

Cabinet

4 November 2013

Delivering Better Homes

All Wards

Cabinet Portfolio:

Cabinet Member for Housing and
Regeneration:
Councillor Pete Robbins

Report authorised by:

Strategic Director Commissioning: Helen
Charlesworth May

Executive Summary

Lambeth is one of the most densely populated boroughs in the country, and its household population is forecast to increase by from 130,000 in 2011 to 158,000 in 2030. Ensuring that new homes are being built to accommodate Lambeth's growing population and existing council homes are of a good quality is a high priority for the Council. Lambeth has a good recent record of delivery, but demand, particularly for affordable housing and social rented homes, continues to outstrip supply. This report provides an update to Cabinet on the significant progress made in improving the quality of Lambeth's council housing stock since the launch of the Lambeth Housing Standard in April 2012, and in delivering new homes in Lambeth across all tenures. It also sets out how Lambeth intends to meet the challenge of continuing to deliver new affordable homes, particularly in the context of significant recent changes to government policy and the ongoing financial context that have made the task more difficult.

Summary of financial implications

New Homes - Working with partners the Council draws in a "cocktail" of funding in order to deliver new homes schemes and this is drawn out in the detailed consideration-within this report.

The Lambeth Housing Standard - Lambeth has committed to invest £443 million in its housing stock over the next 4 years, the biggest ever investment in Lambeth's homes to bring them up to the Lambeth Housing Standard, co produced by Lambeth Tenants and Leaseholders.

The Council's 5 year Capital programme to 2016/17 commits a spend of £443 million in bringing all Council homes up to the Lambeth Housing standard with an annual spend of:

2012/13-£50 million
2013/14-£95 million

2014/15-£119 million
2015/16-£131 million
2016/17-£48 million

The 30 year HRA Business plan, (currently under annual review) then profiles Capital spend of £125 million and Revenue spend of £142 million every 5 years, to 2030 with investment per unit maintained at £10,000.

Based upon the assumptions included in the model the Council has sufficient capacity to undertake its capital and revenue plans within the overall debt maturity profile.

Recommendations

That Cabinet notes:

1. The progress made to date in implementing the Lambeth Housing Standard programme which has resulted in a further 1125 homes being brought up to the Decent Homes standard during this financial year.
2. The success of the borough in delivering new affordable homes over the last five years, resulting in 2034 new affordable homes
3. The Council's continued commitment to affordable housing delivered s106 obligations, including a commitment where possible to on-site provision and mix of tenures
4. Progress made in relation to the Somerleyton Road development and the possibility of using a similar model of delivery in future
5. The provision of new affordable routes to home ownership via the 'Pocket Homes' programme
6. The work of the Private Rented Sector (PRS) workstream in considering how the council can shape and influence the market in the future, to maximize the private rented sector's capacity to provide good quality housing at a price people can afford to pay

That Cabinet agrees:

1. The Lambeth Housing Standard programme for 2014/15 as proposed in Appendix 1 of the report
2. That the Cabinet Member for Housing and Regeneration report to a future Cabinet with a recommended policy on the use of commuted sums for affordable housing
3. That the Cabinet Member for Housing and Regeneration should report to a future Cabinet with a recommended policy on the use of Local Lettings Policies for newly built council housing

Consultation

Name of consultee	Department or Organisation	Date sent	Date response received	Comments appear in report para:
Internal				
R Sharpe Director Commissioning Director	Helen Charlesworth -May Strategic Director Commissioning	30/9/13	ongoing	Throughout
Greg Carson Christine Stapleton	Governance and Democracy	4/10/13 9/10/13	11/10/13	
Christina Thompson	Director of Finance Business Partnering	4/10/13		
Julie Curtis Finance Officer	Corporate Finance		1/10/13	
Councillor Peter Robbins	Cabinet Member Regeneration/Housing	30/9/13	ongoing	Throughout
Tammy Riordan	Senior Planner(Planning policy)	4/10/13	11/10/13	
Neill Litherland	CEO- LL	10/10/13	10/10/13	

Report history

Decision type: Key decision - first entered into the Forward Plan: 20 September 2013		Key decision: reason Financial and community impact	
Authorised by Cabinet member:	Date report drafted:	Date report sent:	Report deadline
See above	30/09/13	30/09/13	22/10/13
Report no.: 190/13-14	Report Author and Contact for Enquiries Sumitra Gomer - A/D Housing Strategy and Regeneration (Interim) 020 79264278 sgomer@lambeth.gov.uk		

Background documents

The Housing Commission: The Co operative Council-The Future of Council Housing 2011
<http://www.lambeth.gov.uk/Services/CouncilDemocracy/MakingADifference/TheFutureOfCouncilHousing.htm>

Lambeth Housing Strategy-2012/2016

<http://www.lambeth.gov.uk/Services/HousingPlanning/LambethHousingStrategy20122016.htm>

Cabinet: Lambeth Housing Standard, 12 March 2012 (report 301/11-12)

<http://www.lambeth.gov.uk/moderngov/documents/s40594/06%20Lambeth%20Housing%20Standard.pdf>

Cabinet-Lambeth Estate Regeneration Programme –Strategic Delivery Approach, 22 October 2012 (Report 132/12-13)

http://www.lambeth.gov.uk/moderngov/documents/s50180/06%20Estate%20Regen%20Final_22%2010%2012_NV.pdf

