

# **Towards a New Tower Hamlets Housing Strategy Challenges and Options**

## **Message from the Mayor of Tower Hamlets**

Housing is the biggest issue facing Tower Hamlets residents – as my postbag and email inbox confirms every day. I spend a lot of time thinking about what the Council should do to help.

As Mayor I pledged to build 1000 new council homes, and to look at helping residents who are being priced out of renting or buying in their local area. I also want to work with housing associations to ensure they are financially sustainable and properly accountable to their residents.

This outline document is about more than new housing delivery as residents draw on a range of services that the council provides.

Please take the time to complete both the survey and comment on this document so we can improve it and make it reflect local people's and others stakeholders' views.

**Mayor John Biggs – May 2016**

## Consultation Note

This document sets out what we currently envisage the shape and content of the 2016 – 2021 housing strategy we intend to adopt later in the year looking like.

This is the first stage of consultation with residents and other stakeholders on the borough's proposed housing strategy. The second stage will begin in September 2016 and we plan to adopt the final Housing Strategy in November 2016.

### Responding to this consultation

There are various ways that you can respond. You can:

Complete the online survey at <http://www.towerhamlets.gov.uk/housingstrategy2016> and include comments on this outline document there.

Email us at [housing.strategy@towerhamlets.gov.uk](mailto:housing.strategy@towerhamlets.gov.uk)

Write to us at:

Housing Strategy Team  
London Borough of Tower Hamlets  
Mulberry Place  
5 Clove Crescent  
London  
E14 2BG

Ring us on 0207 364 0469

If any aspect of this document is unclear or you have issues understanding what we have set out, contact us by 'phone or email and we will explain more clearly what we're trying to say.

### **Please respond by 31 July 2016 so we can take account of your views**

We will be consulting again in September 2016 – the second stage of consultation - so you'll have further opportunity to comment on more detailed proposals once we've taken account of views we receive from this first stage consultation process..

## **Housing in Tower Hamlets today – key evidence**

- Population growth - Population expected to increase from 254,000 in 2011 to 370,000 by 2035
- The borough has for centuries welcomed and been home for many immigrants to Britain. Today, some 49 per cent of residents are from black and minority ethnic (BME) communities; 33 per cent are of Bangladeshi heritage, and there are also sizable Somali, Caribbean, Chinese, Vietnamese, Indian and Pakistani communities.
- Deprivation and poverty is present in the area, providing a stark contrast to the wealth and prosperity that has grown around Canary Wharf and the City fringes that also lie within the borough.
- There are over 118,000 households across the borough
- Current tenure mix - The Private Rented Sector is now the biggest single tenure at 39% of homes in the borough, with around 36% social housing and 25% owner occupation
- Housing need – nearly 20,000 households on the Common Housing Register with over 50% in high priority need
- Over 2000 households accepted as homeless are in temporary accommodation with over 1000 currently placed in accommodation outside Tower Hamlets
- Projected housing need - evidence from both the GLA London and LBTH Strategic Housing Market Assessments estimate that LBTH will require an additional 58,000 homes by 2035
- Projected housing development and growth – GLA has set LBTH a target of 3,931 homes per year for the next 10 years Affordable housing delivery – 4,386 new affordable homes built over the last 5 years
- The shortage of affordable homes has led to an extremely heated housing market. The private rented sector has doubled in size over the past 10 years but rents are beyond the reach of households on average incomes are well above Local Housing Allowances
- Private market sales start at a minimum of £300,000 for an ex local authority right to buy flat and so even the lowest level of home ownership is beyond the mean of average income households
- The only homes that are truly affordable to most residents in the borough are those provided by the council at social rents and housing associations at target rents

## Section 1 – Setting the vision for Housing

### Tower Hamlets Council wants to ensure that:

- there are housing choices for all sections of our diverse community
- the homes people live in are in a decent condition, warm, and weathertight
- the most vulnerable people's housing needs are met in a fair and inclusive way
- all homes are in safe, prosperous and thriving areas

To deliver this vision, we have broken down our approach into four broad themes, identifying challenges and options. The themes are:

- Delivering affordable housing, economic growth, and regeneration
- Meeting people's housing needs
- Effective partnership working with residents and stakeholders
- Raising private rented housing standards

To achieve this we need to understand what the borough's strengths and weaknesses are; where the opportunities are; and chart a way forward with our residents and other stakeholders, to realise our vision

The final housing strategy adopted will be more outward facing than in the past and will need to address private rented housing issues in more depth, as well as considering investing beyond our borough boundaries, using our own resources and initiative, to develop and implement housing options for people in housing need.

The Government's has just passed a new Housing and Planning Act which will have a big impact on our strategy. The Act includes proposals to:

- Charge up to market rents to council tenants on incomes of over £40,000 a year
- Require council planners to allow a new 'affordable' home product called Starter Homes for sale at no more than £450,000 which will replace other forms of affordable housing
- Make fixed term tenancies mandatory for new council tenancies
- High value council homes to be sold to fund the extended right to buy for housing association tenants.

This Act and associated interventions detailed in the Government's 2015 Spending Review, such as the four year 1% rent reductions and wider welfare reform changes (including the rolling out of the Universal Credit) will present major challenges to all stakeholders in the borough – residents, housing associations, advisory agencies and the council itself.

