



Housing and Growth Committee

17 January 2023

Title	1000 Homes
Report of	Chair of Housing and Growth Committee
Wards	All
Status	Public
Urgent	No
Key	Key
Enclosures	N/A
Officer Contact Details	Susan Curran, Head of Housing and Regeneration, susan.curran@barnet.gov.uk

Summary

The delivery of new, affordable homes is a priority for the council. In May 2022 the council's new administration committed to delivering 1000 homes at 50% of market rent or lower. This report provides an update on the delivery of homes to meet this manifesto commitment. This is despite significant financial turbulence that has arisen since that commitment was made and which, in turn, has made scheme viability and deliverability more challenging. Increasing pressures on the Housing Revenue Account has meant that there is limited capacity to deliver additional homes through this route and therefore the council is progressing alternative delivery routes.

Officers Recommendations

1. To note the report and the commitment of the council to deliver 1000 homes at 50% of market rent or lower.

1. Why this report is needed

Context

- 1.1 With the aim of boosting affordable housing delivery to meet housing need in the borough, the council has set the priority of delivering at least 1000 homes at 50% of market rent or lower. The ambition is that these homes are principally delivered or managed by the council and/or The Barnet Group.
- 1.2 This growing need, in part due to the cost-of-living crisis, comes at a time when delivering new homes is more challenging than ever: viability and deliverability of schemes is being compromised by increasing build costs and rising inflation, alongside recent financial turbulence. In addition, other factors, such as the social rent cap set below inflation and rising utilities costs have all contributed to significant increased pressure on the Housing Revenue Account, making it more difficult to deliver new homes.
- 1.3 This report provides a progress update on how the council intends to deliver 1000 homes at 50% of market rent or lower. It is not intended to set out the business cases for individual schemes. These will be brought forward to Committee/Cabinet as solutions are developed.
- 1.4 The report also provides an update on the wider context of affordable housing delivery in the borough.

Meeting housing need and quality

- 1.5 The overall objective of the manifesto commitment is to deliver 1,000 homes at 50% of market rents or lower, while at the same time delivering the right mix, in terms of the number of bedrooms, to meet housing need in the borough.
- 1.6 Housing need has been assessed based on the current and forecast demand experienced by the Housing Options service.
- 1.7 The types of affordable housing that is more readily delivered through other routes, such as the private sector, has also been taken into account. For example, one bedroom accommodation can be largely delivered through the Let2Barnet service in the private sector and through the acquisition programmes administered by The Barnet Group.
- 1.8 As a result, through the 1000 homes build programme, the council will seek to deliver a mix of accommodation that aspires to meet the space requirements of tenants.
- 1.9 In addition, there is a relatively high level of unmet housing need in the form of wheelchair accessible or adaptable housing. As a result, the council will seek to ensure that at least 10% of the homes delivered will be wheelchair accessible/adaptable with again an objective of more, larger homes.
- 1.10 Through the review of the Housing Strategy the council will also seek to ensure that new homes delivered by partner organisations, such as Registered Providers (Housing Associations) and private developers through s106 responsibilities, also meet this need.

- 1.11 Alongside the requirement for the programme to meet housing need, there is a wider need around quality and type of home. Quality of design and delivery will be covered by employers' requirements and design guides which have been developed using the experienced gained by Barnet Homes and Opendoor Homes in delivering circa 450 good quality new homes.
- 1.12 In addition to individual design standards, place making will be at the heart of the 1000 home programme. For example, building concentrations of single tenure homes will be avoided to ensure we create mixed communities.
- 1.13 Meaningful engagement with residents and key professional stakeholders will be intrinsic to the programme.
- 1.14 With the adoption of co-design principles and good practice in terms of quality and design we will ensure that we deliver homes that we can be truly proud of in the future.