Cabinet-Future Brixton: Somerleyton Road Project, 8 July 2013

<http://www.lambeth.gov.uk/moderngov/documents/s58240/07a%20Somerleyton%20Road%20PART%201.pdf>

Appendices

Appendix 1 - Lambeth Housing Standard programme for 2014/15

Appendix 2 – Glossary

More Opportunities for Better Homes

1. Context

- 1.1 “Lambeth residents have more opportunities for better quality homes” is a key outcome in Lambeth’s Community Plan 2013. The Council recognises that housing plays a fundamental role in providing stability in the lives of our residents, with a safe and secure home acting as a fundamental building block for a prosperous future. Residents consistently tell us that they want Lambeth to be a borough of sustainable, mixed and balanced communities, with housing that is affordable to people of all incomes. Lambeth’s Housing Strategy (2012) set out an ambitious vision, with all of our residents living in a home they can afford, that is safe and well managed and in a neighbourhood they are proud to live in.
- 1.2 The macro-economic situation, significant recent changes to government policy on housing subsidy and planning requirements and welfare reform, mean the Council faces an increasingly significant challenge in securing affordable housing that is appropriate in terms of its affordability, size, type, tenure, location and quantum. It is against that background that Lambeth has recognised that it needs to review its approach to the delivery of affordable homes, and set out innovative ways in which it can meet the extra challenges set by the current economic and policy context.
- 1.3 Following the recommendations of the Council’s Housing Commission in 2011, the Housing Strategy was reviewed and agreed by Cabinet in July 2012. This reflected the large number of changes in housing legislation and financing and Lambeth’s changing local priorities evidenced through an extensive coproduction and consultation process with residents, stakeholders and partners. The Council’s vision which drives the delivery of the Housing Strategy is that all of our residents live in a home they can afford, that is safe and well managed and in a neighbourhood they are proud to live in. The strategy sets out a shared vision and a series of priorities and proposals under three key themes:
- Place: *The role housing plays in making Lambeth a great place to live, work and visit*
 - Property: *The importance of good quality homes in Lambeth*
 - People: *The role housing plays in improving the lives of those who live in it*
- 1.3 Lambeth faces significant challenges as identified below:
- Lambeth is the 5th most densely populated borough in the country, with the number of households forecast to increase from 130,000 in 2011 to 158,000 in 2030
 - Lambeth is the 5th most deprived borough in London, but, in common with inner London boroughs, Lambeth has a mixed profile, with areas of affluence and deprivation often side by side.
 - The number of households is projected to grow by 6,000 more than the number of dwellings delivered in the period 2001-2031.

- Of the 300,000 people that live in Lambeth, 20% live in properties rented from the council, 16% from another social landlord, 28% rent privately and 33% are owner occupiers.
 - The 2012 Housing Needs Survey identifies an overall housing requirement across all tenures of 23,900 homes, to 2031. Of this, 67% is a need for affordable /social rented housing
 - The most significant change from the last census has been the rapid increase in private rent, up from 18%. The private rented sector has been traditionally attractive to people at certain stages in their lives, and is often a relatively temporary form of accommodation. However, as home ownership has become increasingly unaffordable and with limited amounts of social housing, there is increasing demand for affordable private rented accommodation in London
 - The number of people who have applied for social housing (including transfers from our own and/or housing association stock) was 15,000 in March 2013.
 - 2,800 of these households are overcrowded, representing a small proportion of the 13.5% of residents lacking a bedroom in the 2011 Census
 - Lambeth is a popular, and expensive, place to live. The average cost of a home in Lambeth is now around £400k. Hometrack notes that “significantly, it is now postcodes beyond central London, which are racing ahead. Data indicates that properties in East London, districts of Hackney and Clapton, are valued at 27% above the peak before the crash while in Lambeth the increase is generally 30%.”The average sale price per sqft is currently £542, a 47% increase since 2008.
 - These rapidly increasing property values, combined with increasing demand for private rented accommodation, are feeding similarly high increases in market rates for rented accommodation. The market rent for an average two bed Lambeth flat is now around £1,400 per month. This level of rent compares with gross monthly incomes (based on 40 hour working weeks) of £990 at the national minimum wage and £1,368 on the London Living Wage.
 - Resident concern at this obvious disparity is reflected in recent polls in which local residents cite a lack of affordable housing as their 3rd most important issue (out of 15).
 - 6.8% of private rented sector residents receive housing benefit. Over 60% of those living in our own council stock receive housing benefit.
 - 40,000 of Lambeth’s Residents will be affected by Welfare reform. 2,400 council tenants are affected by the bedroom tax, with an overall reduction in housing benefit across these households of around £3million per annum. 600 of Lambeth’s Residents will be affected by the benefits cap.
- 1.4 The vast majority of households in Lambeth who do not already own a property are finding it increasingly difficult to buy or rent a property at open market values. This affordability gap has increased in recent years as property values in the borough rise inexorably but incomes do not. Those needing to borrow to fund their housing costs have also been faced with the reduction in credit availability, which may not be addressed through the Help to Buy scheme.
- 1.5 We collectively face huge challenges in delivering the homes that Lambeth residents need. New housing supply has been put under pressure nationally by

the recession with restrictions on finance for both developers and buyers as well as local authority budget cuts, and the amount of government funding available for affordable homes and housing services having been significantly reduced. This means that we will have to be innovative in order to deliver new housing and better services with fewer resources.

