

## Housing & Regeneration Scrutiny Panel - 3<sup>rd</sup> October 2016

**Present:** Cllr Bevan, Cllr Engert, Cllr Gallagher, Cllr Ibrahim (Chair) & Cllr Newton

**In attendance:** Cllr Brabazon, Cllr (Gideon) Bull & Cllr Strickland

### 1. Webcasting

The meeting was not webcast.

### 2. Apologies for absence

Cllr Amin

### 3. Declarations of interest

None received.

### 4. Urgent items of late business

None.

### 5. Petitions

None received.

### 6. Minutes

6.1 The panel reviewed the minutes of the last meeting where it was confirmed that:

- The review of older peoples housing options was agreed at the June meeting and was subsequently scoped with officers and circulated to the panel. The focus of the review was to assess how supported housing options can be extended for older people with the intention that recommendations would contribute to the broader Supported Housing Review currently being undertaken by the Council;
- A report on local high streets was scheduled to be presented to the panel at its meeting in February 2017;
- A site visit to modular build schemes took place in August and that a further visit would be arranged by Cabinet member;
- That Homes for Haringey had developed a common standards agreement with preferred partners which would encompass how member enquiries were handled. If there were significant ongoing issues with specific providers, these could be raised by the Cabinet who met regularly with local RHPs;
- There are a number of outstanding information requests (discrepancy of TA costs and subsidy, out of borough TA placements) which would be distributed to members once completed.

**Agreed:** further follow up information on Temporary Accommodation to be circulated to the panel.

6.2 The panel agreed the minutes of the meeting held on 27<sup>th</sup> June 2016.

### 7.0 Cabinet Member Questions

7.1 It was noted that given that there were numerous regeneration projects in progress at the current time, it was difficult to assess the totality of such risks to the council in terms of any financial investments or borrowings. The panel therefore requested that it would be helpful if a summary of this information could be provided in a tabular form before the next meeting.

**Agreed:** That a summary of the council's total financial exposure (outlays and risks) within regeneration projects is collated and presented to the panel before the next meeting.

7.2 The panel noted that the Housing and Planning Act was enacted at the end of the summer. There is still some uncertainty as to the final form that the Act will take given that for some provisions, secondary legislation will be necessary. In addition, as a new government has been formed since this Housing & Planning Act has come into effect, it is likely that there may be some repositioning on some key aspects of this legislation. Nonetheless, it is likely that this Act will have far reaching implications for the Council, particularly in relation to the provision of affordable homes.

7.3 It was noted that the Haringey Housing Strategy would help the Council respond to many of the issues emerging from the Housing & Planning Act. This has been consulted upon and will be agreed by Cabinet in October 2016.

7.4 The council was making a number of preparations to help mitigate any adverse impacts that may result from the Housing & Planning Act. These included:

- The adoption of a more active asset management strategy to prepare for the forced sale of high value voids;
- Administrative preparations for the introduction of pay to stay (where high income tenants are required to pay higher levels of rent).

7.5 There remains some uncertainty surrounding the introduction of Starter Homes though this is still of significant concern to the Council and to other London boroughs. If legislation is introduced as it currently stands it is likely that this will impact on the provision of affordable homes, as the cost of providing the 20% discount for starter homes within a development will be a major additional cost for planned developments. Given that the provision of Starter Homes will take precedence in planning obligations, it is likely that this will reduce provision of affordable homes within any assessment of planning viability.

7.6 There was concern at the supposed level of planning applications that were being approved, despite local opposition and objections. It was noted that objections lodged by members of the public were all logged and registered and do influence the planning process, particularly where these were a material planning consideration. Whilst there is a presumption in favour of granting development within the planning process, it was suggested to the panel that Haringey has one of the highest levels of planning refusals across London.

**Agreed:** That comparative data on planning refusals for other authorities would be circulated to the panel.

7.7 The panel also noted that the success of planning objections should not be assessed solely on the final outcome of any individual planning application. It was suggested that submitted objections and ongoing consultation between interested parties, developers and planning officers throughout the planning process often lead to changes to those plans which have originally been submitted.

7.8 The panel discussed the future of the council's infill house building scheme. It was noted that given recent legislative and policy changes (e.g. rent reductions), there was reduced capacity within the Housing Revenue Account for the Council to build out the infill schemes alone. In this context, the council was consulting with local RHPs to identify potential partners to help bring forward about 100 new homes across a range of infill sites. It had not decided as to how the new units would be managed (e.g. by the Council or the RHP).

