Affordability and Availability of Housing in Waltham Forest

Report of the Housing Committee

April 2017
Members of Housing Scrutiny Committee

Cllr Mark Rusling, Chair
Cllr Alistair Strathern, Vice-Chair
Cllr Nick Halebi
Cllr Gerry Lyons
Cllr Louise Mitchell
Cllr John Moss
Executive Summary

Introduction

1.1 Waltham Forest is facing a severe shortage of affordable housing, like the rest of London. Growing numbers of residents are unable to afford to buy or rent on the open market because rising housing costs are outstripping growth in wages, so even those with good jobs and a decent wage are being priced out of the market. This trend has had a disproportionate impact on young adults in London, as only 26% of 20-39 year olds expect to have embarked on home ownership by 2020. Primarily this themed review was undertaken in response to widespread concern about the lack of affordable and available housing in Waltham Forest and the need to develop radical solutions to stop the situation getting worse year on year.

The Council’s plans to build more homes

1.1 The Committee was informed that the Council has set a target of ensuring 12,000 homes are built in the borough by 2020 (which is two and a half times the London Plan figure), including 2,000 Council homes built through the Council’s new build programme. Most of these council homes will be built through the HRA new build programme and nearly 600 new homes are currently being built through the programme. Some of these homes are replacement homes for demolished properties, others are for commercial sale, so the net real increase in council homes is around 220.
1.2 The Committee was informed that the establishment of Waltham Forest Developments Ltd, a company wholly owned by the Council, will have a big impact on driving new house build in the borough. The main aim of the company is to develop homes to rent for key workers at market or social rent. The company has identified several development schemes as part of its building programme which aims to complete 449 new homes over the next few years. The Committee was told that, as this development vehicle has now been established, there is scope for further expansion in future years.

New Supplementary Planning Guidance (SPG) for Affordable Housing

1.3 The Greater London Authority (GLA) is now consulting on a draft SPG for affordable housing. The SPG will provide a key first step towards delivering more affordable homes across London, through strengthening the planning powers available to Councils and creating a presumption in favour of building more homes. The new London Plan is currently being developed and the Committee was informed a consultation draft should be published by autumn 2017. The new SPG will provide guidance on delivering existing London Plan policy.

1.4 The Committee welcomed the GLA’s initiative in producing a new SPG to increase the pace of building affordable homes in London and strongly supports its aim. The Committee believes
the Council will need to be in a position to exploit the powers the new SPG will grant to accelerate house building in Waltham Forest.

Homes for Londoners: Affordable Homes Programme 2016-21

1.5 The Committee were informed that it had been confirmed in the Government’s Autumn Statement that £3.15 billion was available to fund the capital cost of building new homes in London. This equates to around 10% of the total cost of providing affordable homes. It is planned that these monies will help fund at least 90,000 new homes by 2021. These new homes will be primarily for affordable rent, shared ownership and the new “London Living Rent”.

1.6 The Committee was informed that the bidding process for programme funding will be significantly streamlined. Less information will need to be provided by bidders at all stages of the bidding process, although bidders will have to demonstrate whether they meet the full London Plan Design Standard. Indicative allocations are only available for London Living Rent and London Shared Ownership schemes. Funding for named projects will only be available from 2020-21. The Committee strongly supports the Council registering to become an approved provider under the Affordable Homes Programme and building more new homes. The £60,000, per affordable rented unit, available for approved providers, especially if they
exceed the 40% target for schemes, is a strong incentive to bid for GLA funding and get developments off the ground.

1.7 The Committee believe that there is a need to ensure that there is sufficient and properly planned social and physical infrastructure to support new developments including, health, education and community facilities. The Committee noted that regeneration of council housing estates plays an important role in improving the quality of homes and neighbourhoods and increasing the overall housing supply. In taking forward estate regeneration programmes, the Committee recognises that it is vital to engage fully with residents and build community support for regeneration proposals.

**Developing new methods of building homes**

1.8 Given the very high construction costs in London, the Committee supports exploring the options for building more modular homes in the borough. One of the main problems experienced by this and other local authorities is to get engagement from providers. The Committee learnt that some developers such as Berkeley Homes, have built and sold modular homes and that others, such as Swan, London and Quadrant and Keepmoat are actively considering doing this. Southern Housing operate a factory to manufacture the parts for the construction of such homes. The Committee supports the idea of creating more manufacturing capacity to build modular homes for London, perhaps under the aegis of the
GLA, both to significantly reduce costs and create local employment opportunities.