Council / TBG led delivery in the borough

- 1.15 Schemes that are further advanced and are either onsite, or have planning approval, have all been reviewed and where possible, additional grant has been secured to change the rents from Barnet Affordable Rents (65% of market rent) to the GLA London Affordable Rent (low-cost rental housing with rents set by the GLA - [Information on council and affordable housing and renting in London | London City Hall](#)).
- 1.16 There are currently 197 homes for rent at London Affordable Rents (LAR) that are currently onsite or that have planning approval. These include:

Scheme	Delivery model	No. of units at 50% of market rent/LAR	No. of other units	Progress update
Hermitage Lane	Opendoor Homes and Hill Ltd	15	31 private sale 6 shared ownership	Scheme completed 31/10/2022. Additional grant was secured from the GLA to change the tenure of the affordable rent units from Barnet Affordable Rents (65% or market rent) to LAR.
Fosters Estate	LBB/Barnet Homes and Sage	60	82 Shared Ownership 75 Extra Care units (65% of market rent)	Currently onsite and due to complete in 2024

Scheme	Delivery model	No. of units at 50% of market rent/LAR	No. of other units	Progress update
HRA funded programme (Little Strand, Broadfields, The Grange, Coppetts Rd)	HRA funded (supported by grant), Barnet Homes delivery	94	0	Onsite/starting onsite Quarter 4 22/23
Hendon Hub	Pre let model	28	0	Planning secured.

1.17 At least a further 225 homes to be let at London Affordable Rents are due to come forward as part of the council's build to rent programme.

1.18 The remaining circa 600 homes are currently going through business case development, which includes Grahame Park North East.

Challenges in meeting the 1000 homes commitment

1.19 The council is trying to meet the 1000 homes ambition at a time of unprecedented turbulence in the economy. There has been a doubling in financing costs, while we are also experiencing build cost inflation.

1.20 The Building Cost Information Service (BCIS) General Building Cost Index rose by 5.4% in Q2 2022 compared with Q1 2022, and 14% compared with Q2 2021. Costs are due to rise by 16% over the BCIS forecast period (Q2 2022 –Q2 2027). The contributing factors to this are Brexit, high demand for materials with limited supply, Covid-19, increasing energy costs, labour cost inflation and the current developer/contractor market (including increasing levels of insolvency in the contractor/sub-contractor market, reduced appetite to tender, difficulty in delivering true fixed cost design and build contracts). This is impacting both the viability and deliverability of new homes.

1.21 Scheme viability is also impacted by the council's intention to achieve Net Zero.

1.22 As a result of increasing costs and inflation the capacity to deliver new homes funded from within the Housing Revenue Account (HRA) has reduced. At present the HRA has capacity to fund around 330 homes (some of these are accounted for in the table in 1.16 above). It is estimated that there is a funding gap of circa £170m to deliver the remaining 600 homes.

1.23 Despite this, the council remains fully committed to delivering 1000 homes at 50% of market rent, and is employing creative solutions including:

- Securing additional grant to enable to the rents on homes being delivered to be changed from Barnet Affordable Rents to London Affordable Rents/Social rents.
- Employing a range of entrepreneurial cost mitigating solutions. This includes the opportunity to deliver homes through partnerships or joint ventures with contractors, developers and/or Registered Providers.
- Commissioning external review to ensure that all potential funding and delivery routes have been explored.

Other affordable housing delivery in the borough

1.24 Delivering 1000 homes at 50% of market rent or lower is just one way in which affordable housing is delivered in the borough. A mix of affordable housing tenures are also coming forward as part of the estate regeneration schemes and through private developments. The table sets out the anticipated number of affordable homes coming forward between April 22 and March 2026.

	Social rent	LAR	Affordable rent (65-80%)	Intermediate
Estate Regeneration	169	28	46	361
Brent Cross	123			119
Opendoor Homes			81	
LBB Extra Care schemes			126	
Private development (S106 provision/ homes delivered by Registered Providers)		382	407	1484
TOTAL	292	410	660	1964

2. Reasons for recommendations

2.1 There are increasing challenges in securing suitable homes for those who are most in need, and the cost-of-living pressures faced by residents have increased housing need. Housing costs continue to rise fast relative to both local median incomes and Local Housing Allowance (LHA) rates which results in a continued affordability gap. LHA rates are determined by the Valuation Office Agency. They are limited by legislation and based on private market rents being paid by tenants in the board rental market area (BRMA); the area within which a person might reasonably be expected to live. LHA rates are used to calculate the maximum amount people renting from a private landlord can claim in Housing Benefit or Universal Credit¹.