The council will need to be flexible in its approach to dealing with the implications of the changes being proposed and come up with ideas and initiatives that will mitigate the negative impacts that are likely to emerge.

## **Working with the new Mayor of London**

Sadiq Khan was elected as the new Mayor of London on 5<sup>th</sup> May 2016. Meeting housing need is one of his key objectives and the Council will work closely with him over the next four years. Set out below are his election commitments and the Council will need to consider these as it sets out its own Housing Strategy.

### **Homes for Londoners**

The Mayor will set up a new team at City Hall dedicated to fast-tracking the building of genuinely affordable homes to rent and buy.

### **Putting Londoners first**

The Mayor will set a target for 50 per cent of all new homes in London to be genuinely affordable, and use mayoral powers and land to stop 'buy-to-leave' and to give 'first dibs' to first-time buyers and local tenants. He will end the scandal of thousands of homes in new developments being sold off-plan to overseas investors each year.

### **More investment in housing**

The Mayor will support housing associations in their plans to ensure a minimum of 80,000 new homes a year.

### **Land for homes**

The Mayor will bring forward more land owned by public bodies like Transport for London and use the Mayor's new homes team to develop that land. This will enable more homes to be built where they are needed, rather than where developers think they can make the most money.

### **London Living Rent**

The Mayor will create a new form of affordable housing, with rent based on a third of average local income, not market rates. A new form of tenure, more affordable, and giving Londoners the chance to save for a deposit.

### **Action for private renters**

The Mayor will establish a London-wide not-for-profit lettings agency to promote longer-term, stable tenancies for responsible tenants and good landlords across London.

### **Action on Landlords**

The Mayor will work with boroughs to set up landlord licensing schemes – naming and shaming bad landlords and promoting good ones.

## **The Current London Housing Strategy**

The Council has to ensure that its housing strategy is on general conformity with the Mayor of London's Housing Strategy. This was produced in 2014 by the former Mayor of London and can be viewed here:

<https://www.london.gov.uk/what-we-do/housing-and-land/housing-strategy/mayors-housing-strategy>

### **Aims of the former Mayor of London's Housing strategy:**

To meet the needs of London's growing population, The Strategy aims to almost double housebuilding to at least 42,000 homes a year for the next twenty years. This challenge formed the core ambition of the former Mayor's Housing Strategy – formally adopted in October 2014

The strategy also aimed to better reward those who work hard to make this city a success by:

- massively increasing opportunities for home ownership
- improving the private rented sector
- ensuring working Londoners have more priority for affordable homes to rent
- 

At the same time, the strategy reiterates the previous Mayor's long-standing commitment to address homelessness, overcrowding and rough sleeping.

## Section 2 - Challenges and Options for the future

### Theme 1 – Building affordable housing, economic growth and regeneration

#### Challenges

##### Building new homes: Local Plan Policy

During December 2015 to February 2016 the Council undertook the first stage of consultation on its new Local Plan Which is the key planning document for the borough. The Plan should make clear what development, e.g., homes, offices, schools, is intended to happen over a certain period; where and when this development will occur; and how it will be delivered

Responses to this document, *Our Borough, Our Plan – A new Local Plan First Steps (Dec 2015)* have been received and are currently being considered. A summary of the responses to the consultation will be published here in due course:

[http://www.towerhamlets.gov.uk/lgn/council\\_and\\_democracy/consultations/Local\\_Plan.aspx](http://www.towerhamlets.gov.uk/lgn/council_and_democracy/consultations/Local_Plan.aspx)

A further, more developed version of the Draft Local Plan will be consulted on later in autumn 2016. The aim is to adopt the final Local Plan document, subject to secretary of state approval, by autumn 2017.

The December 2015 document set out the following statement:

*Tower Hamlets is expected to contribute a minimum of 39,310 new homes, approximately 10 per cent of the London housing target, by 2025. The borough's ability to supply land for housing in these quantities is becoming increasingly limited as a significant proportion of our available sites have already been developed. Land also needs to be secured to support the delivery of new infrastructure, such as schools, open spaces, health centres and transport links to create sustainable communities – Our Borough, Our Plan – A new Local Plan First Steps (Dec 2015)*

The borough currently has around 118,000 homes, so adding a further 39,310 by 2025 is going to have a major impact and pressures on the places that we have and the services that the council provides.

What we set out in the in final housing strategy needs to be fully aligned with what is set out in the Local Plan. But we're adopting our housing strategy in autumn 2016, a year earlier than the Local Plan. The Local Plan document and associated guidance documents are the key documents referred to when considering planning decisions, but until the Plan is adopted the draft planning documents will be considered as 'emerging policy'. The adopted housing strategy influences current and emerging planning policy but will not determine it.

At present, the council seeks 35% to 50% affordable housing from developers, but due to national planning policy and viability arguments made by developers, it is often difficult to deliver affordable housing within that range. Due to the significant proportion of housing that is proposed by private developers, which historically has yielded a large amount of affordable housing through what are called s106 agreements, the council will need to continue maximising affordable housing from this source.