**Right to Buy Capital Receipts**

1.9 Right to Buy receipts have the potential to be a considerable source of investment for affordable housing, but restrictions on their use mean that their benefit is not being optimised. The Government expects local authorities to replace homes sold through Right to Buy on a one to one basis. However, the retained Right to Buy receipts can only be used to fund up to 30% of the capital cost of that home; the rest needs to be found from other sources. The 30% of receipts that can be used to finance new house building is in sharp contrast to the 100% that can be used by charities and registered providers to finance new build programmes. The Committee felt that increasing the proportion of receipts that could be used to finance new house build would significantly increase the economic viability of potential developments. However, the Committee is also of the opinion that, as charities and registered providers can retain 100% of receipts for new-build, the argument for council also being able to retain 100% of receipts is a strong one.
Viability Assessments

1.10 The Committee believe that the Council should require all developers, regardless of the scale of the housing development, to make viability assessment documents public as part of the new London SPG for promoting housing growth. The Committee believe this will inject more transparency into the planning development process, and give the public a better understanding of the developer’s potential profit margin and how this balances with the environmental safeguards included in specific development schemes. The Committee expressed concern that less than half of sites that have planning consent for housing are developed within an acceptable timescale and wanted more information to understand why this is the case.
Summary of Recommendations

**Recommendation 1:** The Council should review its standard design guide to permit greater density, where other design criteria have been met, in new developments in future.

**Recommendation 2:** The Council should identify sites in the Borough suitable for new development, which are not protected by the Local Plan and have not already been proposed by developers.

**Recommendation 3:** In the context of promoting the greater affordability and availability of housing in the borough, the Council should review its current planning policies in relation to HMOs. This would maintain the restrictions on converting residential houses into self-contained flats and HMOs. However, the policy could be amended to permit a more liberal approach to allow HMOs in a converted flat, particularly over shops, which could be used to house tenants on a shared basis.

**Recommendation 4:** The Committee urges the Cabinet Member for Housing to express his support for the new SPG and the GLA’s new housing strategy, and to use the additional powers in the SPG to accelerate house building in Waltham Forest.

**Recommendation 5:** That officers report back to the Committee in the summer of 2017 on the outcome of the bids that have been submitted as part of the Affordable Housing Programme and that the Committee considers ways of increasing the allocation of funding to Waltham Forest in the light of this report.
Recommendation 6: The Council should identify key registered providers in the borough who will be potentially interested in bidding into the GLA Affordable Homes Programme, so their bids benefit from Council support.

Recommendation 7: The Council should consider potential joint ventures with interested local registered provider partners to bid for the maximum (40% or more social housing) Affordable Homes Programme funding.

Recommendation 8: The Council should ensure that proposals for new housing are always assessed in advance for their impacts on local infrastructure (especially health and education services).

Recommendation 9: The Council should consider best practice in community engagement when conducting estate regeneration.

Recommendation 10: The Council should work with other London boroughs through the GLA, to establish a London-wide approach to commissioning the purchase of more modular homes.

Recommendation 11: The Council should consider how to make the best use of modular homes and should approach existing suppliers to test what is currently available on the market.

Recommendation 12: The Council should lobby to retain Right to Buy receipts for five years rather than surrender them after three years, as at present.
Recommendation 13: The Council should work with London and national representative bodies (London Councils and the Local Government Association) to lobby government to change the percentage of council house sales receipts that can be used to build new homes, from 30% to a higher percentage, with the intention of moving to 100% over time.

Recommendation 14: The Council should make public viability assessments documents for all proposed housing developments public, as part of supplementary planning guidance.

Recommendation 15: The Council should continue to support landlords through the existing licensing scheme, Waltham Forest Lettings, to maximise the supply of good quality private sector rented homes in the borough. The Council should identify relevant performance indicators in areas such as average rent levels, length of tenancies, enforcement activity, etc. to track trends and regularly report their findings to Members.
2. Introduction

1.1 Waltham Forest is facing a severe shortage of affordable housing, like the rest of London. Growing numbers of residents are unable to afford to buy or rent on the open market because rising housing costs are outstripping growth in wages, so even those with good jobs and a decent wage are being priced out of the market. This trend has had a disproportionate impact on young adults in London, as only 26% of 20-39 year olds expect to have embarked on home ownership by 2020.