¹ ([Local Housing Allowance - GOV.UK \(www.gov.uk\)](http://www.gov.uk))

- 2.2 In recognition of this, in May 2022, the council's new administration declared the commitment to deliver 1000 homes at 50% of market rent or lower.
- 2.3 The turbulent economic climate has made scheme viability and deliverability more challenging. The Housing Revenue Account (HRA) business plan currently has total provision to support the development of around 330 homes (some of these are accounted for in paragraph 1.16 above). Increasing cost and revenue pressures on the Housing Revenue Account has meant that there is limited capacity to deliver additional homes through this route.
- 2.4 The council has been successful in securing GLA Homes for Londoners funding and One Public Estate Brownfield Land Release funding to support scheme. However, the level of grant available does not in itself ensure scheme viability.

3. Alternative options considered and not recommended

- 3.1 Do nothing is an alternative option however this is not recommended as it would not meet the council's commitment to deliver 1000 homes at 50% of market rents or lower or help meet housing need in the borough.

4. Post decision implementation

- 4.1 Officers within the council and Barnet Homes will continue to progress the design of schemes and bring forward business cases to Committee.
- 4.2 As reported to Housing and Growth Committee on 16th November 2022 the delivery and procurement strategy for Grahame Park North East will be submitted to Housing and Growth Committee in March 23.

5. Implications of decision

5.1 Corporate Priorities and Performance

- 5.1.1 Delivering more affordable homes in the borough is a priority of the council, as set out in the Housing Strategy and the Growth Strategy. Since May 2022, this has become a council priority and work is underway to convert current delivery plans to ensure they contribute to starting on site with 1,000 affordable social rent homes over the next 4 years.
- 5.1.2 The Health and Wellbeing Strategy 2021 to 2025 recognises that the condition of and access to local housing has an important role in the quality of life and health of both individuals and communities.
- 5.1.3 A new Corporate Plan is in development, with an approach being built around a council that cares for people, our places, and the planet, as discussed at the Policy and Resources Committee meeting on 29 September 2022. Under the People priority, it aims to be family friendly, tackle inequality, and support health and independence. Under the Place priority, it aims to ensure safe, attractive neighbourhoods, quality homes, sustainable growth, and thriving town centres and make Barnet a fun place to visit. Under the Planet priority, it aims to focus on the council's journey to net zero, local environment,

and green spaces.

5.1.4 A new Housing Strategy is also being prepared. On 25th October 2022, Housing and Growth Committee agreed the emerging themes of the strategy:

- Prevent homelessness and support rough sleepers off the streets.
- Deliver the right homes in the right places
- Ensure safe, sustainable council housing
- Raise quality and standards in the private rented sector
- Support living well by promoting healthy homes and well-being.

5.2 **Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)**

5.2.1 It is anticipated that costs of circa £20million would be needed to take forward schemes for the additional 600 homes to planning stage. Of this, approximately £9.9m is already accounted for in the HRA business plan.

5.2.2 As set out in paragraph 1.22 and 2.3 above, the HRA currently only has capacity to build approximately 330 homes, therefore alternative delivery and funding approaches are required for the remaining costs of taking schemes to planning and on to delivery. Officers would be required to present potential capital bids at Capital Strategy Board and obtain Policy & Resources Committee approval where no funding stream is currently available.

5.3 **Legal and Constitutional References**

5.3.1 The council's Constitution Article 7.5 Committees, Forums, Working Groups and Partnerships, sets out the functions of the Housing and Growth Committee and includes:

- Responsibility for housing matters including strategy, homelessness, social housing and housing grants, private sector housing, regeneration strategy and oversee major regeneration schemes, asset management, employment strategy, business support and engagement and town centres.
- To receive reports on relevant performance information and risk on the services, under the remit of the Committee.

5.4 **Insight**

5.4.1 N/A

5.5 **Social Value**

5.5.1 In procuring works and services, the council must take into account the requirements of the Public Services (Social Value) Act 2012 to consider how what is to be procured might improve the social, economic and environmental well-being of the relevant area and how,

in conducting the process of procurement, it might act to secure such improvement.