2. Proposals and Reasons

The Lambeth Housing Standard

- 2.1 Lambeth has one of the largest stocks of Council homes in London (24,593 tenanted, 9,760 leaseholders). The way the Council plans and delivers its Housing Investment Strategy 2012/17 and the delivery of good quality housing management services has the potential to have a significant impact on the quality of life for residents and the quality of the built environment.
- 2.2 A long history of underinvestment and a lack of funds has meant that Lambeth Council housing stock is in need of significant investment. Lambeth Council approved a local Lambeth Housing Standard (LHS) following a coproduction exercise with tenants and leaseholders – a major undertaking in which approximately 6000 residents participated. The LHS programme includes work such as Aids/Adaptations, Fire Safety, refurbishment of watertanks and communal boilers, lift renewals, door entry systems, CCTV, and drainage. The programme goes beyond what is required under the Government's definition of Decent Homes (good maintenance standards relating to doors, windows, bathrooms, kitchens, heating, roofs, electrics) and most importantly is based on the priorities set out by our residents.
- 2.3 The LHS programme, approved by Cabinet in March 2012, is the largest housing investment programme in Lambeth's history, and is one of the largest ever undertaken by a local authority. The LHS enables investment in the housing stock to be prioritised and targeted. This programme marks a significant milestone for improving the quality of council housing in Lambeth and represents a step change in the delivery of housing investment for our residents.
- 2.4 In 2012, 51% (12,750 homes) of the Council's Tenanted stock was compliant with the Government's definition of Decency. Works to a further 1125 homes during 2013/14 will increase the proportion of Homes meeting LHS to 60%; works to a further 3910 homes in 2014/15 will increase the proportion of Homes meeting LHS to 60%; thereafter 82% of Tenanted Council homes will be brought up to the LHS, rising to 98% by 2016 and 100% by 2017.
- 2.5 Implementation of the agreed LHS programme and completions to the Lambeth Housing Standard was initially slower than expected, but the programme has gathered momentum and is now running to schedule for 13/14. Close monitoring and partnership working between Lambeth Living and LBL Housing client commissioning will maintain required delivery.

- 2.6 The 2014/15 indicative Programme
Cabinet is asked to approve the indicative programme for 2014/15, which is set out in Appendix 1.

Affordable housing in Lambeth

- 2.7 Lambeth Council supports growth in housing and the local economy, but has made clear that growth must meet the needs and aspirations of local people. The need for low cost/sub-market housing, i.e. housing where the cost is no higher than 30% of the household income, in creating vibrant and sustainable mixed tenure communities is well documented, and there is a clear and pressing demand for housing that is more affordable to both buy and rent.
- 2.8 The pre-2011 government definition of Affordable Housing used to include Social Rented Housing (generally meaning council housing or housing association housing) and Intermediate Housing (shared ownership schemes). However in 2011, the Government re-defined Affordable Housing and introduced a new funding model called 'Affordable Rent' to allow social landlords to charge rents up to 80% of local market value. This change has caused further confusion as to what is meant by 'affordable housing', and the term is now widely misunderstood by many stakeholders.
- 2.9 New affordable housing may better be described as being *subsidised* housing, as some form of capital subsidy is required for a sub-market rent to be financially viable. Any new build housing that is to be sold or rented at sub-market rents requires a subsidy – whether in the form of direct subsidy from the government or local authority, funding from future rental income via 'affordable rent' models or Housing Revenue Account surpluses, or cross-subsidy from the profit made through the market sale of properties in private developments. Recent changes to the government subsidy regime have resulted in significant difficulties in delivering new affordable housing in Lambeth, as is discussed in the next section.
- 2.10 The level of subsidy required is greatly dependent on the size of the property and the land value of the location, leading to significant variations in Lambeth. Table 1 shows what the level of 'extra' subsidy that is required – either from the developer or from government - in order for affordable rent units to be provided in various parts of the borough.

Table 1

Area	Value per Sq Ft	Price RP can Pay per Sq Ft	Developer Subsidy per Sq Ft	Amount of Subsidy per Unit (flat)	
				2 Bed (754 sqft)	3 Bed (926 sqft)
Norwood Park	£251	£130	£121	£91,000	£112,000
Streatham	£348	£130	£218	£164,000	£202,000

Hill,SW2					
Kennington/ Oval,SE11	£480	£130	£350	£264,000	£324,000
Vauxhall, SW8	£763	£130	£633	£477,000	£586,000
Waterloo,SE1	£990	£130	£860	£648,000	£796,000

2.11 The level of subsidy required to deliver an affordable housing unit also varies significantly depending on the actual tenure of the home – if a property is to be let at ‘council’ rent (currently approximately 40% of market rents) then it will require more subsidy than if it is let at a higher sub-market rent (for instance an ‘Affordable Rent’ of 80% of market rates), and significantly more than an intermediate home (for instance shared ownership).

Recent financial and policy changes affecting the delivery of new Affordable Housing in Lambeth

2.12 Lambeth has a good record of delivering new housing in recent years, including social and intermediate housing. The current London Plan borough level housing target for Lambeth is an overall supply of 1,195 net additional dwellings per annum. Of the 1,142 annual net additional dwellings of conventional supply in Lambeth, 624 (55%) are expected to be delivered on identified large sites and 518 (45%) on small sites, with the remainder overall supply met from voids /non self contained units (Strategic Land Availability Assessment -2009).