This will prove increasingly difficult with the policy changes the government is bringing in, particularly on Starter Homes, which will be set by the government at a cost of up to £450,000 in London.

A common perception of housing choice in Inner London areas is one where you have to be very wealthy or very poor to be able to access accommodation. Even a high income is not necessarily sufficient to enter the low end of the home ownership market. An outcome sought from this strategy is how we can recreate some of the housing choices which enabled the borough to attract a wide range of people that contributed to public services, e.g., essential workers, but also people who contribute to the borough's diversity and cultural life. We need to look at what we can do to recreate those choices in a lasting way and what outcomes they can generate.

### **Where will the new homes be built?**

Tower Hamlets has considerable capacity to grow. The borough has hosted significant housing delivery in the past decade for a mix of reasons: the rebuilding of docklands, its proximity of the City of London and more recently the Olympic Park (now the Queen Elizabeth Park); and now with the more recent Overground and Dockland Light Railway upgrades, the transport infrastructure is soon to benefit from Crossrail opening in stages from 2017 onwards.

The significant housing delivery the borough has hosted is likely to continue for the next decade, mainly but not exclusively in the areas below identified by the Mayor of London for housing and employment growth:

- Area 1 - City Fringe / Tech City (including Whitechapel) where 15,000 homes can be delivered
- Area 2 - Isle of Dogs and South Poplar – 10,000 homes can be delivered
- Area 3 – Lower Lea Valley which the Tower Hamlets element includes the Poplar Riverside Housing Zone where 9,000 homes can be delivered.

The council is already working with the Mayor of London to maximise affordable housing delivery in the Poplar Riverside area through a Housing Zone. We will need to look at other ways of ensuring affordable housing delivery can be accelerated. other delivery mechanism.

### **The Mayor of Tower Hamlets Housing Policy and Affordability Commission**

Mayor John Biggs established a Cabinet Commission to investigate the delivery of actual affordable housing in December 2015. The Mayor appointed an expert



external panel who met three times: December 2015, January 2016 and February 2016.

Details of the Commissions' meetings and discussions can be viewed here:

<http://moderngov.towerhamlets.gov.uk/mgCommitteeDetails.aspx?ID=755>

The Mayor in Cabinet considered the recommendations of the Affordability Commission at a meeting on the 10<sup>th</sup> May 2016 and agreed to prioritise the following areas of work:

### **1. Council owned sites**

To deliver 100% rented housing combining social target rents and homes at 'living rent' (set at a proportion of median incomes at or below Local Housing Allowance levels) that is affordable without recourse to benefits for households with median incomes. These would cross-subsidise the social target rented homes.

To investigate letting the higher rent homes through a separate waiting list and potentially developed by a council sponsored Housing Company.

### **2. Section 106 Sites**

Explore the option to reduce Borough Framework rents to more affordable levels including social target rents taking into account impact on viability and possible reduction in overall affordable housing units.

Plan for emerging Government policy, in particular the proposed requirement to deliver 20% Starter Homes on schemes over 10 units as part of the affordable housing offer.

### **3. Commuted sums**

Given the changes in the housing market and land values, the Council should review its policy regarding commuted sums for affordable housing with reference to:

- Creating mixed and sustainable communities
- Considering the overall output of affordable housing.

### **Funding new council homes, estate regeneration and other affordable housing**

The council continues to be a major landowner in the borough through its ownership of homes and council land managed by Tower Hamlets Homes. In recent years it has been undertaking a council house building programme part funded by right to buy receipts. However, with the government's policy of reducing social rents by 1% a year for four years, this means previous assumptions on future revenue for asset management of council housing and building new homes has had to be revised.

That said, the council is committed to supporting the delivery of:

- more council housing
- more housing association affordable homes to rent and buy
- the regeneration of our estates
- Building and/or acquiring new homes, possibly outside the borough through a council sponsored local housing company
- Intermediate housing, i.e., homes for working households, including shared accommodation in certain circumstances

The council is committed to the delivery during 2014-18 of 5,500 affordable homes in total by all affordable housing providers, of which 1,000 will be by the council for rent. The majority of these 1,000 homes will be built on council-owned vacant land.

### **New Housing Company**

Like many other Local Authorities, the council is considering setting up a new Company to deliver housing on its behalf. This could include homes both inside and outside the borough and for both rent and sale. The advantage of this is that it would operate under different financial rules and possibly enable more homes to be built. The Council will bring forward plans for the company later this year.

### **Affordable home ownership and other forms of intermediate housing**

Intermediate housing is for people who need affordable housing, but can't afford it on the open market, but are not eligible to join the common housing register.

A traditional form of affordable home ownership in the borough has been through the provision of shared ownership homes built by housing associations. Typically an applicant can buy (usually with a mortgage) a minimum of 25% of the open market value of a home and rent (and pay service charges) for the remainder. Because of high house prices in the borough, even this model is becoming increasingly unaffordable for people on average incomes. Other forms of intermediate housing include sub market rented housing which is below private market rents but above social rents.

The council will need to review how it approaches the delivery of intermediate housing with the advent of Starter Homes and the increasingly unaffordable cost of shared ownership housing. Increasing the amount of genuinely affordable homes for ownership for local people is an important part of the council's future housing approach.