1.2 The Committee noted that reduced housing completions over recent decades is linked to falling investment in building new council homes, prompted by government policy since the early 1980s. Another one of the fundamental problems with the London housing market is the limited supply of developable land and the consequent increase in land values. These factors have contributed towards pushing up the proportion of the total cost of building a home attributable to purchasing and developing suitable land. The Committee believe a strategic re-appraisal of Green Belt land in and around London could facilitate the release of additional land for housing supply.

1.3 Primarily this themed review was undertaken in response to widespread concern about the lack of affordable and available housing in Waltham Forest and the need to develop radical solutions to stop the situation getting worse year on year. Because of its central importance for local people, “Supporting affordable housing for everyone’s needs” is also one of the Council’s key priorities.1

1.4 The Committee were of the opinion at their meeting on 20th October 2016, that unless workable answers were found soon there is a real danger that many residents will leave the borough, because they cannot find accommodation and key workers (as well as the traditional professions such as nurses, teachers, police officers, etc. the definition of key workers now includes a wider groups of private sector employees who are essential to the local economy). The Committee also want to thank those external speakers that attended their October and February meetings: Dr Bill Davies Head of Policy, Central London Forward (formally, Senior Research Fellow IPPR) and Fiona Duncan, Head of North East Area, Housing and Land at the GLA.

1 https://www.walthamforest.gov.uk/content/council-priorities-2015-2018
3. Background

1.5 The Government currently defines affordable housing as “socially rented, affordable rented and intermediate housing, provided to eligible households whose needs are not met by the market…determined with regards to local incomes and local house prices”. Traditionally, affordable housing has catered for those on low incomes and the most vulnerable groups in society. However, with house prices and rents increasingly outpacing wage growth, the demand for affordable housing is growing amongst key workers and young professionals too.

1.6 The total number of new homes that have been built in Waltham Forest between 2012-2015 (DCLG (2016) Live tables 123, 1006, 1006a and 1007) compares favourably with the other eighteen outer London boroughs. In terms of the socially rented category, Waltham Forest built 180 additional homes over the 2012-2015 period, the 10th highest figure for outer London. However, for Affordable rented (860 new homes) and Intermediate housing (500 new homes) the Council achieved the third highest figures in both these categories. These three tenures together accounted for 54% of the total new build in the borough, the third highest in outer London. Waltham Forest is one of only four outer London boroughs where more than 50% of the new build over this period was not by the private sector.

Additional new units by outer London borough, 2012-2015

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<table>
<thead>
<tr>
<th>Tenure</th>
<th>Social</th>
<th>Affordable</th>
<th>Intermediate</th>
<th>Market</th>
<th>Proportion of non-market housing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Barking and Dagenham</td>
<td>550</td>
<td>1,050</td>
<td>180</td>
<td>1,690</td>
<td>51%</td>
</tr>
<tr>
<td>Barnet</td>
<td>570</td>
<td>340</td>
<td>310</td>
<td>3,220</td>
<td>27%</td>
</tr>
<tr>
<td>Bexley</td>
<td>60</td>
<td>230</td>
<td>360</td>
<td>1,530</td>
<td>30%</td>
</tr>
<tr>
<td>Brent</td>
<td>600</td>
<td>650</td>
<td>890</td>
<td>2,600</td>
<td>45%</td>
</tr>
<tr>
<td>Bromley</td>
<td>200</td>
<td>200</td>
<td>220</td>
<td>1,050</td>
<td>37%</td>
</tr>
<tr>
<td>Croydon</td>
<td>210</td>
<td>1,060</td>
<td>420</td>
<td>3,170</td>
<td>35%</td>
</tr>
<tr>
<td>Ealing</td>
<td>330</td>
<td>610</td>
<td>340</td>
<td>2,630</td>
<td>33%</td>
</tr>
<tr>
<td>Enfield</td>
<td>120</td>
<td>370</td>
<td>310</td>
<td>1,400</td>
<td>36%</td>
</tr>
<tr>
<td>Greenwich</td>
<td>780</td>
<td>450</td>
<td>630</td>
<td>1,490</td>
<td>56%</td>
</tr>
<tr>
<td>Harrow</td>
<td>160</td>
<td>210</td>
<td>290</td>
<td>1,160</td>
<td>36%</td>
</tr>
<tr>
<td>Havering</td>
<td>420</td>
<td>630</td>
<td>460</td>
<td>370</td>
<td>80%</td>
</tr>
<tr>
<td>Hillingdon</td>
<td>60</td>
<td>370</td>
<td>190</td>
<td>2,300</td>
<td>21%</td>
</tr>
<tr>
<td>Hounslow</td>
<td>230</td>
<td>440</td>
<td>410</td>
<td>1,200</td>
<td>47%</td>
</tr>
<tr>
<td>Kingston upon Thames</td>
<td>40</td>
<td>210</td>
<td>70</td>
<td>940</td>
<td>25%</td>
</tr>
<tr>
<td>Merton</td>
<td>180</td>
<td>90</td>
<td>200</td>
<td>1,140</td>
<td>29%</td>
</tr>
<tr>
<td>Redbridge</td>
<td>90</td>
<td>60</td>
<td>90</td>
<td>650</td>
<td>27%</td>
</tr>
<tr>
<td>Richmond upon</td>
<td>10</td>
<td>120</td>
<td>10</td>
<td>1,100</td>
<td>11%</td>
</tr>
</tbody>
</table>
The Committee was told that the average weekly cost of privately renting a one bedroom property in the borough is £219, whereas average individual earnings in the borough are £473 per week. The official affordable rent is £175.20 per week. The proportion of earnings it takes to pay the rent grows significantly as the size of the property increases. Therefore, the average weekly cost of renting a two bedroom property in the borough is £277 and the affordable rent is £193.90 per week. For a three bedroom property the average weekly cost is £346 per week and the affordable rent is £207.60 per week. (Waltham Forest “Housing Challenges in Waltham Forest—other factors”. Housing Scrutiny Committee 20th October 2016).