2.13 Table 2-Completions –Private units-Affordable Housing.

	2010/11	2013/14	2015/18*
Completions	2766	898	5210
Private Units	1600	526	3000
Affordable Housing	1166	372	2100

*Projections

However several recent changes to the financial and policy context are providing new challenges to delivery of affordable housing in Lambeth.

Removal of direct subsidy in favour of new ‘Affordable Rent’ model

2.14 The context in which new affordable housing is developed has changed markedly over the last few years with ‘bricks and mortar’ grant funding per property for registered providers (housing associations) having been drastically reduced. In the last three year funding round (the NAHP), the average grant available was only in the region of around 10% of delivery costs, which has meant the bulk of finance required to subsidise new affordable housing must come from other sources.

2.15 New affordable housing in Lambeth has generally been delivered by Registered Providers (housing associations). They have financed new housing using a mixture of grant funding from the NAHP and borrowing from banks, with loans

secured against housing stock, or in partnership with private sector developers using S106 funding for affordable housing derived through the planning consent process.

- 2.16 The Affordable Rent Model was introduced by the Government as part of the 2008/11 Affordable Housing programme. The model required providers to use existing assets to help reduce the amount of public funding needed to deliver new supply. The model meant that the previous system of detailed scheme-by-scheme appraisal will end. The intention is to agree clear and flexible arrangements which enable providers to plan ahead, but which can be adapted over time as opportunities arise. Affordable Rent homes up to a maximum of 80% of market rent are allocated in the same way as social housing is at present. Providers are able to offer Affordable Rent homes on flexible tenancies.
- 2.17 Affordable Rent forms the principal element of the new supply offer. At the same time, new flexibilities will allow a proportion of social rent properties to be made available at re-let at an Affordable Rent, with the additional capacity generated from those re-lets applied to support delivery of new supply.
- 2.18 The introduction of a blanket level of 'affordable rents' at 80% market value in Lambeth would have incrementally rendered these homes unaffordable for large numbers of those on the Housing Register. For a family home in Lambeth this would exceed the amount within the Universal Credit eligible for covering housing costs, effectively excluding non-working families (68% of new social housing tenants) from being able to afford to live in homes let as 'Affordable Rent'.
- 2.19 Due to the concern over the unaffordability of 80% market rents to many Lambeth families, Lambeth's Tenancy Strategy stipulated that average (or 'blended') rent levels should be 65% of market levels, rather than 80%. Rents for family-sized accommodation should be set at Target (or Social) Rent Levels in view of the high rent levels that can be charged in North Lambeth. Those for smaller accommodation could be greater providing they did not exceed the Local Housing Allowance Rate set for Housing Benefit purposes. Target Rents are lower than Affordable Rents and are calculated using a formula which takes into account the value of the property in January 1999, the number of bedrooms, and the earning levels in the area for manual jobs. By providing more homes at Target Rent levels there will be an opportunity cost to the Council and this will impact on other elements of development projects.
- 2.20 However the Mayor of London is attempting to prevent London boroughs from setting local caps on affordable rent levels in this way, rejecting the views of the independent Planning Inspector. Lambeth has entered into a formal challenge against the Mayor's intentions to instead force affordable rents to be set at 80% of market rates across London..

Greater London Authority Covenant Funding

- 2.21 In addition to the 2011/15 AHP Programme, the Greater London Authority (GLA) has invested further funding into providing affordable accommodation

through a series of Covenants dealing with Low-cost Home Ownership, Extra Care and Special Requirements, and General Needs Accommodation.

- 2.22 As part of the Low-cost Home Ownership Covenant, the GLA promoted a number of different Low-cost Homeownership initiatives. These include Low-cost Flexible Home ownership where purchasers can choose between different home ownership products (such as Rent to Buy and shared ownership) as well as new ones providing sub-market opportunities.

Funding from private developments – using s106

- 2.23 In addition to financing infrastructure, the Council expects new private residential developments to provide a mix of affordable housing tenures, sizes and types to help meet identified housing needs. Developments of 10 or more units, and sites above 0.1ha in size, are expected to provide 50 per cent affordable housing on site if grant funding is available and 40 per cent if no grant is available, with a tenure mix of 70 per cent rented and 30 per cent shared ownership.
- 2.24 The starting point for any site is for it to be compliant with Lambeth's planning policy on affordable housing. Lambeth requires schemes to provide 40% affordable housing (50% with grant) provided on-site, with a 70:30 social/affordable rent: intermediate (share ownership) tenure split, and a mix of unit sizes including family homes.
- 2.25 Many developers state that providing this level of affordable housing would make their schemes 'unviable' – that they could not afford to provide this level of subsidised housing and still generate a profit on the development. New guidance from the government contained in the National Planning Policy Framework (NPPF) of 2011 supports this position, stating that *"To ensure viability, the costs of any requirements likely to be applied to development, such as requirements for affordable housing should, when taking account of the normal cost of development and mitigation, provide competitive returns to a willing land owner and willing developer to enable the development to be deliverable."*
- 2.26 This means that developers in Lambeth can legally negotiate affordable housing offers that are lower than required in local planning policies where they are able to demonstrate that higher targets would lead to them generating insufficient financial returns from the development if built out. The accepted minimum return is 20%, and the final offer is subject to a 'viability test' which examines the financial assumptions made.
- 2.27 The emergence of these 'viability tests' mean that Lambeth as a planning authority has little option other than to negotiate an affordable housing 'package' of less than 40%. However we are able to negotiate with developers, and suggest consideration of different tenures, products or mixes which could improve viability and deliver a greater quantum of affordable housing and/or type of provision that better meets priority needs.
- 2.28 While Lambeth's affordable housing targets are clear and generally well understood by the development industry, many sites, particularly in the north of the borough, are failing to deliver policy compliant schemes due to perceived

impacts on development viability. It is felt that the NPPF criteria skews the outcome of viability studies and fails to deliver Council policy compliant schemes.