7.9 The panel noted that should the infill schemes be delivered with RHPs, this would limit the extent to which development knowledge and expertise was accrued within the Council which may inhibit future build schemes. In addition, there was a concern that the contracting out of the infill programme to a third part may lead to a diminution of architectural standards.

7.10 The panel was concerned that the council used 30 year timeframe for financial modelling in assessing the viability of prospective housing development and that other boroughs were using much longer time period. It was noted that the council is reassessing the current 30 year financial modelling for house building with a view to extending any payback on loans to 50 years, which may support increased provision of affordable homes.

7.11 In respect of 500 White Hart Lane proposal, there was concern that all the affordable housing was placed in one block at the rear of the planned development and not 'pepper-potted' throughout. It was noted that this was often used as a device to reduce overall costs for maintaining such a development and help keep service charges down to residents.

7.12 The panel discussed the proportion of Council tenancies that would be available on the High Road West development scheme. It was noted that there had been a number of consultations and that there were subsequent revisions to housing tenure plans, but that this data would be circulated to the panel once confirmed:

**Agreed:** the number of council tenancies on the High Road West scheme to be circulated to the panel.

7.13 The panel discussed the £62m Housing Zone funding. It was noted that such funds would be utilised to fund the councils development ambitions for the area including the provision of affordable housing and supporting infrastructure (e.g. health facilities and public realm improvements). It was noted that although the Council is a substantial landowner in the area, it would need to use Compulsory Purchase Orders (CPO) to further these ambitions. The Housing Zone funding would therefore support the Council in acquiring the land not already in its ownership which would include land owned by Tottenham Hotspur Football Club, other major land owners and land owned by businesses.

7.14 In discussions about the redevelopment of Love Lane it was noted that regeneration commitments have remained constant throughout which include; additional social housing on top of the re-provision of existing social housing, and the introduction of shared equity units. The exact level of affordable homes anticipated for the development would be circulated to the panel.

**Agreed:** the number of affordable homes on the redevelopment of the Love Lane scheme to be circulated to the panel.

7.15 The panel noted that there were a number of new legal developments which may impact on future regeneration schemes, particularly in relation to the re-provision of shared equity schemes and the use of CPO within estate regeneration projects. It was noted that council and its legal team were looking into the respective judgements and any implications that this may have for regeneration projects.

**Agreed:** once the implications of recent legal judgements have been assessed and agreed, an update would be provided to the panel.

7.16 The panel noted that there were a number of pressures within the temporary accommodation (TA) budget which were contributing to a projected overspend of £7million for 2016/17. Increased demand and shortage of supply was contributing to increased costs to the council to secure the number of TA units. This was exacerbated by the growing gap between the actual costs securing accommodation and the level of subsidy returned by the government. The use of nightly rate emergency accommodation was also increasing, which was also problematic as this was the most costly form of TA. The Council was looking at comparative policy and practice in other authorities to help identify how it may bring down such costs.

7.17 The Council is taking a number of initiatives to help increase the supply of housing to help meet both emergency and temporary accommodation needs in the borough.

- The Council is assessing those properties currently with property guardians to see if they can be used for EA or TA;
- The completion of Broadwater Lodge will provide better alternative accommodation for people currently being housed in local hostels and help save the council £450k per annum;
- The council will be consulting on a policy of placing people out of London to areas where their housing needs may be met more fully at a price that they can afford.

7.18 The panel noted that there was a manifesto commitment for the council to deliver 250 new council homes within the administration (2014-18). This will be a very challenging target as market conditions had changed, most significantly, the rise in construction costs and rent reductions. The ability of the Council to use of Right to Buy receipts to support such development has also been problematic. The council was continuing to identify additional infill sights, which it was hoped would contribute to a further 100 units to those already planned.

**Agreed:** the cabinet member would provide data on the number of council owned sites expected to be delivered by 2018 (Phase 1, 2 and registered provider supported).

7.19 The panel noted that the council had proportionally more 1 bed room units than other sized accommodation, which impacted on the respective waiting times for different size properties. The panel requested further information on the average waiting times for different size accommodation.

**Agreed:** that further information on waiting times for different size accommodation is provided to the panel.

7.20 It was noted that the council was considering using some of the one-bedroom stock for short term EA or TA to help relieve some of the service pressures in these areas.

7.21 The panel discussed the use of guardians in vacant properties. It was noted that the council was only required to provide a license to enable occupation, but guardians do pay for the accommodation. The council was looking at those sites where guardians had been present for 1 year or more as this would be more beneficial if this can be used for EA/TA.