<table>
<thead>
<tr>
<th>Thames</th>
<th>Sutton</th>
<th>120</th>
<th>290</th>
<th>90</th>
<th>800</th>
<th>38%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Waltham Forest</td>
<td>180</td>
<td>860</td>
<td>500</td>
<td>1,320</td>
<td>54%</td>
<td></td>
</tr>
</tbody>
</table>

1.7
4. The Council’s plans to build more homes

1.1 The Committee was informed that the Council has set a target of ensuring 12,000 homes are built in the borough by 2020 (which is two and a half times the London Plan figure), including 2,000 Council homes built through the Council’s new build programme. Most of these council homes will be built through the HRA new build programme and nearly 600 new homes are currently being built through the programme. Some of these homes are replacement homes for demolished properties, others are for commercial sale, so the net real increase in council homes is around 220.

Housing Revenue Account (HRA) new build programme

<table>
<thead>
<tr>
<th>Sites</th>
<th>Completion</th>
<th>Number of Homes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Council HRA garage sites (28)</td>
<td>March 2018</td>
<td>179</td>
</tr>
<tr>
<td>275 Wood St, Warburton Terrace and Sansom Rd</td>
<td>March 2018</td>
<td>78</td>
</tr>
<tr>
<td>Marlowe Rd estate renewal</td>
<td>March 2021</td>
<td>150 (with 286 market sale homes)</td>
</tr>
<tr>
<td>Montague Rd estate renewal</td>
<td>March 2022</td>
<td>190 (with 70 market sale homes)</td>
</tr>
<tr>
<td>Total Council Homes</td>
<td></td>
<td>597</td>
</tr>
</tbody>
</table>

1.2 The Committee was informed that the establishment of Waltham Forest Developments Ltd, a company wholly owned by the Council, will have a big impact on driving new house build in the borough. The main aim of the company is to develop homes to rent for key workers at market or social rent. The company has identified
several development schemes as part of its building programme which aims to complete 449 new homes over the next few years. The Committee was told that, as a development vehicle has now been established, there is scope for further expansion.