- 2.29 Where scheme viability is under pressure, there must be a balance between the overall quantum of affordable housing delivered and the nature of provision. Overall numbers may have to be sacrificed in favour of fewer larger units, or, conversely, if a site is deemed to be unsuitable for a high proportion of family housing, a higher number of smaller affordable housing units could arguably be secured.
- 2.30 Viability assessments are also unhelpful as they only capture a ‘snapshot’ using assumptions on land value, property sales etc that are subject to change. A review mechanism is now included in S106 agreements to capture any uplift in value due to a delayed planning implementation and/or a phased build out of a major scheme or other changes affecting financial viability. Any uplift will be secured as additional on-site affordable housing or a financial contribution. Where a review carried out indicates that a scheme could viably support more affordable housing than has been proposed, applicants are challenged. This has, in a number of cases, led to an uplift in provision. For example, officers recently challenged a financial appraisal submitted to support zero affordable housing provision on Vauxhall Sky Gardens and following negotiations with the consent holder the offer was improved to agree a provision of 35 social rent units and 6 intermediate units (17% affordable housing by total units). Successful use of review mechanisms in the future could lead to developers being required to provide ‘commuted sums’ in the future.

Off-site affordable housing provision and payment in lieu

- 2.31 On many sites, particularly in the north of the borough, a higher level of provision could be secured off-site than would otherwise be secured on-site as costs are prohibitive. As previously illustrated, the difference in the level of provision that can be secured off-site, the variation in the amount of developer subsidy required to provide affordable units in different parts of the borough is set out in Table 3 below for affordable rent provision.

Area	Value per Sq Ft	Price RP can Pay per Sq Ft	Developer Subsidy per Sq Ft	Amount of Subsidy per Unit (flat)	
				2 Bed (754 sq ft)	3 Bed (926 sq ft)
Norwood Park	£251	£130	£121	£91,000	£112,000
Streatham Hill, SW2	£348	£130	£218	£164,000	£202,000
Kennington/ Oval, Se11	£480	£130	£350	£264,000	£324,000
Vauxhall, SW8	£763	£130	£633	£477,000	£586,000
Waterloo, SE1	£990	£130	£860	£648,000	£796,000

Table 3: Geographical variation in developer subsidy required for affordable rent units

- 2.32 The analysis shows that there is a wide variation in the level of developer subsidy required to deliver affordable housing (and therefore the likely level of provision that could be delivered before development viability is compromised) across all tenures in different locations in the borough.
- 2.33 The emerging Lambeth Local Plan maintains the presumption that affordable housing should be provided on site but would allow for the provision of affordable housing by developers off-site (“in kind”), where it is demonstrated that on-site affordable housing cannot be practically achieved, or off-site provision would be more effective in meeting needs for affordable housing. A sequential approach to affordable housing provision is set out (i.e. a presumption for on-site, in exceptional circumstances off-site, and only in very exceptional circumstances a payment in lieu of provision). The emerging policy also makes it clear that where off-site provision is accepted in principle the developer would be expected to identify a site within 1 mile that is capable of accommodating the affordable units. The off-site affordable units would be expected to be delivered before the completion of market sales.

Converting office buildings into residential use – new permitted development rights

- 2.34 In May 2013 the Government introduced new permitted development rights to allow office buildings (B1(a)) to be changed to residential use (C3) without the need for a planning application. The new permitted development rights will be in place for three years, after which the provision will be reviewed. The Council is unable to control where these new homes are located, or to require compliance with minimum space standards, amenity space standards and other best practice design standards including Lifetime Homes and wheelchair accessibility.
- 2.35 Furthermore, the Council is unable to secure affordable housing, local infrastructure or other S106 planning obligations from developments undertaken under the new permitted development rights. The permitted development rights may also be used by landowners to generate a higher existing use value for a site, with residential rather than office use becoming the baseline. This means the margin between the existing use value and the proposed use value will be lower, which will have an impact on the viability considerations for the proposed scheme and will affect the Council’s ability to secure affordable housing from these sites even where planning permission is sought.
- 2.36 The Council was successful in its application to exclude the Central Activities Zone area from the proposal however was unsuccessful in excluding Brixton and Streatham town centres and the Key Industrial and Business Areas. The Council has begun judicial review proceedings against Communities Secretary, contesting the perceived lack of transparency around the process for selecting areas for exemption.

