

WANDSWORTH BOROUGH COUNCILHOUSING OVERVIEW AND SCRUTINY COMMITTEE – 28 NOVEMBER 2024EXECUTIVE – 9 DECEMBER 2024Report by the Interim Executive Director of Housing on future property acquisitions programmes and social rented and affordable homes delivery 2023/24.SUMMARY

The report seeks approval for pursuing further property acquisitions for temporary accommodation and social rent by utilising grant funding from GLA and MHCLG, matched by Council resources.

The report provides an overview of new social rented and affordable housing supply over the past year. It also details proposed alterations to existing policies to ensure that new provision continues to prioritise meeting the housing needs of residents in the borough.

GLOSSARY

GLA	- Greater London Authority
HPG	- House Purchase Grant
MHCLG	- Ministry of Housing Communities and Local Government
SLLP	- South London Legal Partnership
LAHF	- Local Authority Housing Fund

RECOMMENDATIONS

1. The Housing Overview and Scrutiny Committee are recommended to support the recommendations in paragraph 2. If they approve any views, comments or recommendations on the report, these will be submitted to the Executive or the appropriate regulatory and other committees for their consideration.
2. The Executive is recommended to:
 - (a) Delegate to the Executive Director of Housing, in consultation with the Executive Director of Finance and Head of South London Legal Partnership (SLLP) to bid for and enter into future grant funding agreements with GLA or MHCLG and deliver additional property acquisition programmes for temporary accommodation or social rent, subject to the availability of any match funding being approved in the Housing Revenue Account capital budget; and,

- (b) Approve an amendment to the Intermediate Housing Policy to require eligible applicants to provide evidence of a residential address.

INTRODUCTION

3. This report seeks approval to delegate to the Executive Director of Housing, in liaison with the Executive Director of Finance and Head of South London Legal Partnership (SLLP) for authority to bid for and enter into future grant funding arrangements with the Greater London Authority (GLA) and Ministry of Housing Communities and Local Government (MHCLG) to facilitate the increase in the number of social rented and temporary accommodation homes provided through the already established property acquisitions programme. Over the last year the Council has worked to maximise the delivery of social rented and affordable homes to meet housing need in the Borough and this report provides a summary of delivery during 2023/24.

PROPERTY ACQUISITIONS PROGRAMME

4. During 2023/24 the Council completed 39 property acquisitions with the support of grant funding from both MHCLG (20 properties) and the GLA (19 properties).
5. On 7th March 2024 MHCLG advised the Council that it had been given an indicative grant allocation of £16.589 million under the Local Authority Housing Fund (LAHF) Round 3 2024/26 to acquire a total of 56 properties in the Borough, for temporary accommodation to relieve local homelessness pressures. Match funding for the property acquisitions will be met from within existing approved capital budgets as reported to Housing Overview and Scrutiny Committee in January 2024 (Paper No. 24-12).
6. As an existing investment partner, the Council can also bid for grant funding from the GLA, to further expand the property acquisitions programme. A programme of GLA grant funded property acquisitions was successfully undertaken by the Council in 2022/23 as part of the Refugee Housing Programme, and the Homes for Wandsworth new build programme already has a substantial grant funding allocation with the GLA.
7. Property acquisitions provide an opportunity to increase the supply of temporary accommodation and social rented homes within relatively short timeframes. To maximise opportunities for further grant funding, this report seeks approval to delegate to the Executive Director of Housing, in liaison with the Executive Director of Finance and Head of South London Legal Partnership (SLLP) to bid for and enter into future grant funding agreements for property acquisitions with the GLA or MHCLG. A delegated approval will mean that the Council can quickly enter into grant agreements and immediately begin acquiring properties, thereby reducing the risk of not acquiring the allocated number of properties and potentially losing the grant funding. Any complex matters will be submitted to this Committee for approval, and availability of any match funding will need to be approved in the Housing Revenue Account capital budget by Housing Overview and Scrutiny Committee.