### **Quality, design and energy efficiency of affordable housing**

The council will seek to build homes that deliver:

- acceptable space standards meeting *DCLG Technical housing standards – nationally described space standard (March 2015)* and ideally exceeding them
- bedroom mixes that meet people's needs
- wheelchair accessible standards (10% minimum) and Lifetime Homes Standards
- energy efficient standards which helps both reduce fuel poverty and carbon emissions

## **Regeneration: Jobs, Skills and the Local Economy**

An ongoing challenge for the council is how to maximise social, economic and environmental gains for the disadvantaged in our communities from the enormous private sector economic activity undertaken in Canary Wharf and the City of London adjacent to the borough.

With the major growth of residential, business and cultural activity across the borough in the coming decades, the need for a connection between capturing the value of growth and applying it to those who need a start most continues to be great.

As referenced earlier, the three opportunity areas in the borough in the Lower Lea Valley including Poplar Riverside, South Poplar, and City Fringe / Tech City (including Whitechapel) is where the main growth will be in the future.

Later this year, the Mayor will be considering a new growth strategy to help ensure local job opportunities are maximised for local people.

## **Options for consideration**

### **How we can consider delivering affordable housing, economic growth and regeneration**

- Maximise affordable housing building in the borough's three key development areas
- Use council-owned sites to deliver 100% rented housing combining social target rents and homes at 'living rent'
- Use council-owned sites to develop higher rent homes let to applicants from a separate waiting list and potentially developed by a Council owned Housing Company.
- Consider setting up housing company to deliver new homes both inside and outside the borough
- Explore the option to reduce 'Affordable' rents to more lower levels including social target rents taking into account the possible reduction in overall affordable homes for rent
- Plan for emerging Government policy, in particular the proposed requirement to deliver 20% Starter Homes on schemes over 10 units as part of the affordable housing offer
- Review its policy regarding commuted sums for affordable housing, with the aim of:
  - Creating mixed and sustainable communities
  - Considering the overall output of affordable housing

- Making best use of Council owned land/assets
- Complete a full capacity study of Council owned land site (within the Housing Revenue Account and the General Fund) to identify opportunities and funding options.
- Develop a new employment strategy to help ensure local job opportunities are maximised for local people
- Develop clear policy for market sale, for discounted market sale including Starter Homes and shared equity schemes with reference to evidence available regarding take up of subsidised home ownership schemes.
- Explore long term financial investment from institutions for an intermediate rent product for households with average/median incomes

## Theme 2 – Meeting people’s housing needs

### Challenges

#### Common housing register allocation scheme

The council is required by law to have a Housing Allocation Scheme which sets out how applicants who are homeless and/or in housing need can join the housing register. The council operates its scheme in partnership with housing associations that have homes in the borough and are signed up as borough partners.

For that reason, the council’s scheme is called *The Common Housing Register Partnership Allocations Scheme (23 April 2013)*.

The current scheme can be viewed here:

<https://www.ths.org.uk/Data/Pub/StreamTemp/1gg42is3.pdf>

As part of the housing strategy consultation process, we are going to review and consider amending some aspects of the scheme in conjunction with our Partnership members.

Consultation will include a focus on:

- Priority banding, including whether the council should continue giving priority to applicants not in housing need
- Right to move requirements (where applicants from outside the borough have priority in order to take up work in the borough)
- Review our residency conditions which currently require people to have lived in the borough for at least 3 years before they can join the Housing Register

#### Homelessness Strategy

The council currently has in place a *Homelessness Statement 2013 to 2017* which sets out our approach to preventing and reducing homelessness focused on:

- Homeless prevention and tackling the causes of homelessness
- Access to affordable housing options
- Children, families and young people
- Vulnerable adults

The statement can be viewed here and comments on this statement and any other aspect of tackling homelessness are welcome through this stage of the consultation and will be taken into consideration when formulating the final Housing Strategy

[http://www.towerhamlets.gov.uk/lgnl/housing/housing\\_statements\\_and\\_strateg/homelessness\\_strategy.aspx](http://www.towerhamlets.gov.uk/lgnl/housing/housing_statements_and_strateg/homelessness_strategy.aspx)

Many aspects of this document are still relevant but we need to consider what other options are available to prevent and meet homelessness demand.

At this stage we are primarily seeking views on the priority given to homeless households by the Council through the review of our allocations scheme.

In addition we will consider purchasing accommodation within the borough to use as our own temporary accommodation which will reduce the cost to the Council. This could be taken forward through the creation a Social Lettings Agency that can help offer more housing options for homeless people and others in housing need

We will also review the current statement and set out which areas to take forward and identify further work required.

### **Tenancy Strategy – Changes to new Tenancy Agreements**

The council is required by law to have a Tenancy Strategy that sets out what kind of social housing tenancies should be granted by housing associations and the council (through Tower Hamlets Homes) in the borough and what basis those tenancies should be renewed.