**Waltham Forest Development Ltd new build programme**

<table>
<thead>
<tr>
<th>Schemes Identified (initial programme)</th>
<th>Completion</th>
<th>Number of Homes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hylands Rd estate</td>
<td>March 2019</td>
<td>31</td>
</tr>
<tr>
<td>Lena Kennedy (Aldriche estate)</td>
<td>March 2018</td>
<td>31</td>
</tr>
<tr>
<td>Stanley Rd car park</td>
<td>March 2018</td>
<td>27</td>
</tr>
<tr>
<td>Other HRA sites (Avenue estate, Friday Hill and none traditional system built homes)</td>
<td>March 2019</td>
<td>100</td>
</tr>
<tr>
<td>Acquisition of affordable homes-Central Parade, Juniper and Coronation Square</td>
<td></td>
<td>260</td>
</tr>
<tr>
<td><strong>Total New Homes</strong></td>
<td></td>
<td><strong>449</strong></td>
</tr>
</tbody>
</table>

1.3 All the new tenancies will be with the company (so there is no right-to-buy for tenants) and therefore the rents they pay will fall outside the HRA. The Committee was informed that the rental income generated will go into the Council’s General Fund and the company’s borrowing for the first five years has been set at £100,000,000. The Committee believe that any future extension of the Right to Buy for tenants of development companies would work against maximising the local housing supply, and thus would not be welcomed.

1.4 The Committee was told that the Council is working with local housing associations to deliver more affordable housing for tenants. An example of a more commercial
approach being adopted is the Council using its planning powers to facilitate Legal and General building 440 homes to rent at Ferry Lane. All units are being built to the same specification and can be rented at full market or at a discounted rent, but with the proviso that 21% of the total will remain at discounted rent as people move in and out of properties.

1.5 In terms of the Council using its planning powers to facilitate accelerated house building, consideration should be given to applying more planning officer resources to resolve post consent issues. An example would be S106 Agreements and clearing pre-start planning conditions to address perceived delays in the response from officers which is delaying the start on site of consented projects.

**Recommendation 1:** The Council should review its standard design guide to permit greater density, where other design criteria have been met, in new developments in future.

**Recommendation 2:** The Council should identify sites in the Borough suitable for new development, which are not protected by the Local Plan and have not already been proposed by developers.

1.6 The Council should consider reviewing its houses in multiple occupation (HMOs) planning policies as they relate to the existing housing stock. Currently, the Council has a restrictive policy in relation to the establishment of new HMOs. This policy, quite correctly, seeks to retain an adequate supply of family accommodation, but has been challenged by owners and developers who have been refused planning permission to establish new or retain existing HMOs. The policy covers all existing properties, whether the property is a four bedroom house in a residential street, a flat in a conversion, or a flat over a shop. This restrictive policy equally captures a flat share occupied by three friends, or a four bedroom house let as bedsits to ten tenants. This rigid policy could be liberalised to allow more discretion to establish HMOs in flats where they are not primarily family accommodation.
Recommendation 3: In the context of promoting the greater affordability and availability of housing in the borough, the Council should review its current planning policies in relation to HMOs. This would maintain the restrictions on converting residential houses into self-contained flats and HMOs. However, the policy could be amended to permit a more liberal approach to allow HMOs in a converted flat, particularly over shops, which could be used to house tenants on a shared basis.
5. Homes for Londoners: Affordable Homes Programme 2016-21

1.7 The Committee was told the GLA3 sets out the funding guidance for local authorities bidding into the GLA’s funding pot. Members were informed that it had been confirmed in the Government’s Autumn Statement that £3.15 billion was available to fund the capital cost of building new homes in London. This equates to around 10% of the total cost of providing affordable homes. It is planned that these monies will help fund at least 90,000 new homes by 2021. These new homes will be primarily for affordable rent, shared ownership and the new “London Living Rent”.

1.8 The Committee learnt that affordable rents will be set according to target rent benchmarks. There will be a fixed grant of £60,000 per affordable rented unit (based on 50% affordable) and £28,000 per unit for London Living Rent and shared ownership. Private developers will be allowed to limit the amount of affordable housing in new developments to 35%. The Committee noted that schemes which have at least 35% on-site affordable housing will generally not need a viability assessment.

1.9 The Affordable Housing Programme builds on the “borough viability protocol” and aims to clarify existing assumptions and methodology. In terms of the products available through the programme, the Committee were informed that the London Affordable Rent is targeted at low income households, nominated by London boroughs and provided by housing associations and other registered providers. For these properties, the Mayor has proposed benchmark rents slightly higher than social rents (social rents are the actual rents charged for traditional council housing). The Government has published guidelines for the level of these rents. These guideline rents are generally referred to as “formula” or “target” rents, based on the valuation of the property in 1999. This means that there is not a single formula rent for two bedroom properties in Waltham Forest, there is a range of values. Rent levels are reported to Cabinet annually. The last report of 28th February 2017 reported average weekly rent in Waltham Forest for two bedrooms of £103.80 in 2016/17 and £102.76 for 2017/18.

