

Appendix 3

Position statement for housing delivery programmes

December 2022

1. Introduction

1.1. As set out in the main body of the report the Council is delivering and facilitating the delivery of affordable housing through a number of means in addition to the proposed new house building programme on HRA land. This position statement provides a progress summary on those other programmes, including the indicative number of social rented homes that will be delivered and the associated risks.

2. Estate Regeneration and Housing Supply Programmes

2.1. The Estate Regeneration Programme (ERP) started in April 2011 and the Housing Supply Programme (HSP) in February 2016. By April 2018, 660 new and refurbished homes had been completed, providing the following mix of accommodation and tenures:

Table A - Direct delivery projects completed by April 2018

Project	Programme	Project Stage	Social Rent	Shared Ownership	Outright Sale	Totals
Rendelsham House (Gold Crest Mews)	ERP	Completed	43	0	0	43
Ottoway House (Dunnock Mews)	ERP	Completed	30	0	0	30
Bridport House (Colville Phase 1)	ERP	Completed	41	0	0	41
Alexandra National House (Finsbury Park Place)	ERP	Completed	67	0	42	109
Bridge House Garages (Brooklime House and Chervil House)	ERP	Completed	20	20	0	40
37 Farleigh Road (Refurbishment)	ERP	Completed	3	0	0	3
73-75 Bethune Road (Refurbishment)	ERP	Completed	2	0	0	2
Kings Crescent Phase 1&2 (Refurbishment)	ERP	Completed	75	0	26	101
Kings Crescent Phase 1&2	ERP	Completed	79	36	158	273
Great Eastern Buildings	ERP	Completed	0	8	10	18
Total Homes			360	64	236	660

2.2. During the last manifesto period, between May 2018 and May 2022, the Council started, completed or received planning permission for 1,984 homes. These schemes are at various stages of delivery and, once they are all complete, will deliver the following homes:

Table B - Direct delivery projects for 2018-22 manifesto period

Project	Programme	Project Stage	Social Rent	Hackney Living Rent	Shared Ownership	Outright Sale	Totals
King Edward's Road	ERP	Completed	15	0	0	17	32
Colville Phase 2A&B	ERP	Completed	70	0	11	35	116
Colville Phase 3	ERP	Completed	0	0	0	198	198
Aikin Court	ERP	Completed	4	0	0	3	7
Bridge House Phase 2	ERP	Completed	28	8	39	0	75
St Leonard's Court	ERP	Completed	15	0	8	48	71
Frampton Park Arms	ERP	Completed	16	0	4	0	20
Lyttelton House	ERP	Completed	0	0	15	10	25
Tower Court	ERP	Construction	36	0	16	80	132
Colville Phase 2C	ERP	Procurement	52	0	19	22	93
Kings Crescent Phase 3&4 (Refurbishment)	ERP	Procurement	120	0	0	54	174
Kings Crescent Phase 3&4	ERP	Procurement	28	0	75	116	219
Marian Court Phase 3&4	ERP	Procurement	32	0	59	69	160
Nightingale Phase 1 (Block E)	ERP	Procurement	70	0	0	0	70
Whiston Road (Refurbishment)	HSP	Completed	2	0	0	0	2
Mandeville Street	HSP	Completed	5	0	6	0	11
Gooch House (Refurbishment)	HSP	Completed	0	16	0	0	16
Daubeney Road	HSP	Completed	7	0	0	4	11
Buckland Street	HSP	Construction	22	0	14	18	54
Wimbourne Street	HSP	Construction	27	0	12	20	59

Pedro Street	HSP	Construction (on hold)	13	0	13	0	26
Fairbank Estate	HSP	Procurement (on hold)	28	0	9	36	73
Former Frampton Park Community Hall	HSP	Procurement (on hold)	18	0	12	21	51
Tradescant House Garages (Woolridge Way)	HSP	Procurement (on hold)	5	0	0	13	18
Sheep Lane	Other	Completed	0	0	7	0	7
Nile Street	Other	Completed	0	0	0	175	175
Tiger Way	Other	Completed	0	0	0	89	89
Total Homes			613	24	319	1,028	1,984

2.3. As of May 2022 the following projects were at an earlier stage of delivery, and these will contribute towards the current manifesto target of providing 1,000 new homes for social rent. The Britannia project has been included in this list as it was not factored into the 2018-22 manifesto commitment:

- Britannia Phase 2B
- Colville Estate Phases 4-7
- Nightingale Estate Blocks A-D
- De Beauvoir Estate Phases 1 and 2
- Lincoln Court.

