

Agenda Item 5

Committee: Housing Development Working Group	Dates: 15 February 2018
Subject: Housing Delivery Programme (HRA) – Progress Report	Non-Public
Report of: Director of Community and Children’s Services	For Information

Summary

This report updates the Working Group on the progress made against the City of London Corporation’s (the Corporation) commitment to deliver 3,700 new homes by 2025, including the delivery of 700+ new homes on its existing social housing estates.

To date, 62 new homes have been developed on our existing social housing estates and there are seven other current schemes at various stages of the Gateway process that are expected to deliver a further 270 new homes. Plans are being developed to deliver a further 420 new homes across two of our estates. Delivery of new homes outside of our social housing estates is more challenging.

Recommendations

The Working Group is asked to:

1. Note the progress that has been made so far to date on the schemes on our existing social housing estates.

Main Report

Background

1. On 24 September 2015, the Policy and Resources Committee approved an ambitious policy to deliver 3,700 new homes over the next 10 years. The policy identified plans to develop around 700 new homes on the Corporation’s existing housing estates – held within the Housing Revenue Account (HRA) - and a further 3,000 homes on other sites owned by the Corporation.

Progress and Current Position

2. So far to date, within the HRA, the Corporation has developed 62 new homes towards the 700 target. In addition, seven other ongoing ‘live’ schemes, which are at various stages of the Gateway process, are expected to deliver a further 270 new homes. A list of these schemes and details of progress that has been made to date is included at Appendix 1 to this report.

3. Four schemes have planning approval and will deliver 43 new units within the next three years. A planning application for 66 new homes as part of the COLPAI scheme is expected to be determined in January 2018 for delivery by 2020. A pre-planning application for 158 new units at Sydenham Hill (a net gain of 95 units after the demolition of Mais House) has been submitted to Lewisham. Initial discussion and negotiations with Lewisham have been very positive and we are expecting delivery of this project by the end of 2021.
4. In order to deliver the additional units targeted from within the HRA, the Community and Children's Services Committee agreed in February 2017 to focus development on the larger opportunities provided by the Avondale and York Way estates where the size of development (potentially 420 new homes) offers better economies of scale and value. Detailed options appraisals have been commissioned on both sites.
5. The delivery of these homes is supported by grant funding of over £14.6 million secured from the Greater London Authority (GLA). It is intended that as additional development opportunities are identified, further applications for grant funding will be made to the GLA.
6. There has recently been some interest in the Windsor House estate that has prompted officers to take a closer look at the development potential of this site. There does appear to be several opportunities to develop additional housing on the estate and there is a clear need to generally improve the existing facilities. A Gateway 1 and 2 Project Proposal is being considered by Committee at its meeting today with a recommendation to appoint a consultant to assess the various options that exist and to report back to this Committee with a recommended way forward.
7. The Corporation continues to explore partnership opportunities to bring forward development within the HRA. As an example, an approach from the developer bidding for the rights to the former Holloway Prison site is being examined in relation to the opportunities at the nearby York Way estate.

Other Considerations

Tenure

8. The Corporation currently provides new residential units let at social housing rents in line with our existing unsold social housing stock. In some of its future new developments, the Corporation will need to consider a mixture of tenures as well as developing new homes for market sale to 'cross subsidise' its ambitious development programme. Furthermore, the GLA has indicated that future grant applications will need to demonstrate a mix of tenures including shared ownership.

Finance

9. The Corporation currently has £58 million of S106 monies and £3 million in Right to Buy (RTB) receipts. The current seven 'live' schemes, which will potentially deliver 277 new units, will cost an estimated nett £55.9 million assuming we take advantage of the GLA grant funding of £14.6 million.
10. To meet the delivery ambition on HRA land, the Corporation will need to consider alternative methods of finance and delivery. This may include cross-subsidy through market sales or rent. Such an approach would additionally offer a broader range of tenures and be in line with the GLA's funding guidance. Disposal of some sites may also be necessary to generate funding.
11. Development capacity within the HRA may also be constrained by limits on borrowing placed by government, and the competing need to resource major works investment in existing stock including, the significant investment that will need to be made in fire safety improvement works.

Appendices

Appendix 1 Existing Projects and Grant Funding

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Appendix 1
Existing Projects and Grant Funding

Scheme	No of Units	Planning Status	Grant (£)	Cost (£)	Net Cost (£)	Start Date End Date
George Ellison & Eric Wilkins	13	Approved September 2017	780,000	4,449,000	3,669,000	April 2018 May 2019
Isleden House	3	Approved February 2017	180,000	870,000	690,000	April 2018 Feb 2019
Islington Arts Factory	18	Approved June 2017	1,080,000	6,200,000	5,120,000	Jan 2019 March 2021
Middlesex Street	9	Approved June 2017	540,000	1,400,000	860,000	April 2018 April 2020
COLPAI	66	Submitted July 2017	3,960,000	21,342,000	17,382,000	Jan 2018 April 2020
Great Arthur House	3	To be Submitted Oct 2017	180,000	360,000	180,000	July 2018 Mar 2019
Sydenham Hill	158	Pre Planning June 2017	7,880,000	37,500,000	29,620,000	Oct 2018 March 2021
Total	270	N/A	14,600,000	72,121,000	57,521,000	Jan 2018 March 2021

CoL funding currently available for Schemes

Funding Source	£'m
S106 Affordable Housing - in hand	58
Receipts from former YMCA – 2 Fann St	14
Right to Buy receipts	3
Balance of HRA borrowing	5
TOTAL	£80m