7.22 The panel discussed the tenancy terms for properties within the Haringey Development Vehicle. The panel noted that the tenancies within the HDV and those supported by the council should be comparable for fairness. One of the terms and conditions which the council cannot and would not seek to match within the DV would be the ability for tenants to RTB as the Council does not want to lose stock in this way.

7.23 It was noted that in terms of transfer of estates into the HDV, the council would not seek to transfer any tenanted properties over to the HDV. A site would only transfer to the HDV once certain conditions have been met, one of which would be that everyone on the existing estate has been re-housed in alternative accommodation (after extensive consultation and appraisal of individual housing needs). It would be unlikely that whole estates would be transferred across at any one time to minimise risks. In this sense, this is not a general stock transfer.

7.24 In terms of prospective tenancies within the DV, these would be negotiated within potential partners within the procurement process. It was noted however; that the terms of the tenancy would be expected to be aligned to those offered by the Council through Homes for Haringey. Any decision such as these will to be set out in business plans which will need to be agreed by the Council.

7.25 To ensure that the interests of the Council were maintained and upheld, it was expected that independent legal and financial advice would continue to be sought throughout its relationship with the DV. The governance arrangements will be key to how this relationship works, and this will help to bring confidence to the decision making arrangements for all parties involved.

7.26 The Chair thanked the Cabinet member and officers for attending and responding to members questions.

## **8. Budget and performance monitoring**

8.1 Officers presented a previously discussed the previously circulated report. The follow highlights the key points from the ensuing discussion.

8.2 Members of the panel discussed the projected overspend of £7m for the temporary accommodation budget. The panel noted that one reason for the size of this projected overspend for this budget line was that this included savings proposals of approximately £2m which had not successfully been delivered. In addition, there were substantive demand pressures within this budget which have also been difficult to contain.

8.3 Up to 2015, there had been a number of years where demand and other actions had reduced the amount spent on TA: in 2008/9 there were approximately 6,000 people in TA but this reduced to about 3,000 to 2015 which resulted in significant savings within the TA budget. In the budget setting process there was an expectation was that this reduction in TA would continue, which was reflected in the actual budget set, but due to changes in market conditions and demand for TA, this budget setting proved to be too optimistic.

8.4 The panel discussed a range of performance issues, including the delivery of affordable homes. It was noted that 40% of all homes built in the borough should be affordable, though this had not been achieved for 2015/16. The panel noted that performance for 2015/16 was 0 (zero) as a number units forecast to complete (n=42) had slipped, and would rollover in to 2016/17 completions.

**Agreed:** Further information would be provided in the target for affordable homes provided for 2016/17 and beyond (EW).

8.5 The panel sought clarification on the source of budget line (PR4112) Tottenham Team, that is, is this funded from the General Fund or through the GLA.

**Agreed:** that clarification would be sought on the source of funding for (whether this was from General Fund or GLA (PR4112)).

## **9. Right to Buy Receipts**

9.1 A presentation was given on the use of receipts from Right to Buy programme. The following highlights key areas from the subsequent discussion.

9.2 An agreement was signed with government in 2012, which indicated that net receipts must be spent on replacement homes or returned to the government. RTB receipts can only be used to support 30% of development costs and cannot be used in any development where there has been another grant (e.g. from the GLA). These stipulations have presented a significant barrier or the council to utilise such funds. If funds are not used, the Council is charged interest at 4% above base rate, which provides a disincentive for such funds to be retained.

9.3 In light of the above constraints, it was noted that the Council has accrued £41m in RTB receipts of which £11m has been spent and £29m had been returned to Department of Communities and Local Government. Almost all of the council spend has been on acquiring ex-council properties on the open market.

9.4 It was noted that a grant funding scheme for local RHPs was launched earlier in the year to support local house-building with RTB receipts. The Council is also looking to increase its acquisition policy, and a successful bid was made through the capital programme in 2015/16 to support this process.

9.5 The panel noted that many other boroughs faced similar challenges in using RTB receipts as the requirement to provide 70% of development costs was inhibitive (e.g. councils would be required to fund £7m from other sources for a £10m development scheme). It was suggested that a number of boroughs which have been able to secure considerable off-site contributions in major regeneration areas (e.g. Southwark, Lambeth and Hackney) have been able to match the necessary funds for development so that repayment of RTB receipts was not required.

