31.3% of the homes have three or more bedrooms. This is an indicative projection: many schemes are at an early stage, and as they progress through an iterative design process, with consultation and engagement at its heart, the size and configuration of schemes will inevitably change. We will continue to take active steps to maximise the number of family homes on each scheme and across the programme as a whole.