Affordable Housing Update**OVERVIEW - SOCIAL RENT/AFFORDABLE HOMES COMPLETIONS 2023/24**

8. During the financial year 2023/24 a total of 799 new build affordable homes were completed. Table 1 provides a summary of total completions by tenure type, with an overall summary in Table 2. A full list of complete affordable housing developments is provided in Appendix 1.

Table 1

New Build Completions 2023/24			2022/23 comparison
Tenure Product	No. Units	Percentage	Percentage
Social Rent	67	8%	18%
London Affordable Rent	323	40%	28%
Shared Ownership	194	24%	49%
Discounted Market Rent	215	27%	5%
Overall Total	799	100%	100%

Table 2

New Build Completions by Tenure			2022/23 comparison
Tenure Type	No. Units	Percentage	Percentage
Total Social/London Affordable Rent	390	48.8%	46%
Total Intermediate	409	51.2%	54%
Overall Total	799	100%	100%

9. The table shows that 49% (rounded) of completions in 2023/24 were social rent/London Affordable Rent tenure, and 51% (rounded) were Intermediate tenure. The figures include eight social rent units completed at Fordyce House delivered by the Council through the Homes for Wandsworth programme.
10. By comparison during 2022/23, a total of 577 new affordable home were completed, of which 46% were for social rent/London Affordable Rent and 54% were Intermediate tenure. This shows that the balance of tenure has started to shift in favour of rented completions in 2023/24, compared to the outturn position in 2022/23, which is reflective of the Administration's commitment to the delivery of more social rented homes.
11. In addition, as noted above, the Council completed 39 property acquisitions for temporary accommodation. When the 39 property acquisitions are factored into the overall completions, the total social rent/London Affordable Rent delivery is 51.2% and 48.8% are Intermediate tenure homes.

NEW PLANNING PERMISSIONS

12. During 2023/24 a total of 374 affordable homes were secured in all planning applications, with delivery subject to schemes being implemented.

13. The above total consented affordable homes include 14 new Council rented homes at Skeena Hill and Bessborough Road.

PLANNING POLICY UPDATE

14. The Partial Review of the Local Plan (2023-28) that is currently underway, includes an update of Policy LP23 Affordable Housing and other policies as they relate to strengthening provision of homes for social rent for local people. The Council is seeking a requirement for:
 - New housing developments in the Borough to provide at least 50% of dwellings as affordable homes delivered on site.
 - A 70/30 split in favour of social rent tenure.
 - Affordable housing from small sites below the current threshold of ten or more homes (gross).
15. Subject to adoption, the proposed changes to the Local Plan will further support the Council's commitment to providing more social rented homes to meet the housing need of residents in the Borough.

UPDATE ON OTHER HOUSING INITIATIVES

House Purchase Grant

16. The House Purchase Grant (HPG) scheme continues to be a popular and viable option for social renters who are keen to purchase their own homes, particularly given ongoing cost of living and high-interest rate challenges, which in turn frees up social rented homes for re-letting to households in need.
17. In 2023/24, the Council received 70 applications from tenants for the HPG scheme, resulting in 26 moves with a total spend of £1.870 million. A further 30 applications were carried forward into the 2024/25 programme which marked a positive start to the year. The target for 2024/25 is to complete 40 grants.

Amendments to Intermediate Housing Policy

18. No changes are proposed to the Council's Intermediate Housing Policy in respect of income thresholds for shared ownership, as households continue to be impacted by the high cost of living. For shared ownership homes, the Council policy remains that 50% of homes must be affordable to those on annual household incomes of up to £56,200 and 50% for households on incomes up to £90,000 per annum.
19. The GLA has however, increased the annual household income threshold for intermediate rented homes from £60,000 to £67,000. Therefore, the lower threshold of the Council's income caps has been adjusted proportionately from £41,200 to £44,700 to reflect the increased income cap.