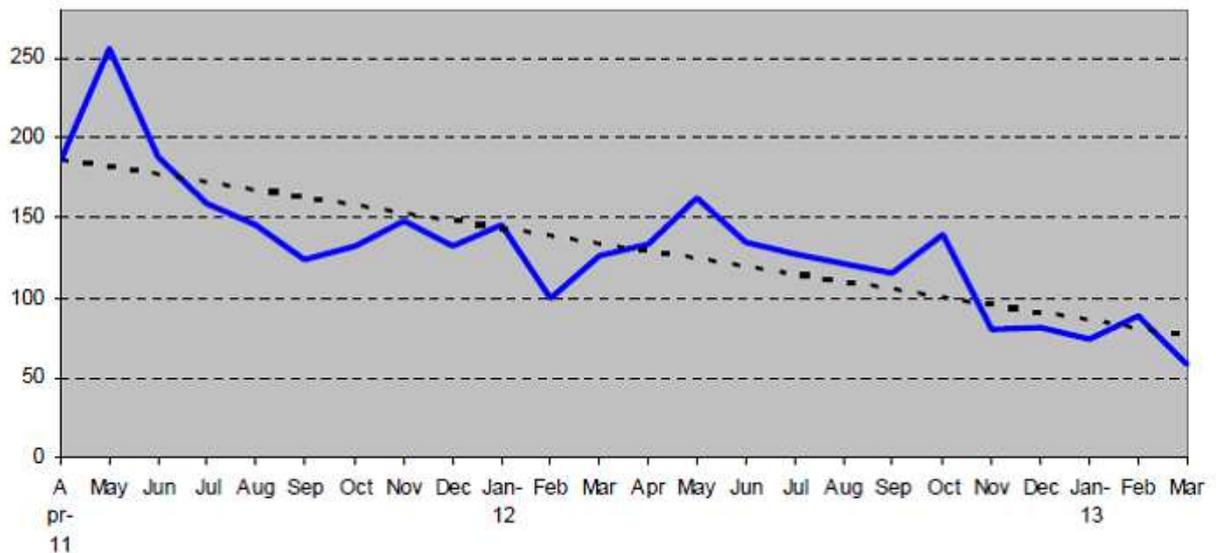
Right to Buy'

- 2.37 In March 2013 it was announced that the maximum discount that council tenants can receive if they exercise their 'Right to Buy' would be further increased to £100,000 in London. In theory, the income from these receipts will be invested for one-for-one replacement of affordable rent properties.
- 2.38 However local authorities are only able to retain these receipts to fund the building of new 'affordable rent' housing, once they exceed a certain level based on several financial assumptions. In Lambeth it means that we need to sell over 90 units a year before we have any additional receipts to spend. We anticipate sales this year to be ~70 meaning we will not receive any funding, despite losing 70 units of council housing.

Lower proportion of tenants moving out of council /housing association property

- 2.39 In the following chart monthly lettings are reported April 2011 to March 2013 and the trend is steeply downward. In 2012/13 total lettings, are over 30% below levels reported in the previous year.

Permanent lettings 2011 to 2013: Lambeth Living and Housing Associations



2012/13	Q1	Q2	Q3	Q4	Mar	2012/13	2011/12
Total lettings	429	363	300	221	58	1,313	1,981*
<i>Change +/-</i>	-6%	-15%	-17%	-26%		-34%	-17%

- 2.40 The reason for the reduction in lettings levels is uncertain but a contributory factor is the year on year a reduction in the rate of tenancy terminations possibly due to wider socio-economic factors including the economic downturn that means that people do not move out of social rented housing. Increasing house prices have severely reduced the number of council tenants who are able to move into home ownership, and concomitant increases in market rent levels mean many fewer tenants are choosing to move into private rented accommodation. The unattractiveness of the private rented sector is further reduced by the lack of security offered, tenancies typically only last for twelve months and the quality of private rented accommodation can also vary greatly.
- 2.41 These factors combined mean that fewer tenancies are available in council housing stock for people on our waiting list – only around 880 council properties were made available to let during 2012/13.

Our response – meeting the challenge of increasing affordable housing in Lambeth

- 2.42 Lambeth recognises the need to help deliver more housing that is genuinely affordable to local people. A changing financial and policy context offers both challenges and opportunities to the councils ability to respond.
- 2.43 The increasingly high cost of renting on the open market, means that living in Lambeth is essentially unaffordable for people in full time work receiving National Minimum Wage or the London Living Wage. Changes to welfare support, and in particular the introduction of the benefits cap, similarly mean that many families who are currently out of work are similarly unlikely to be able to afford to live outside the social rented sector. The likelihood is that these trends will continue, meaning the only viable option for many residents who want to remain living in Lambeth is through a council home.
- 2.44 In order for Lambeth to meet it's political aspiration of providing quality and genuinely affordable housing for residents the council needs to realistically assess its ability to encourage a dramatic increase in the supply of social housing, maximising the provision of new homes that are available at low rents, and in particular through the provision of new council homes. Due to previous financial and policy constraints the provision of new council housing has not been a realistic option for most local authorities for many years, but this is changing.
- 2.45 However there is also a case for improving the attractiveness of routes out of social housing for tenants who have the aspiration to move into home ownership, or whose personal finances mean that the private rented sector is affordable. Increasing the opportunities for tenants to buy a new home, or rent in the private rented sector that will increase the availability of our existing council homes.
- 2.46 Meeting the challenge of increasing the supply of council homes in the context set out in this report will require innovative approaches and new ideas. Issues such as demographic change, economic factors, the local housing market, and migration mean that whatever measures the council takes, demand for housing is likely to continue to outstrip supply. However, the situation will be made much worse by inaction. This section of the report will outline the existing and future

options by which Lambeth Council could pursuing several options to increase the supply of social rented and council homes:

Funding new council house building

- 2.47 There are several ways in which the Council could consider funding a new programme of council house building.