2.4. Below is a table that details the current status, proposed tenure mix, anticipated start on site date and delivery (by May 2026) risk ratings for these projects. Further commentary is provided under the subsequent headings:

Table C - Direct delivery projects for 2022-26 manifesto commitment

Project	Status	Social Rent	Shared Ownership	Outright Sale	Total homes	Start on Site	Delivery Risk Rating
Britannia Phase 2B	Planning consent in place. Scheme in procurement	51	30	314	395	March 2023	Low
Colville Phase 4	Masterplan has planning consent. Reserved matters application required	102	12	64	178	July 2025	Medium
Colville Phases 5-7	Masterplan has planning consent. Reserved matters application required	107	45	141	293	July 2027*	High

Nightingale Blocks A-D	Planning consent in place. Amended application required for Blocks C and D	7	54	269	330	February 2025	Medium
De Beauvoir Phase 1	Planning consent granted	59	16	50	125	July 2024	Medium
De Beauvoir Phase 2	Requires planning consent. Design at an advanced stage	36	24	58	118	February 2025	Medium
Lincoln Court	Requires planning consent. Design at an early stage	26	17	43	86	To be confirmed *	High
Total homes		388 (255 by May 2026)	198	939	1,525		

**These projects are anticipated to start on site after May 2026, however options will be explored to deliver them within the current manifesto period.*

Financial viability

- 2.5. The above projects will be subject to the same market pressures as set out in the main body of the report. Construction costs have been rising more rapidly than income from rent and sales, and this is unlikely to change in the medium-term. Officers have been working to understand the impact of this inflation on the programme and to consider a range of options for how to respond. This will also be informed by the external review referenced within the main report.

Britannia Phase 2B

- 2.6. The Council is delivering 395 new homes on Britannia Phase 2B. A total of 51 of these homes will be for social rent. The procurement of a contractor for Phase 2B is underway, with the award of contract expected to take place in spring 2023 and a physical start on site during the summer.

Colville Estate Phases 4-7

- 2.7. The principles of the regeneration of the Colville Estate are set in the masterplan which was granted outline planning approval in 2012. Phases 1-3 of the masterplan have either been completed or are currently in procurement. The homes in these earlier phases contributed towards meeting previous manifesto commitments. Phases 4-7 require reserved matters planning applications in order to progress. These four final phases will deliver a total of 209 social rent homes.
- 2.8. The current programme forecasts a start on site for 102 social rent homes in Phase 4 of the Colville Estate regeneration by 2025. The current sequencing of phases results in 107 social rent homes in Phases 5-7 being delivered

outside of the manifesto period, with a forecast start on site in 2027. This is due to the need to re-house residents who currently live in blocks that will be demolished on the Phases 5-7 sites within the new homes built in Phase 4.

- 2.9. Options will be explored to accelerate the remaining Phases 5-7, including through the opportunities provided by the new homes coming on stream at Britannia, thereby bringing the start on site for all 209 social rent homes within the manifesto period. There are also opportunities to increase the number of social rent homes being delivered in Phases 5-7 by optimising the density in key locations. These changes will be delivered through close collaboration with local residents and the planning authority from start to finish.

Nightingale Estate Blocks A-D

- 2.10. The Council has planning consent to build 337 homes in five new blocks on the Nightingale Estate, known as Blocks A-E. A total of 77 of these homes will be for social rent. Most of the new social rent homes will be delivered in Block E, where 70 homes for social rent will be located. The Council has selected a partner to build Block E, and the main contract works are expected to start on site in 2024 should an acceptable construction cost be achieved. These social rent homes delivered in Block E will contribute towards achieving the 2018 manifesto commitment.
- 2.11. The remaining blocks A-D will deliver a total of seven social rent homes along with significant public realm improvements, new streets and trees on the estate. Blocks A-D could start on site by 2025 should viability challenges be addressed. Proposed Blocks C and D are currently designed to adjoin the existing tower, Seaton Point. This has complicated the delivery of these new homes due to the need to undertake repairs to Seaton Point. The construction of Blocks C and D could be accelerated if the design is amended to detach the buildings from Seaton Point, subject to revised planning approval.
- 2.12. Blocks A and B will consist of outright sale homes only. The intention is that the sale of these homes will cross subsidise the building of affordable homes in blocks C-E. The Council could explore a more commercial approach to delivering blocks A and B in order to maximise the number of social rent homes delivered in blocks C and D. This approach could be combined with seeking additional grant funding for Nightingale.