The government through its Housing and Planning Act propose that future tenancies granted by the council and housing association landlords should be for fixed terms of between two years and 10 years. The government is also proposing that where families have children under the age of nine, a tenancy should be granted until the child reaches the age of 19. There will be some exceptions to fixed term tenancies, possibly for the elderly and the disabled, which will be set out in regulations to be published in the future.

The government is also proposing that other than where a spouse or civil partner is succeeding a tenancy, the new tenancy should be for a fixed term. The new Tenancy Strategy adopted will impact on future tenancies granted by Tower Hamlets Homes, and influence the tenancy policies of our local housing association partners.

Now that the government's proposals on tenancies have been set out in the Housing and Planning Act, we will seek your views on future length of tenancies.

The current Tenancy Strategy can be viewed here:

<http://www.towerhamlets.gov.uk/Documents/Housing/Tower-Hamlets-Tenancy-Strategy.pdf>

### **Tackling overcrowding**

The council currently has in place a 2016-2018 Overcrowding Action Plan which was updated in March 2016 and includes the following:

- Property based actions by delivering larger family accommodation through s106 schemes and new affordable housing schemes
- Lettings actions by having a flexible approach to the operation of the Common Housing Register Allocation Scheme (April 2013)
- Advice and partnership actions by ensuring all housing associations with stock in the borough sign up to the Common Housing Register Forum
- Under occupation actions by developing bespoke packages to meet specific households' needs; encouraging housing associations to reduce under-occupation; and financial incentives to encourage under-occupiers to consider moving

The plan can be viewed here and comments on this plan and any other aspect of tackling overcrowding are welcome through this stage of the consultation and will be taken into consideration when formulating the final Housing Strategy.

<http://www.towerhamlets.gov.uk/Documents/Housing/Housing-provision/Overcrowding-and-Under-Occupation-statement-Final-July-2013.pdf>

### **Older Persons' Housing Needs**

People are living longer and often do not have housing choices that enable them to move to more appropriate accommodation that meets their needs. In an affordable housing context, this can involve small-sized households, sometimes single people, under-occupying family homes which could be used for larger households. Whilst the council has access to sheltered housing for older people available through its Housing Association partners, older people's needs sometimes require consideration of health and/or mobility issues. The need to continue to meet the two aims of the council's 2013 – 2015 Older Persons' Statement remain valid, which are:

- Aim 1: Provide a range of good quality accommodation and access to home adaptations and improvements that offers older people housing that meets their needs;
- Aim 2: Help older people to continue to remain active, independent and healthy in their homes supported by flexible and affordable services

The council will refresh its Older Persons' Statement and align it with the broader objectives of the final housing strategy adopted in autumn 2016.

The statement can be viewed here and comments on this statement and any other aspect of older persons housing are welcome through this stage of the consultation and will be taken into consideration when formulating the final Housing Strategy

<http://www.towerhamlets.gov.uk/Documents/Housing/LBTH-Older-Person-Housing-Statement-May-2013.pdf>

### **Disabled people including those with learning disabilities**

The council recognises the need to provide affordable housing accommodation that is suitable for people with physical disabilities including people who use wheelchairs.

An emerging issue is the lack of affordable accommodation for people with learning disabilities (including people with autism) who are able to live independently with some support. This has been given added impetus with the government's recent announcement that it expects future accommodation to be delivered in community based settings rather than hospitals and residential care settings. The council is in the process of developing a strategy for meeting disabled people's housing needs.

### **Supported Housing and other forms of temporary accommodation**

Supported Housing plays an important role in providing accommodation for people who may have dependency issues, such as alcohol, drugs, or who have particular mental health issues. Consideration also needs to be given to children leaving care and those fleeing domestic violence. Services required, e.g., floating support, to enable people to live independently is funded from the Supporting People programme administered by the council, guided by the Supporting People Strategy.

We will consider the needs of all these groups when developing new housing and reviewing allocations policies and take into account the view of our partner organisations who provide services to the most vulnerable people in our community.

### **Gypsies and Travellers**

Part of the Local Plan development process deals with assessing the housing needs of gypsies and travellers in the borough. As part of this process, council officers from planning and housing will liaise to ensure that gypsy and traveller housing needs are fully considered in housing strategy and set out in the Local Plan to be adopted in autumn 2017.

### **Options for consideration**

#### **What we can consider doing to better meet people's housing needs**

- Refresh the Common Housing Register Allocation Scheme to widen housing options for the council to give priority to those in housing need and use private rented housing and other suitable accommodation to meet housing needs
- Keep under review the Overcrowding and Under-occupation Plan
- Refresh the Tenancy Strategy to take account of legislative changes requiring local authorities to issue fixed term tenancies
- Explore the merits of creating a Social Lettings Agency that can help offer more housing options for homeless people and others in housing need
- Explore the merits of the council buying or developing its own hotel to meet emergency housing needs
- Refresh our Homelessness Statement and align it with the 2016-21 Housing Strategy



- Refresh our Older Persons' Housing Statement and align it with the 2016-21 Housing Strategy
- Work closely with colleagues and partners to support the most vulnerable people in the borough and continue to meet their housing needs
- Assess the existing and future requirements for the gypsy and traveller communities

## **Theme 3 – Effective partnership working with residents and stakeholders**

### **Challenges**

The council needs to consider the way it works with its partners, primarily its residents; housing associations; and other stakeholders in the borough and the Greater London Authority.