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1 Homes for Londoners: Affordable Homes Programme 2016-21
1.10 The London Living Rent is targeted at households with average income levels and is intended to help tenants save towards home ownership. The rent is set with regard to average incomes locally and grants of £28,000 per unit are available. Using the GLA formula, the London Living Rent will be capped at £215 per week in outer London and £300 per week in central London. London Shared Ownership is aimed at those tenants who can save enough for a deposit and the household income eligibility maximum threshold is set at £90,000.

1.11 The Committee was informed that the bidding process for programme funding will be significantly streamlined. Less information will need to be provided by bidders at all stages of the bidding process, although bidders will have to demonstrate whether they meet the full London Plan Design Standard. Indicative allocations are only available for London Living Rent and London Shared Ownership schemes. Funding for named projects will only be available from 2020-21. The Committee was told that it remains to be seen how successful the Council will be in obtaining a significant allocation through this year’s bidding process for the programme. There is some concern that many registered providers are reluctant to bid for indicative schemes and for longer term programmes. The GLA have given a commitment that they will work more closely with the London boroughs to increase their understanding of the available schemes.

Recommendation 5: That officers report back to the Committee in the summer of 2017 on the outcome of the bids that have been submitted as part of the Affordable Housing Programme and that the Committee considers ways of increasing the allocation of funding to Waltham Forest in the light of this report.

1.12 The Committee strongly supports the Council registering to become an approved provider under the Affordable Homes Programme and building new homes. The £60,000, per affordable rented unit, available for approved providers, especially if they exceed the 40% target for schemes, is a strong incentive to bid for GLA funding and get developments off the ground. The Committee were told that Waltham Forest has a major part to play on the GLA’s strategic vision for the development of housing infrastructure for North East and outer London. The GLA see the borough as part of the Lee Valley corridor, which will contribute towards generating considerable housing growth for London, including several designated housing zones in the borough or adjoining boroughs.
1.13 The Committee believe that there is a need to ensure that there is sufficient and properly planned social and physical infrastructure to support new developments including, health, education and community facilities. The Committee noted that regeneration of council housing estates plays an important role in improving the quality of homes and neighbourhoods and increasing the overall housing supply. In taking forward estate regeneration programmes, the Committee recognises that it is vital to engage fully with residents and build community support for regeneration proposals. The Council should consider best practice in this area and look at new and innovative ways to engage communities in regeneration initiatives.

Recommendation 6: The Council should identify key registered providers in the borough who will be potentially interested in bidding into the GLA Affordable Homes Programme, so their bids benefit from Council support.

Recommendation 7: The Council should consider potential joint ventures with interested local registered provider partners to bid for the maximum (40% or more social housing) Affordable Homes Programme funding.

Recommendation 8: The Council should ensure that proposals for new housing are always assessed in advance for their impacts on local infrastructure (especially health and education services).

Recommendation 9: The Council should consider best practice in community engagement when conducting estate regeneration.
6. IPPR and the work of the London Housing Commission “Building a New Deal for London” and the LGAs Housing Commission Reports

1.14 The Committee considered that the work of this review would benefit by considering the findings of two recently published reports into the current housing crisis by prominent bodies. The Committee received briefings on the recommendations contained in these reports as part of its review.

1.15 The first report by the Institute for Public Policy Research (IPPR) was based on the work of the London Housing Commission 4 which was published in March 2016. Dr Bill Davies, the author of the London Housing Commission report, gave a presentation to the Committee. Dr Davies said that London’s housing supply is grossly under-resourced, house prices are 50% above the level they were during the financial crisis of 2008, rents have increased by 20% over the same period, but real incomes have only risen by 2%.

1.16 The London Housing Commission had identified a range of barriers to overcome London’s housing crisis and made recommendations directed to the Government, the Mayor of London and London councils. The Commission’s report contains proposals for increasing the amount of land in the housing pipeline, improving the planning process and tapping into more sources of investment. The report recognised that council planning departments are under-resourced and subject to further cuts, making it more difficult to get consents at a time in which planning applications are becoming more complex. Strong measures are needed to increase planning and land use capacity.

1.17 Relevant recommendations made by the Commission include:

http://www.ippr.org/publications/building-a-new-deal-for-london
identifying sufficient land to deliver at least 50,000 homes per year for the next decade;

significantly improving the volume and speed of planning approvals by increasing the capacity of councils’ planning departments;

creating a London Planning Inspectorate to support London boroughs and monitor their progress in building new homes;

designating a significant proportion of public land for new privately rented housing.