De Beauvoir Phases 1 and 2

- 2.13. The Council is building over 300 new homes on seven sites on the De Beauvoir Estate - 95 of these homes will be for social rent. Phase 1 of the proposals now has planning consent and will deliver 59 social rent homes. Phase 2 is at an advanced stage of design, and a planning application is due to be submitted in spring 2023. Phase 2 will deliver 36 social rent homes.
- 2.14. Both phases of the De Beauvoir proposals are forecast to start on site within the manifesto period - Phase 1 in summer 2024 and Phase 2 in early 2025. However, these phases are subject to viability challenges due to recent build cost inflation. An option to combine the phases and procure a single development partner is being explored, as it is hoped this would enable a

more cost effective build and would generate interest from a larger pool of developer/contractors.

Lincoln Court

- 2.15. The proposals for new homes on Lincoln Court would deliver around 26 social rent homes. Design work has reached the concept stage, however a planning application is yet to be submitted. In spring 2022 the decision was made to pause design work on the new homes at Lincoln Court while repairs were undertaken to the existing housing blocks on the estate. The new homes proposal is also subject to viability challenges due to recent build cost inflation. In view of the uncertainty regarding the delivery timescale for this project, the 26 social rent homes proposed for Lincoln Court have not been assumed to start on site within the manifesto period. This will be kept under review and the project will be brought forward more quickly if possible.

3. Woodberry Down Regeneration Programme

- 3.1. The Woodberry Down regeneration is being delivered through a partnership between Berkeley Homes, as lead developer, Notting Hill Genesis Housing Association, who will manage the social rent and shared ownership homes, and Hackney Council. Phase 3 of the regeneration programme is currently under construction and Phase 4 is at pre-planning stage.
- 3.2. For Phase 3 a reserved matters application was approved in December 2015, in order to meet the programme requirements of the Woodberry Down masterplan. This secured 64 social rented homes and 86 shared ownership/equity homes, from an overall 358 homes (42% affordable housing). It should be noted that the current masterplan sets out the maximum external floor area for Phases 3-8, rather than a maximum number of homes.
- 3.3. During further design development, the partners sought to make best use of the available area, working with local residents. In December 2020 Berkeley Homes secured planning for a standalone application for Phase 3. This consent is now being implemented and comprises 117 social rent homes and 126 shared ownership/equity, with an overall 584 homes (42% affordable).
- 3.4. The planning application for Phase 4 is due to be submitted in late 2022, with construction expected to start on site in 2025. The detailed proposals for this phase will deliver 90 homes for social rent. While the number of homes for social rent was not reported within the masterplan (as the planning consent was based on an overall floor space for affordable housing) this represents six additional social rent homes over and above those anticipated by the Delivery Partners in the masterplan. Therefore, Phase 4 will deliver 470 homes, including 90 for social rent and 116 for shared ownership/equity.
- 3.5. This information on Woodberry Down has been reported for completeness in the context of the Council's overarching approach to housing delivery. Of the 90 homes for social rent within Phase 4, one third are larger three, four and five bedroom family homes, responding to the housing needs of the existing Council tenants who will move into the Phase 4 homes from future phases.

Overall Phase 4 will deliver 43% affordable housing by number of homes, and 49% by habitable room.

- 3.6. Future phases of the Woodberry Down regeneration programme (Phases 5-8) will start on site in 2026 and beyond. Within these phases there is an opportunity to further increase the number of genuinely affordable homes for social rent. This will be reviewed as part of the refreshed masterplan process, and on a phase by phase basis thereafter, to maximise the homes for social rent delivered.