Using the Housing Revenue Account

- 2.48 The self-financing settlement abolished the subsidy system and redistributed debt between authorities on the basis of a Government assessment of their ability to service the debt. This had the effect of increasing the debt held by most authorities, but in return they no longer had to pay into the national pot. The changes mean that all authorities now get to keep all of the rent they receive from tenants. However, authorities are also now fully responsible for managing their owned income and expenditure and no longer have the “safety net” previously provided by the subsidy system, if anything should go wrong.
- 2.49 Housing Revenue Account (HRA) self financing introduces new opportunities for a viable long term business plan with the potential to increase levels of investment beyond the current Lambeth Housing Standard. Additional investment for new council homes may be affordable if long term surpluses are forecast. In order to develop a long term investment strategy, the council will need to take some critical strategic decisions in the near future.
- 2.50 It is argued that lifting, or abolishing, the current caps, to align accounting practices on a similar model to Europe is a vital step to realising funds for an effective house building programme.

Use of Council capital receipts

- 2.51 The Council can also consider extending the use of its own capital funding to deliver new affordable homes in Lambeth. Housing is one of the council’s stated priorities for capital spending, along with investment in school places, highways and footways.
- 2.52 Lambeth already provides some capital funding for the provision of new council housing. For instance, twenty two new family-sized council homes are currently being delivered through the refurbishment of blocks in Rushcroft Road, central Brixton, funded from the council’s capital programme at a cost of £2.2m. The property was formerly illegally occupied, but following its repossession half of the blocks are being brought into use as social housing, with funds generated from the disposal of the remaining half.
- 2.53 There is also an opportunity for the Council to further invest in new council homes using receipts from the disposal of properties which is likely to be able to generate funding for a programme of new council housing that would produce a higher number of units.

Accessing s106 funding

- 2.54 Funding for new council housing can also be accessed via affordable housing contributions from s106 obligations. While previously registered providers such as housing associations were best placed to enter into partnership with developers who needed to provide social housing as part of their s106 obligations, the council may now be best placed to fulfil this role. This is particularly attractive option where an 'off-site' solution involving the build out of new housing on council owned land is available, and there are recent examples of where this approach has resulted in a positive outcome.
- 2.55 Vauxhall City Farm – St James are developing eight new family-sized council homes for social rented at St Oswald's Place in Vauxhall and providing new classroom and office facilities at Vauxhall City Farm. Planning permission for the scheme was granted on 15th October. A commuted sum for affordable housing has been generated from the St James scheme at Eastbury House, Albert Embankment in order to deliver the scheme at Vauxhall City Farm/St Oswald's Place. The scheme is expected to start on site in Summer 2014 and expected to complete in 2015.
- 2.56 The redevelopment of the Shell Centre at Waterloo will provide 52 extra care homes for affordable rent and 44 homes for intermediate rent on site, but it will also provide 70 new family sized council homes for target rent offsite and up to 30 new homes for sale, as well as a new nursery and estate improvements. The new council homes are expected to be ready for letting in 2015.
- 2.57 Use of Local Lettings Policies - The Cabinet member for Housing and Regeneration has agreed that a local lettings policy should be implemented for the new council housing provided by the Shell development. This would allow a proportion of new homes being built to be earmarked for local residents before being more widely advertised on Choice Based Lettings. This may be open to all existing tenants, not just those who would be afforded priority under the allocations scheme such as overcrowded or underoccupying households.
- 2.58 There are a number of options for how such a scheme could operate, particularly whether it is based on waiting time on the housing lists (for existing or future applicants) or time spent living on the estate, or a combination of the two. Any scheme would need to be fair, and not indirectly discriminate against any group. White residents on average have lived in their tenancies for ~15 years compared to ~13 years for non-white households. In this instance a scheme is to be co-produced with local residents.
- 2.59 It is recommended that the Cabinet member for Housing and Regeneration returns to Cabinet in the future with recommendation on whether similar local lettings policies should be developed for new affordable housing schemes.

Use of s106 'commuted sums'

- 2.60 In very exceptional circumstances a payment in lieu of provision of affordable housing may be accepted by the council, resulting in the payment of a sum to the council to use for affordable housing.

- 2.61 Similarly, review mechanisms are now included in S106 agreements to capture any uplift in value due to a delayed planning implementation and/or a phased build out of a major scheme or other changes affecting financial viability. Where a review carried out indicates that a scheme could viably support more affordable housing than has been proposed, applicants are challenged. Any uplift will be secured as additional on-site affordable housing or a financial contribution in the form of a 'commuted sum'.
- 2.62 It is recommended that the Council produces a clear policy on how it intends to allocate these payments in the future, including an exploration of how the sums could be used to subsidise the provision of new council housing through estate regeneration or new schemes. It is recommended that the Cabinet member for Housing and Regeneration brings this policy back to Cabinet for approval in the future.

Lambeth Estate Regeneration programme

- 2.63 The Housing Commission report (2011) identified the need to improve the supply of dwellings in the borough, improve neighbourhoods, improve access to housing and support vulnerable people, help create mixed and sustainable communities whilst tackling worklessness and empowering residents. A programme of estate regeneration was referred to in the Commission's report to realise these benefits on estates where delivering the LHS would be adequate to deal with poor design and major structural requirements.
- 2.64 Estate regeneration has the potential to deliver a significant number of new homes, as well as ensuring the quality of the environment on many estates, deliver tangible benefits to our residents, support the borough's growth agenda and reposition Lambeth at the forefront of innovation, quality and delivery.
- 2.65 In October 2012 Cabinet agreed the report 'Lambeth Estate Regeneration Programme: Strategic Delivery Approach'. The report included six programme priorities which would bring about positive change in the borough, these are:
- A programme which is based on joint working with residents to develop proposals which they can support;
 - To increase the supply and quality of homes, maximising the delivery of new affordable homes and meeting local needs, including housing for families;
 - To improve access to and the quality of the local environment with outstanding public spaces and housing that promotes low energy consumption and environmental sustainability;
 - To promote mixed and sustainable communities which provide a high quality of life for people of all ages and backgrounds, in safe, cohesive and healthy neighbourhoods, supported by high quality housing and excellent community buildings;