1.18 In December 2015, the LGA launched a Housing Commission to set out a forward looking vision for the future of housing and the relationship between councils and communities. Their Report makes recommendations regarding delivering sites with planning permission, building homes through new and joint delivery vehicles, enabling and shaping the private developer market, land release and assembly and revitalising council house building.

1.19 The report proposes that developers should be charged for planning applications on a cost recovery basis, to ensure councils process applications more quickly and save developers valuable time and money. Pertinent recommendations made in the LGA Report that address some of the issues covered in the Council’s review include: allowing London councils to establish their own licensing schemes for private landlords; requiring councils to publish an annual audit on the progress of planning applications in their areas, especially for larger developments; and councils’ publishing an annual review outlining progress made in delivering new homes against national and local targets. The Committee were pleased that there was a significant convergence between many of the suggestions made in this report and the two national reports.

http://www.ippr.org/publications/building-a-new-deal-for-london
7. Developing new methods of building homes

7.1 Given the very high construction costs in London, the Committee supports exploring the options for building more modular homes in the borough. One of the main problems experienced by this and other local authorities is to get engagement from providers. The Committee learnt that some developers such as Berkeley Homes, have built and sold modular homes and that others, such as Swan, London and Quadrant and Keepmoat are actively considering doing this. Southern Housing operate a factory to manufacture the parts for the construction of such homes. The Committee supports the idea of creating more manufacturing capacity to build modular homes for London, perhaps under the aegis of the GLA, both to significantly reduce costs and create local employment opportunities.

7.2 The Committee suggests that London boroughs work together to purchase a given volume of modular homes for private rent. This will give emerging providers an incentive to expand capacity, with the guarantee that there will be an increased level of demand for such units in the medium to long term. The Committee also supported the proposal that the Council’s own planning policies in relation to applications involving the use of modular homes be reviewed to ensure such applications received sympathetic consideration. The Committee want an assurance that existing planning policies will not work against the expansion of this form of housing construction in the borough in future.

Recommendation 10: The Council should work with other London boroughs through the GLA, to establish a London-wide approach to commissioning the purchase of more modular homes.

Recommendation 11: The Council should consider how to make the best use of modular homes and should approach existing suppliers to test what is currently available on the market.
8. Right to Buy Capital Receipts

8.1 Right to Buy receipts have the potential to be a considerable source of investment for affordable housing, but restrictions on their use mean that their benefit is not being optimised. The Government expects local authorities to replace homes sold through Right to Buy on a one to one basis. However, the retained Right to Buy receipts can only be used to fund up to 30% of the capital cost of that home; the rest needs to be found from other sources. The 30% of receipts that can be used to finance new house building is in sharp contrast to the 100% that can be used by charities and registered providers to finance new build programmes. The Committee felt that increasing to 50% the proportion of receipts that could be used to finance new house build would significantly increase the economic viability of potential developments. However, the Committee is also of the opinion that, as charities and registered providers can retain 100% of receipts for new-build, the argument for council also being able to retain 100% of receipts is a strong one.

8.2 The Committee were also informed that Right to Buy receipts must be spent within three years and, if left unspent, the funds are returned to the Government. In the case of London councils, these receipts are passed on to the GLA and allocated to affordable housing grant programmes. In a report commissioned by the Centre for London it is estimated that because of the difficulty in raising the remaining funding for replacement homes, only about one in six local authority Right To Buy homes sold is replaced with a new home. The report also recommends that the Government should extend the period within which local authorities are able to spend right-to-buy receipts from three to five years and should increase the proportion of the cost of a replacement home that can be funded by these receipts. These recommendations are supported by the Committee.

8.3 The Committee were strongly of the opinion that the percentage of capital receipts eligible to be used for new build project costs, which can be funded from Right To Buy receipts, should rise above the current 30% maximum. Ultimately, however the Committee believes that Councils should receive 100% of receipts from the sale of council homes to bring local authorities in line with housing associations and charities. At the moment the Council does not have the powers to do this, so it would need the

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6 http://www.centreforlondon.org/publication/strength-in-numbers/
Government to change the rules. A significant increase in Right to Buy receipts will add to the Council’s ability to fund land purchase and new house building. The Committee also support the ability of Councils to increase their HRA debt ceiling as new properties are built with Right To Buy funds to reflect the increase in total HRA rent, in the same way debt has to be repaid as properties are sold under Right To Buy.