9.6 The panel noted that RTB receipts could not be used for the Council's infill programme as this development was in receipt of a grant from the GLA. Given that the restrictions in the use of RTB receipts also apply to RHPs, it has also been difficult to secure partnerships within in this sector to utilise RTB income.

9.7 It was noted that there has been a rapid inflation in building costs, which has meant that the RTB receipts will secure less affordable housing. The panel noted that the build costs for the council's first phase of the infill programme was likely to be in the region of £300k per unit.

9.8 There were also restrictions in using receipts from the sale of high value uneconomic properties to match fund with RTB receipts. The panel noted that the High Values Property Levy, as introduced within the Housing & Planning Act would restrict how such income could be used.

9.9 Further clarification was also provided to the panel where it was noted that RTB receipts cannot be used to adapt or refurbish housing already in use for social housing (e.g. retrofit or adaptation).

9.10 The panel noted that borrowing money to match RTB receipts for a planned development was also problematic for the council, given that revenue funding was declining. The long term cost of servicing such borrowing would place additional pressures in resourcing other housing and related priorities of the council.

9.11 The panel were disappointed that such a small amount of the RTB receipts had been used by the Council and that monies had to be returned to DCLG. In this context, the panel urged the council seek other solutions, possibly in partnership with the private sector (e.g. a trading company), which can then be used to increase the provision of affordable homes.

## **10. Supported housing options for older people**

10.1 An update on the work of the panel in respect of the review of supported housing options for older people was provided to the panel.

10.2 The panel noted that it had visited 8 schemes to date which had been very informative. The panel visited dedicated supported housing schemes that were built for purpose and those that were adapted from general needs schemes, all of which were operated by Homes for Haringey on behalf of the Council. For comparative purposes, the panel plan to visit a further 3 schemes which are not operated by the Council. After these visits, the panel will draw up its recommendations which will then go to go to Overview and Scrutiny Committee in November before agreement at Cabinet in December 2017.

10.3 The panel noted that the supported housing service is working very closely with Adult Social Care in developing the range of housing options for older and other vulnerable people in the borough. Aids and Adaptations Service resides within Adult Social Care but works closely with Homes for Haringey to ensure that those vulnerable people can have the necessary adaptations to enable them to live independently at home.

## 11. Haringey Development Vehicle

11.1 The first evidence session was held on 6th September 2016 and a further evidence session is planned for 4th November. The second evidence session would her evidence from council officials and a private sector representative. Attendance by other local authorities was still being sought. The programme for 4<sup>th</sup> November would be circulated to the panel.

## 12. Work programme update

12.1 The panel noted the amended work programme for the HRSP. It was noted that an additional meeting would be created to consider the consultation feedback for the tenancy strategy/housing allocations policy which would take place in January/February 2017. Confirmation would be sent to members once agreed.

## 13. Next meeting.

13.1 The next meeting will be scrutiny of budget proposal contained within the new 5 year Medium Term Financial Plan to 2022.

	Action	Officer
<b>6. Minutes</b>		
	<b>Agreed:</b> further follow up information on Temporary Accommodation to be circulated.	Denise Gandy
<b>7.0 Cabinet Member Questions</b>		
7.1	<b>Agreed:</b> That a summary of the councils total financial exposure (or risks) for regeneration projects is collated and presented to the panel before the next meeting.	Dan Hawthorn
7.2	<b>Agreed:</b> That comparative data on planning refusals is	Emma

	circulated to the panel.	Williamson
7.3	<b>Agreed:</b> the number of council tenancies on the High Road West scheme to be circulated to the panel.	Dan Hawthorn/ Helen Fisher
7.4	<b>Agreed:</b> the number of affordable homes on the Love Lane scheme to be circulated to the panel.	Dan Hawthorn/ Helen Fisher
7.5	<b>Agreed:</b> once the implications of recent legal judgements have been assessed and agreed, an update would be provided to the panel (in respect of leaseholders).	Dan Hawthorn
7.6	<b>Agreed:</b> the cabinet member would provide data on the number of council owned sites and number of affordable homes expected to be delivered by 2018 (Phase1, 2 and registered provider supported).	Dan Hawthorn
7.7	<b>Agreed:</b> that further information on waiting times for 1,2,3,4 bedroom accommodation is provided to the panel.	Denise Gandy
<b>8. Budget and performance monitoring</b>		
8.1	<b>Agreed:</b> Further information would be provided in the target for affordable homes provided for 2016/17 and beyond (EW).	Emma Williamson
8.2	<b>Agreed:</b> that clarification would be sought on the source of funding for (GLA/General Fund) (PR4112).	Jo Moore