It will be important that the council is clear in expressing what changes are going to be proposed over the coming years and explain why. Some issues such as the passing into law the introduction of fixed term tenancies will involve further consultation and some difficult discussions with existing tenants and particularly those who hope to live in the borough in the future.

The introduction of Universal Credit benefits system may mean that council and housing association tenants in the future will have to pay their rent in a different way so we need to make sure advice and support is in place to ensure rent arrears do not build up.

In terms of specific areas of partnership working in the future:

#### **Tower Hamlets Homes and the council's tenants and leaseholders**

Tower Hamlets Homes (THH) is the arms length management organisation (ALMO) that is responsible for managing and maintaining the council's housing stock of some 21,000 social rented homes and leaseholder homes originally sold under the right to buy.

The ALMO (a company 100% owned by the council) was established to access government funding to deliver a “decent homes” programme, to repair and modernise the housing stock, whilst this programme was completed in 2016, the council continues to make significant investment in its stock to maintain a decent standard-.

#### **Working with our housing association partners**

The council works in partnership with around 50 housing associations in the borough, who collectively own and manage more homes than the council. A good example of this partnership working is demonstrated by the operation of the Common Housing Register Allocation Scheme, overseen by the Tower Hamlets Housing Forum, comprising our housing associations and council representatives.

Some of these housing associations – Poplar Harca, Eastend Homes and Tower Hamlets Community Housing – were set up by the council to deliver decent homes, improvements, new homes and broader regeneration outcomes which they have been undertaking.

With the government's recent decision to force housing associations to reduce their rents by 1% for four years, has meant that housing associations nationwide are progressing discussions about merging which are proceeding. Although a 1% reduction for four years doesn't sound much, this reduction has had a profound impact on housing association financial planning. This has impacted on the council (through Tower Hamlets Homes) too with difficult decisions having to be made about future investment. The impact on housing associations' business plans – particularly those who are developing new homes – is causing some organisations to pursue mergers with others to ensure their (merged) business plans remain robust.

We're concerned that such mergers will have a negative impact on local service delivery and negatively impact on broader strategic investment decisions. We are particularly keen that Tower Hamlets based local housing associations stay locally focused and accountable and we will work with the statutory authorities – principally the Greater London Authority and the Homes and Communities Agency - to make sure this remains the case.

A further issue is the government's stated intention to 'deregulate' the housing association sector. What this means in practice will emerge over time, but our concern is that agreements and understandings in place on issues such as nomination agreements; responsibility to house homeless households; and council rights to nominate members to housing association boards will loosen.

The large majority of new affordable housing for rent will be delivered by housing association partners, most of whom are members of the council's Preferred Partners Panel. We intend to maintain this Panel but recognise that there will be difficulties ahead as with the trend with mergers, there will be fewer developing housing associations and the ability of the council to prescribe who builds what affordable housing

## **Options for consideration**

- Continue to work with council tenants and leaseholders on the development of Tower Hamlets Homes
- Develop more effective working with local housing associations that are based in the borough delivering local priorities remain local, independent and accountable to residents.

## Theme 4 – Raising private rented housing standards

### Challenges

The Council wants to raise the standard of private rented housing in the borough. Private sector housing – housing for home ownership and private renting – represents two large segments of the housing market in Tower Hamlets. Whilst much of the new private housing in the borough is both expensive but well managed, some private sector rented homes are in poor condition and/or poorly managed.

There are also a significant number of homes bought under the right to buy which are now being let by private landlords. There are a number of interventions that the council is undertaking in respect of private sector housing and other initiatives and issues it has to consider. These include:

A **Landlord Licensing Scheme** for private landlords in the west of the borough covering the following wards:

- Spitalfields and Banglatown
- Weavers
- Whitechapel

The council wants to use selective licensing to tackle anti-social behaviour, deal with poor housing standards and assist in improving the overall management of rented accommodation. The Council could consider extending this scheme to homes in multiple occupation provided further conditions are met.

The council's **Private Sector Housing Renewal Policy 2016 – 2018**, makes available a mix of grants and loans, some of which are means-tested, to tenants and landlords that fund:

- Bringing long term empty homes back into use
- Disabled facilities that allow tenants to live independently in their homes
- Home repair grants to fund small scale repairs so that tenants can remain in their own homes safely and avoid minor accident

The policy can be viewed here:

[http://www.towerhamlets.gov.uk/Documents/Housing/Private\\_Sector\\_Renewal\\_Policy\\_2016\\_18.pdf](http://www.towerhamlets.gov.uk/Documents/Housing/Private_Sector_Renewal_Policy_2016_18.pdf)

**Other private sector housing issues:**

#### Empty Properties

**'Buy to Leave'** - The council, as with other inner London authorities, has concerns about a perceived trend of homes being bought on the open market and being left empty. For the council this means fewer homes available to rent and which also has a negative impact on the local economy. We need to research this perceived trend

and establish what evidence there is for it and what, if any, actions are required to address it.

As well as 'Buy to Leave' existing properties are also often left empty and the council will review its existing approach to approaching owners of these properties in order to encourage them to bring properties back into use, including through legal action.