4. Buy-back of former Council homes

- 4.1. Buy-backs constitute an ongoing programme whereby the Council purchases existing Right-to-Buy (RTB) homes and reintegrates them into our stock as Council homes i.e. at social rent and with secure tenancies. The programme has been funded from the Housing Revenue Account (HRA) as well as homes that have been purchased with GLA grant support.
- 4.2. In the face of a chronic lack of government funding and support for the building of new Council homes, a range of initiatives are deployed to help with housing supply. One of these initiatives involves buying back some of the Council homes sold and privatised under the government's RTB policy.
- 4.3. Buying back properties lost to the RTB complements the Council's house building programme and helps tackle the borough's critical housing shortage. It provides genuinely affordable Council homes for local communities, as well as allowing the Council to rationalise its housing stock and management of the same homes.
- 4.4. The Council plans 25 buy-backs each year across the current manifesto period, for a total of 100 homes. Each property is returned as a Council home, with a secure tenancy and at a truly affordable social rent. In terms of supply and delivery, the buy-back programme comes at low risk - we are buying back existing homes. The major consideration is simply the purchase price.
- 4.5. It is of course a travesty that the Council is forced to pay many times more for these homes than it was forced to sell them for. Based on an average purchase price of £400k, each home we buy creates a deficit (or requires additional funding) of around £170k over a 40 year period, as illustrated below. Therefore a 100 unit buy-back programme has a viability gap of £17m:

Table D - Financial viability of buy-back homes

Total costs per home	£410,500
Subsidy	£130,000
Rental income	£113,423

Net Present Value (NPV)	£(167,077)
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- 4.6. Previously we have funded the viability gap using HRA resources. This is justified on the basis that we are moving people out of Temporary Accommodation and into these homes, thereby making a wider saving for the Council's General Fund.
- 4.7. The key challenge for the buy-back programme will be the ability to maintain any capacity within the HRA to support this initiative, as we move into another period of rent capping. Without HRA support the buy-back programme is at risk. Officers will therefore explore further funding options for the programme using GLA grant and/or 'invest to save' modelling of General Fund support.

5. Mayor of Hackney's Housing Challenge

- 5.1. The Mayor of Hackney's Housing Challenge (MHHC) is, in essence, an externally commissioned programme of new housing supply where partner organisations, mainly housing associations and charities, are grant funded by the Council to provide new homes. In return the Council secures nomination rights to these new homes. The programme is funded by Right-to-Buy (RTB) receipts deployed directly to partners as grant. Details of the MHHC programme are set out below.
- 5.2. The current MHHC programme covers a wide range of commissioned projects, ranging in size from small infill sites through to medium and large estate renewal and regeneration projects. Around £20m of grant funding is allocated through the programme. Grant recipients range from small-sized local organisations to large UK-wide housing associations.
- 5.3. The programme is funded through RTB receipts. The current rules are such that RTB receipts can be used to fund a maximum of 40% of affordable housing scheme costs. Their use cannot be combined with any other grant i.e. GLA grant within the same unit. They must also be used within five years from the date of the original receipt - if not the receipts must be returned to the government with interest paid at 4% above the Bank base rate.
- 5.4. Currently the Council has around £20m of RTB funding for the MHHC programme. Modelling indicates that future receipts will fall over the next five-year cycle due to the unaffordability of the housing market, limited access to mortgages and the effects of the cost of living crisis.
- 5.5. We have, however, factored realistic assumptions of future RTB receipts into the next phase of the MHHC programme (2022-26). Across this period our aim is to channel the MHHC into a regeneration and renewal programme focused on the New Era Estate.
- 5.6. Regeneration of the New Era will constitute a much needed and major renewal programme in the physical heart of Hackney. The New Era programme is being developed such that it is a holistic and comprehensive

place shaping project. In summary terms, the provision of around £15m of RTB grant will support a project delivering 100 affordable homes, as well as many other benefits including new commercial units, infrastructure and community facilities.

- 5.7. At the date of this report the New Era project is at an early stage. Consultation, design, planning and procurement all need to be navigated and secured. The wider background and impact of construction costs and tender price returns are yet to be realised. Key elements of the project could therefore change in the current economic climate to the extent that the 100 home scheme may not be viable. Council officers work closely with Dolphin Living (owners of the New Era) to mitigate and manage all aspects of project risk such that we can achieve a proposed start on site in summer 2023.
- 5.8. Overall it is realistic, subject to consistent funding, to project that MHHC will deliver 100 new homes for social rent on site by May 2026.