5.5.2 Social value will be a core part of any procurement in relation to the delivery of the 1000 homes commitment.

5.6 Risk Management

5.6.1 The table below sets out the main risks in relation to the delivery of the 1000 homes.

Risk description	Mitigation
Where planning permission is not secured for a scheme there is the risk the scheme may deliver fewer homes than anticipated.	Early engagement with the Local Planning Authority will be undertaken on schemes. Meaningful engagement with residents will be undertaken on schemes throughout the design process. Each scheme will develop an Engagement Strategy and as much as possible this will follow a co-design approach.
If schemes are taken forward to planning but it is not possible to find a viable delivery model, there will be abortive design costs and a loss of homes.	Viability and deliverability will be tested throughout the design process, and where appropriate early contractor engagement will be undertaken to inform this. In the event that a scheme is still unviable, the land will benefit from development uplift where planning permission has been secured.

5.7 Equalities and Diversity

5.7.1 The Equality Act, 2010 (“the Act”) outlines the provisions of the Public Sector Equality Duty which requires Public Bodies, in the exercise of their functions, have due regard to the need to: a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

5.7.2 The relevant protected characteristics are: age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. It also covers marriage and civil partnership with regard to eliminating discrimination.

5.7.3 The emerging Corporate Plan and the Growth Strategy are intended to benefit all communities and groups who live, work and visit the borough, including those with protected characteristics.

5.7.4 Where individual decisions are required in relation to schemes that will contribute to the

1000 homes commitment, these will be considered on a case-by-case basis to ensure no group is disadvantaged or left behind. As required, officers will undertake Equalities Impact Assessments (EQIA) to fully appraise the impacts associated with any proposed course of action in line with the legislation and to take into account the same so far as lawfully required.

5.8 Corporate Parenting

5.8.1 In line with the Children and Social Work Act 2017, the council has a duty to consider Corporate Parenting Principles in all relevant decision-making. Promoting independence is a priority of the council. Barnet Homes work closely with relevant council departments to ensure that care leavers make a successful transition to independent living.

5.9 Consultation and Engagement

5.9.1 A strong commitment to community engagement, co-design and empowerment is fundamental to the council's approach. Local stakeholder engagement remains a key part of project development and engagement plans will be prepared for all schemes that contribute to the 1000 homes commitment. Any new schemes brought forward will be subject to consultation where the council considers it appropriate, in addition to where it is legally required.

5.10 Environmental Impact

5.10.1 The aspiration of Barnet's Sustainability Strategy is to build new social housing to a minimum EPC of 'B' adopting sustainable methods. All new build commissions are planned for net zero carbon emissions by 2025, with this achieved by 2030.

5.10.2 The Sustainability Strategy identifies that 58% of emissions within Barnet come from stationary energy sources, namely buildings, two-thirds of which relate to residential buildings. With an average EPC rating of 'D', the retrofitting of the existing housing stock will be the key challenge in the borough.

5.10.3 Sustainable development for new housing in Barnet is guided by the National Planning Policy Framework (NPPF) and the new London Plan 2021, alongside the Councils existing Local Plan and emerging draft Local Plan.

5.10.4 These principles and policies are further supported by building regulations that collectively set the ground rules for energy efficiency.

6. Background papers

6.1 29 September 2022, Policy and Resources Committee, Progress on the Implementation of Administration Priorities, Item 7, [Agenda for Policy and Resources Committee on Thursday 29th September, 2022, 7.00 pm \(moderngov.co.uk\)](https://www.moderngov.co.uk/2022/09/29/agenda-for-policy-and-resources-committee-on-thursday-29th-september-2022-7-00-pm)

- 6.2 25 October 2022, Housing and Growth Committee, Housing Strategy and Homelessness and Rough Sleeping Strategy, Item 12 [Agenda for Housing and Growth Committee on Tuesday 25th October, 2022, 7.00 pm \(moderngov.co.uk\)](#)
- 6.3 16 November 2022, Housing and Growth Committee, Outline Business Case for the Regeneration of Grahame Park North East, Item 15, [Agenda for Housing and Growth Committee on Wednesday 16th November, 2022, 7.00 pm \(moderngov.co.uk\)](#)