The **Self Build and Custom Housing Act 2015** requires the council to hold a register of individuals and associations of individuals who are seeking serviced plots of land (i.e., serviced with water, electricity, etc) to either self build their own homes or use custom housing (e.g., housing, wholly or partly assembled in factories). The council will be maintaining such a list as required by law and will monitor interest in this form of housing.

**Student Accommodation** does not sit neatly in the standard types of accommodation – housing for market sale, market rent, low cost home ownership, and for social (and affordable) rent. Planning policy will guide the policy framework by which decisions will be made on whether additional student accommodation should be built in the borough to support students wanting to study at local academic institutions.

## Options for consideration

- Review selective/additional licensing schemes for private rented sector and explore options for a scheme for houses in multiple occupation.
- Review the action the Council could take to reduce the number of new homes that are being purchased but being left empty by investors and by owners of existing empty properties.
- Support the Mayor of London's London Rental Scheme and London Landlord Accreditation Scheme to improve regulation in the Private Rented Sector
- Analyse the register of self builders in line with statutory requirement and in order to inform the Local Plan and respond to self and custom build.

## Section 6 - Equalities Statement

The 2010 Equalities Act places an equality duty on local authorities (and other public bodies) to protect people from discrimination in the workplace and in wider society. To meet this duty, the Council needs to consider all individuals when carrying out their day-to-day work when shaping policy, in delivering services and in relation to their own employees. It also requires that public bodies to:

- have due regard to the need to eliminate discrimination
- advance equality of opportunity
- foster good relations between different people when carrying out their activities

The adoption of the Housing Strategy and associated documents requires the Council to undertake an Equalities Impact Assessment (EqIA) to fully assess what the positive, negative or neutral impacts of adopting the documents will be on defined equality groups. The nine relevant protected characteristics of these groups are:

- age
- disability
- gender reassignment
- Marriage and civil partnership
- pregnancy and maternity
- race
- religion or belief
- sex
- sexual orientation

When we publish the draft housing strategy and associated documents in the autumn, we will also publish a draft equalities impact assessment for stakeholders to review and comment on.

## **Summary of options for consideration**

Set out below is a summary of the options for consideration that are covered in the four key sections of this Housing Strategy Outline document.

At the beginning of this document, are details on how you can give comment on what we've set out.

### **Theme 1 - Delivering affordable housing, economic growth, and regeneration**

- Maximise affordable housing building in the borough's three key development areas
- Use council-owned sites to deliver 100% rented housing combining social target rents and homes at 'living rent' (set at a proportion of median incomes at or below Local Housing Allowance levels) that is affordable without recourse to benefits for households with median incomes. These would cross-subsidise the social target rented homes.
- Use council-owned sites to develop higher rent homes let to applicants from a separate waiting list and potentially developed by a Council owned Housing Company.
- Consider setting up housing company to deliver new homes both inside and outside the borough

- Explore the option to reduce 'Affordable' rents to more lower levels including social target rents taking into and the possible reduction in overall affordable housing units.
- Plan for emerging Government policy, in particular the proposed requirement to deliver 20% Starter Homes on schemes over 10 units as part of the affordable housing offer
- Review its policy regarding commuted sums for affordable housing, with the aim of:
  - Creating mixed and sustainable communities
  - Considering the overall output of affordable housing
  - Making best use of Council owned land/assets
- Complete a full capacity study of Council owned land site (within the Housing Revenue Account and the General Fund) to identify opportunities and funding options.
- Develop a new employment strategy to help ensure local job opportunities are maximised for local people
- Develop clear policy for market sale, for discounted market sale including Starter Homes and shared equity schemes with reference to evidence available regarding take up of subsidised home ownership schemes.
- Explore long term financial investment from institutions an intermediate rent product for households with average/median incomes

## **Theme 2 - Meeting people's housing needs**

- Refresh the Common Housing Register Allocation Scheme to widen housing options for the council to give priority to those in housing need and use private rented housing and other suitable accommodation to meet housing needs
- Keep under review the Overcrowding and Under –occupation Plan
- Refresh the Tenancy Strategy to take account of expected legislative changes requiring local authorities to issue fixed term tenancies
- Explore the merits of creating a Social Lettings Agency that can help offer more housing options for homeless people and others in housing need
- Refresh our Homelessness Statement and align it with the 2016-21 Housing Strategy
- Refresh our Older Persons' Housing Statement and align it with the 2016-21 Housing Strategy

- Work closely with colleagues and partners to support the most vulnerable people in the borough and continue to meet their housing needs
- Assess the existing and future requirements for the gypsy and traveller communities

### **Theme 3 - Effective partnership working with residents and stakeholders**

- Continue to work with council tenants and leaseholders on the development of Tower Hamlets Homes
- Develop more effective working with local housing associations who are based in the borough delivering local priorities remain local, independent and accountable to residents

### **Theme 4 - Raising private rented housing standards**

- Review selective/additional licensing schemes for private rented sector and explore options for extensions to schemes.
- Review the action the Council could take to reduce the number of new homes that are being purchased but being left empty by investors and by owners of existing empty properties.
- Support the Mayor of London's London Rental Scheme and London Landlord Accreditation Scheme to improve regulation in the Private Rented Sector
- Analyse the register of self builders in line with statutory requirement and in order to inform the Local Plan and respond to self and custom build.