Affordable Housing Update

20. Whilst the Council is prioritising the delivery of new social rented homes, as highlighted in the above proposed amendments to the Local Plan, it is also necessary to ensure that any intermediate homes continue to prioritise and meet the housing needs of residents. The following adjustment is therefore proposed to the Council's eligibility criteria to provide additional clarity for applicants:

- Applicants must provide evidence of a residential address

SECTION 106 COMMUTED SUMS

21. During 2023/24 the Council utilised £2.034 million of Section 106 commuted sums to support affordable housing programmes and scheme costs, including Phase 1 of the Atheldene scheme which will provide up to 113 homes for Council rent.

22. The balance of available affordable housing commuted sums held at the end of the financial year was £31.326 million. A possible future pipeline of approximately £16.192 million is subject to scheme completions and various trigger points being met as required by Section 106 agreements.

23. The remaining balance of funds are fully committed to schemes that continue to support the provision of affordable housing including the Homes for Wandsworth programme, and grant funding to developer's to potentially increase the provision of social rented homes, subject to financial viability, through the planning process. Therefore, any balance of commuted sums can be considered earmarked for affordable housing schemes.

SUPPORTING THE WANDSWORTH ENVIRONMENT AND SUSTAINABILITY STRATEGY (WESS)

24. All affordable housing, whether delivered on private or Council owned sites must meet the required Building Regulations and planning policy standards set out in the Council's adopted planning policies. The Council's development programme has fully embraced the need to build to the required environmental standards and Wandsworth's new homes are being designed and delivered to meet enhanced environmental standards, thereby minimising their overall environmental impact. Part of this strategy includes reductions in CO2 beyond Building Regulations requirements.

LEGAL IMPLICATIONS

25. Part II of the Housing Act 1985 ("HA 1985") deals with the provision of housing accommodation by local housing authorities. Housing Act 1985, section 9 is the principal provision conferring the powers to provide general needs "housing accommodation", under which local authority stock is provided.

26. The statutory homelessness provision is set out in part 7 of the Housing Act 1996. The Council is required provide temporary accommodation, when needed, either where it has accepted a duty toward a homeless household, or whilst undertaking investigations to determine if a homelessness duty is owed.

27. There are general powers for local authorities to purchase land for the purposes of any of their functions, but Section 17 of the Housing Act 1985 is the principal power which specifically authorises local authorities to acquire houses or buildings, either by agreement or compulsorily with the authority of the Secretary of State, for the provision of housing accommodation.
28. All funding bids will need to comply with the Council's Contracts Regulations and Financial Regulations set out in Part 4 of Council's Constitution.
29. Section 18 of the Housing Act 1985 places a duty on local authorities to ensure that following the acquisition of a house for use as housing accommodation it shall make it suitable for use as housing accommodation to bring the property into use as soon as practicable.
30. The Local Government Act 1972 s.120 sets out Local Authorities' powers for the acquisition of land by agreement for the purposes of any of their function.
31. The Council has several and specific powers (including the general power of competence in Section 1 of the Localism Act 2011) to acquire property or interest in for use. The Council therefore has the power to enter into contracts to proceed to into future grant funding agreements for property acquisitions with the GLA or MHCLG.

COMMENTS OF THE EXECUTIVE DIRECTOR OF FINANCE

32. The recommendation in respect of future grant bids to support property acquisitions will allow the Council to react quickly to grant funding opportunities. Any grant funding obtained will be used to subsidise the approved budgets in the HRA which were approved on the basis of being a placeholder in lieu of grant being available or to be used as 'match-funding' as necessary. The total approved budget in the HRA capital programme amounts to in excess of £28 million over the two-year period covering 2024/25 and 2025/26 of which £16.589 million is immediately available as a result of the successful award of funding from the MHCLG from the LAHF Rd 3.
33. The current approved budget for HPGs in the HRA is £2.872 million in 2024/25 with a total budget of £10.072 million approved over this and the next two years. The HRA Business Plan currently assumes £3 million is available in perpetuity for the continuation of the HPG scheme.
34. During 2023/24, £4.103 million was received from developers as commuted sums for affordable housing purposes and £2.034 million utilised giving an overall remaining balance of £31.326 million as at the end of the last financial year. If all commuted sums currently secured in planning permissions are received by the Council in future years a further £16.192 million could be received. This is dependent on works progressing and on certain delivery triggers being hit by the developers.
35. To date, as at the end of 2023/24, the Council has so far utilised £53.151 million of commuted sums to support and progress major schemes in the Borough. The remaining balance of the funding and future estimated receipts is intended to continue to underwrite the Council's Affordable Housing priorities, such as the