Recommendation 12: The Council should lobby to retain Right to Buy receipts for five years rather than surrender them after three years, as at present.

Recommendation 13: The Council should work with London and national representative bodies (London Councils and the Local Government Association) to lobby government to change the percentage of council house sales receipts that can be used to build new homes, from 30% to a higher percentage, with the intention of moving to 100% over time.
9. Viability Assessments

9.1 The Committee believe that the Council should require all developers, regardless of the scale of the housing development, to make viability assessment documents public as part of the new London SPG for promoting housing growth. The Committee believe this will inject more transparency into the planning development process, and give the public a better understanding of the developer’s potential profit margin and how this balances with the environmental safeguards included in specific development schemes. The Committee expressed concern that less than half of sites that have planning consent for housing are developed within an acceptable timescale and wanted more information to understand why this is the case.

Recommendation 14: The Council should make public viability assessments documents for all proposed housing developments public, as part of supplementary planning guidance.

10. Introducing a Council Licensing Scheme

10.1 The Council’s Private Rented Property Licensing Scheme, introduced in April 2015, requires all privately rented properties in the borough to be licensed with the Council. Waltham Forest is one of only four London boroughs to extend the scheme to the whole of the borough area.

10.2 The Committee learnt that since the scheme was launched, over 20,000 licenses have been issued. The Council has carried out over 26,000 property visits and issued around 1,000 notices to poorly maintained properties. Between February 2016 and March 2017 the Council successfully prosecuted 64 landlords and the courts have ordered fines and costs of around £200,000. Permitting London councils to set up their own landlord licensing schemes was also a recommendation in the recent LGA Report “Building More Homes”.
Recommendation 15: The Council should continue to support landlords through the existing licensing scheme, Waltham Forest Lettings, to maximise the supply of good quality private sector rented homes in the borough. The Council should identify relevant performance indicators in areas such as average rent levels, length of tenancies, enforcement activity, etc. to track trends and regularly report their findings to Members.
11. Conclusion

11.1 Waltham Forest, like the rest of London, is facing a critical shortage of affordable housing. Residents are unable to buy or rent private sector housing because rising house prices are pushing local people out of the market. The Committee believes building more homes, directly or indirectly, is key to tackling the housing shortage and therefore addressing a major concern for residents. The Committee strongly supports the development of the Council’s new HRA build programme and the new homes that will be built through the Waltham Forest Development Ltd and hopes this development vehicle will expand quickly, to build more homes in the near future.

11.2 The Committee believes the Council should use all of its available powers to facilitate new house build, including reviewing its design standard to permit greater density and identifying all available sites in the borough which are potentially suitable for development. The Committee welcomes the Mayor of London’s new SPG for affordable housing which will provide a major stimulus for increasing the volume of new build across London. The Committee believes the Council should use the new powers available through the SPG to promote its own plans for new build. The Committee welcomes the Mayor of London’s new SPG for affordable housing which will provide a major stimulus for increasing the volume of new build across London. The Committee believes the Council should use the new powers available through the SPG to promote its own plans for new build. The Committee looks forward to receiving a briefing in the summer on the success the Council has had in accessing new funding through bidding for GLA Affordable Homes Programme monies. The Committee, as part of its objective to increase new home building, supports the construction of more modular homes, which potentially can make a significant contribution to increasing the supply of affordable homes in the borough. The Committee thinks more can be achieved through working with other London boroughs to commission more modular homes and grow the market for this type of accommodation.

11.3 The Committee believe it is deeply unfair that only 35% of eligible receipts from the sale of council homes are retained by the local authority. The Committee supports the argument that eventually 100% of receipts should be available to local authorities to build more council homes. However, as a staging post, 50% is acceptable as the minimum amount needed to make building new homes economically viable. The Committee also believes that viability assessments should be published for all new housing developments, regardless of size, to enhance public transparency and allay any concerns about the robustness of the decision making process around approving new housing developments.
11.4 Ultimately, without greater house-building, owning and renting affordable, decent, housing will remain difficult, if not impossible, for far too many of our residents. It is welcome that the Council is making home-building a priority in the coming years – the Committee welcomes this and looks forward to receiving details of the new schemes in the coming months and years.