## **Glossary of Terms**

**Affordable Rented Housing – comprises two forms of affordable rented housing.**

- Social rented housing is usually owned by local authorities and private registered providers (as defined in section 80 of the Housing and Regeneration Act 2008), for which guideline target rents are determined through the national rent regime.
- Affordable rented housing is let by local authorities or private registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is subject to rent controls that require a rent of no more than 80 per cent of the local market rent (including service charges, where applicable).



**Arms Length Management Organisation (ALMO)** – an organisation set up and owned by the council to manage its housing stock. The ALMO in the borough is called Tower Hamlets Homes.

**Assured Tenancy** – The type of tenancy issued by housing associations which are 'lifetime' tenancies. For new tenants, these are preceded by a 'Starter Tenancy', usually for one year.

**Assured Shorthold Tenancy** – The type of tenancy issued by housing association landlords which are fixed term tenancies. These are usually for five years, but can be as short as two years or longer than five years. Private landlords also use this tenancy, but usually issue them for shorter periods, between 6 months and year, but can be longer.

**Common Housing Register Allocation Scheme** – The council is required by law to produce a Housing Allocation Scheme. In Tower Hamlets, the council works in partnership with local housing associations to produce a joint document, the Common Housing Register Allocation Scheme. This document sets out the policies which decide who can go on the register which may mean being allocated affordable rented housing in the borough. The scheme also sets out how homelessness needs are met.

**Commuted Sums** – See S106.

**Department for Communities and Local Government (DCLG)** – The government department of state responsible for housing, planning and regeneration, which also sponsors the Homes and Communities Agency.

**Fixed Term Tenancy** – The type of tenancy issued by local authority or ALMO landlords which are for fixed terms. These are usually for five years (but can be for longer), but can be as short as two years or longer than five years. These tenancies have the same rights and conditions as Secure Lifetime Tenancies, but are for fixed terms.

**Greater London Authority** – comprises the Mayor of London; London Assembly; and the staff who support their work. It is the capital's strategic regional authority, with powers over transport, policing, economic development, housing, planning and fire and emergency planning. The Mayor is responsible for producing the London Housing Strategy and the London Plan. The council's housing strategy and local plan need to be in general conformity with the Mayor's documents.

**Homes and Communities Agency (HCA)** – The government appointed regulator of housing associations who are registered with the HCA, i.e., registered providers. The HCA provides governance and financial viability ratings for individual housing associations.

**Housing Allocation Scheme** – See Common Housing Register Allocation Scheme.

**Housing Associations** – are social landlord organisations which are not local authority landlords, who provide affordable rented accommodation. Housing

associations registered with the Homes and Communities Agency are known as 'Private Registered Providers' and used to be known as Registered Social Landlords (RSLs).

**Intermediate Housing** – A broad term to describe accommodation which is intended to be affordable for working households available for rent; ownership or a combination of rent and ownership. Such households do not usually qualify to go on the Common Housing Register but are not able to afford housing on the open market for private rent or ownership.

**London Living Rent** - Not an official term but widely understood as rent that could be offered in new 'intermediate' affordable homes. It's based on the principle that rents shouldn't be more than around a third of what people earn.

**Secure Lifetime Tenancy** - The type of tenancy issued by councils or ALMOs which are 'lifetime' tenancies. For new tenants, these can be preceded by an 'Introductory Tenancy', usually for one year.

**Local Plan** – A local authority planning document that sets out the council's proposed planning and land allocation policies over a set period of time.

**Low Cost Home Ownership (LCHO)** – A form of affordable housing that is available for sale at less than open market values, either through shared ownership or at a discounted price.

**Private Rented Housing** – Accommodation let by private landlords at market rates, usually on an Assured Shorthold Tenancy.

**Registered Providers** – Housing associations which are registered as providers of affordable housing with the Homes and Communities Agency (HCA).

**S106** – is a legal agreement between a developer and the council for the developer to provide specific community contributions in return for the council granting planning consent for a scheme. These community contributions can be money – commuted sums – to go towards build of schools, health facilities, or affordable housing. Alternatively it can be an agreement to do certain things, for example, environmental improvements or provide affordable housing. The housing is usually provided through the developer contracting with a housing association.

**Shared Ownership** – An intermediate housing product available from housing associations (and more recently other bodies) whereby the applicant buys a share of a home (not less than 25%) and rents the remainder.

**Starter Homes** – A government-sponsored affordable housing product which will be available to buy at no more than £450,000 (or £250,000 outside London) and no more than 80% of local market values. The government wants to require local authorities to deliver Starter Homes through private developers.

**Tenancy Strategy** – A statutory local authority document that sets out its policy on the types of affordable housing tenancies (i.e., lifetime tenancies or fixed term tenancies) they wish to see granted by Registered Providers in their areas and on what terms they think the tenancies should be renewed.

**Tower Hamlets Homes** – The council's arms length management organisation (ALMO) which manages the council's housing stock.