Affordable Housing Update

Springfield Hospital site Supported Housing units (Paper No. 24-179), which is being delivered through the General Fund and the Homes for Wandsworth programme.

CONCLUSION

36. The requested delegation will enable the Council to respond swiftly to bid and secure grant funding opportunities to quickly grow the number of properties acquired to meet housing need in the Borough.
37. Delivery of new social rented and affordable homes during 2023/24 has resulted in greater provision overall compared to last year. Alterations to existing policies will ensure that new provision continues to prioritise meeting the housing needs of residents in the borough.

The Town Hall,
Wandsworth,
SW18 2PU.

Dave Worth
Interim Executive Director of Housing

20 November 2024

Background papers

There are no background papers to this report.

All reports to Committees, the Executive and the full Council can be viewed on the Council's website (www.wandsworth.gov.uk) unless the report was published before May 2001, in which case the Democratic Services Officer can supply it if required.

APPENDIX 1

2023/24 Completions by Scheme			
Registered Provider	Address	Total Units	Tenure
Greystar	Bloom West - Building B1	18	Intermediate Rent
Greystar	Bloom East - Building D2	34	Intermediate Rent
Greystar	Bloom East - Building D3	19	Intermediate Rent
Legal & General Build to Rent	B&Q, Swandon Way, SW18 - DMR (Block B1)	43	Intermediate Rent
Legal & General Build to Rent	B&Q, Swandon Way, SW18 - DMR (Block B2)	35	Intermediate Rent
Legal & General Build to Rent	B&Q, Swandon Way, SW18 - DMR (Block B5)	21	Intermediate Rent
Legal & General Build to Rent	B&Q, Swandon Way, SW18 - DMR (Block B6)	39	Intermediate Rent
Metropolitan Thames Valley	One Nine Elms, Market Towers, SW8	57	Shared Ownership
PA Housing	58-70 York Road, SW11	38	Shared Ownership
PA Housing	B&Q, Swandon Way (Rent)	59	London Affordable Rent
PA Housing	Carlton Drive	8	Shared Ownership
PA Housing	2-18 Yelverton Road	41	Shared Ownership
PA Housing	Springfield Hospital Phase 5A - rent (4)	8	London Affordable Rent
PA Housing	Springfield Hospital Phase 5A - rent (5)	3	London Affordable Rent
PA Housing	Springfield Hospital Phase 5A - rent (6)	3	London Affordable Rent
PA Housing	Springfield Hospital Phase 5A - s/o (2)	13	Shared Ownership
PA Housing	Springfield Hospital Phase 5A - s/o (3)	5	Shared Ownership
PA Housing	Springfield Hospital Phase 5A - s/o (4)	2	Shared Ownership
Peabody	Battersea Power Station Phase 4a - Rent (1)	54	London Affordable Rent
Peabody	Battersea Power Station Phase 4a - Rent (2)	196	London Affordable Rent
Peabody	St. John's Hill Phase 2 - Plot 9, Shared Ownership (2)	16	Shared Ownership
Peabody	St. John's Hill Phase 2 - Plot 9, Social Rent	59	Social Rent
Unspecified	Penwith Road / Thornsett Road	8	Shared Ownership
Unspecified	Thrale Road	6	Shared Ownership
Unspecified	19-21 Mitcham Road, SW17	6	Intermediate Rent
Wandsworth Council	Fordyce House, 17-21 Colson Way	8	Social Rent
		799	