6. Town centre regeneration sites

- 6.1. Hackney's Local Plan (LP33) sets out the Council's planning framework and growth strategy for future development in the borough, with a target to deliver 26,250 new homes and 23,000 new jobs by 2033. Dalston and Hackney Central major town centres are identified as growth areas in the Local Plan where new homes, commercial space, retail, leisure, and community uses will be delivered.
- 6.2. Since the pandemic and due to the current cost of living crisis, the need to support and strengthen our local economy, and work with local residents, businesses and other stakeholders on the future of our town centres is more important than ever before. Significant opportunities exist to consider how we can better use Council owned land, and work with other landowners, in our town centres to deliver more high quality affordable homes, commercial space, town centre uses, and community facilities as well as create new jobs. We will do this in a way that ensures the local community can shape any plans and will benefit from any development that takes place.
- 6.3. Via public engagement on the Local Plan, the Dalston and Hackney Central Conversations, and the Hackney Central Town Centre Strategy, the Council has received thousands of comments setting out what local people want to see in Dalston and Hackney Central. We know that the supply and affordability of good quality housing is a key concern for residents, as well as inclusive and safe streets and open spaces, supporting our small independent businesses, ensuring our town centre facilities cater to all and are accessible to everyone, and protecting the environment and Hackney's heritage.
- 6.4. Of the sites allocated in the Local Plan for potential development, several sites in Dalston and Hackney Central have been identified, which will be considered for redevelopment incorporating new homes. The identified sites are set out in the following table alongside an estimate of the number of social rented

homes they could deliver, based on the housing capacity assumptions set out in the Local Plan.

Table E - Estimated affordable housing for allocated town centre sites

Site	Estimated number of affordable homes*
Florfield Depot, Hackney Central	Social rent: 36 Intermediate: 24 Total homes: 120
333-337 Mare Street & 231-237 Graham Road, Hackney Central	Social rent: 9 Intermediate: 6 Total homes: 30
55 Morning Lane (Tesco site), Hackney Central	Social rent: 126 Intermediate: 84 Total homes: 420
1-7 Dalston Lane & 1-7 Ashwin Street, Dalston	Social rent: 3 Intermediate: 2 Total homes: 9
Former CLR James Library, 16-22 Dalston Lane & 62 Beechwood Road, Dalston	Social rent: 9 Intermediate: 6 Total homes: 30
2-16 Ashwin Street & 11-15 Dalston Lane, Dalston	Social rent: 8 Intermediate: 5 Total homes: 27
Ash Grove bus garage site	Social rent: 120 Intermediate: 80 Total homes: 400
Lea Bridge roundabout, Clapton	Social rent: 39 Intermediate: 26 Total homes: 130
Total number of homes*	Social rent: 350 Intermediate: 233 Total homes: 1,166

**The numbers in the above table are estimates based on the indicative site capacities (the number of residential units and the amount of non-residential floorspace per site) set out in the Local Plan, which considers the future uses of these sites (e.g. housing, employment, retail etc.) and their capacity for new homes relative to other required uses on each site (such as employment space). The Local Plan compliant housing and tenure mix has then been applied to the number of residential units set out in the Local Plan (50% affordable housing per site, of which 60% is social rent and 40% is intermediate). The mix of uses and affordable housing able to be delivered on all of the above sites is subject to scheme design and viability testing.*

- 6.5. The above sites are all at an early stage in their development, and in most cases architectural design work to consider the best future uses and design for the sites (which will take into account Local Plan requirements), the viability of each site, and the best route to delivery, has just commenced. Further work is therefore needed on all of the sites to determine their suitability and viability for development, the optimum design and delivery approach, and the timescales for this. Throughout this process we will work with, and consider, the community's view on design and development. The viability of any proposed scheme will impact on the mix of uses able to be delivered, including the amount of affordable housing and the mix of housing tenures delivered on site.
- 6.6. Due to the complex nature of the sites in terms of their current uses, future requirements and their potential to shape our major town centres, they are not likely to be directly delivered by the Council. In order to fund the costs of delivering development on the above sites, significant financial investment will be required and, given the constrained nature of the Council's finances, it is anticipated that the Council will seek external finance and commercial expertise in the form of developers and development partnerships to deliver the new homes and other uses that the sites have the capacity to deliver. This approach will now be taken for 55 Morning Lane following the expiry of the previous Option Agreement for the site.
- 6.7. It is considered that this approach of working with developers and development partners will also bring the most benefits to the borough, our communities and town centres by ensuring the Council brings in and selects appropriate partners with the regeneration and development expertise and experience to work constructively with the Council and the community to positively shape the future of our town centres and deliver maximum benefits for Hackney.