- To enable local people to take advantage of economic opportunity in Lambeth with support for training, employment and enterprise

2.66 Estate regeneration is to be explored where:

- the decent homes standard (now the coproduced Lambeth Housing Standard) will not deliver an adequate level of improvement;
- the investment needs are such that it will be many years before they can be improved to the extent required;
- the Council needs to consider the investment potential of its assets and needs to link to investment required in its housing stock to the development of unused or underused housing land and property.

2.67 Lambeth's housing estates must be viewed as a whole, with individual estates part of a wider, self-funding programme. Without this joined up approach our efforts will be piecemeal and inefficient, and the Council will be unable to deliver the improvements to existing council homes and new homes which are much needed. There will be no 'one size fits all' in terms of those individual estates.

2.68 Whilst the overall aim is to have a self-funding programme, the way in which each estate is financed will vary. The Council is reviewing a range of financial options to deliver estate regeneration; these include using off site s106 contributions, Council borrowing, cross subsidy from sites in high value areas and private institutional investment.

2.69 The Council is currently engaged with the Tenants and Residents Associations (TRA) of three estates: Cressingham Gardens, Fenwick, and Central Hill. Each estate is different and therefore the approach to each is different however the overall principles (as set out above) remain the same as do the overall outcomes of improving neighbourhoods and improving access to homes.

Alternative funding options for council housing

2.70 Along with using the Housing Revenue Account, use of council capital funding, and funding from s106 obligations, other routes to access funding for new homes are also emerging.

2.71 As long term investors, Institutional and Equity Investors should be well placed to invest in sustainable developments which provide ongoing cash flow from rental yields. With Banks wary of lending, the number of RSL's seeking development funding via Retail Bonds is increasing. The council could also consider alternative investment vehicles. Thurrock council is one example of an LA setting up a new Special purpose company using borrowing from its general fund. Thurrock aims to build 1,000 homes by 2018 homes on Council owned land and plans to wind the company up and sell the homes when market conditions improve.

- 2.72 Whilst the returns required to pay back loans generated from these alternative sources may not be supported by the provision of 100% affordable schemes, it is possible to build schemes with a high proportion of social housing that can be cross subsidised by the provision of market housing.
- 2.73 The Council is currently examining how this option could be applied in relation to the intended development of Somerleyton Road in central Brixton. Working in partnership with Oval House theatre, Brixton Green and the local community, proposals are being developed to provide new homes as part of a major mixed redevelopment. While the scheme remains at an early stage and the detail may change, 283 new homes are planned as well as a new theatre and over 2,000 sqm of commercial space.
- 2.74 The preferred option would allow Lambeth to retain ownership of the land, the new homes and the new community and commercial buildings as well as provide a significant proportion (40%) of new affordable homes at Council rent levels. The council is also exploring how rather than selling the remainder of the homes to fund the project, they could retain the properties and rent them at market rates, but on longer tenancies.

Accessing GLA covenant funding

- 2.75 Both Lambeth Council and Lambeth registered providers have been successful in obtaining GLA Covenant Funding. Funding has been obtained for 260 Low-Cost Home Ownership Units (including the 'Pocket Homes' Scheme); 280 Extra Care and Requirements units, and 40 General Need Units. Some of the Low-cost Home Ownership properties involve the conversion of private accommodation associated with the 2011/15 AHP Programme into sub-market products.
- 2.76 The Council is working in partnership with "Pocket Living" to develop homes for affordable home ownership over a ten year programme. Pocket has been granted a substantial amount from the Mayor's Housing Covenant to develop 150 new homes. The homes can only be sold to buyers who meet the Mayor's eligibility criteria. This requirement remains in perpetuity so the homes remain affordable. The Mayor's funding and the developers' net profit from each scheme can be recycled up to five times over a 10 year period, allowing a programme which will contribute substantially to meeting the Council's strategic need for low cost home ownership.

Myatts Field North Housing PFI

- 2.77 In partnership with Regenter, this project will provide 247 new Council homes let at Target rent to existing residents of Myatts Field North. 58 existing Council homeowners in homes to be demolished will have the opportunity to move to new homes in the development under favourable terms. 141 new homes are being developed by a partner housing association for affordable home ownership as part of the scheme, which will also provide 250 new homes for sale. 172 homes are being refurbished. A new landmark community centre is being built as well as a new neighbourhood park.

Improving the Private Rented Sector in Lambeth

- 2.88 The Private Rented Sector is now the housing tenure of almost one in three of our residents. In 2001, 18.4% of Lambeth residents rented private accommodation. At the time of the 2011 census this figure had increased to 27.7%. There are currently 704 accredited landlords.
- 2.89 The Private Rented Sector is now a key part of the Borough's housing offer, but there is rising concern among residents at issues of quality, affordability and security of tenure. Subsequent rises in private sector rents as households are pushed out of inner London have impacted on outer London boroughs especially Lambeth and Hackney. Within property standards and enforcement Lambeth has seen an increase in service requests for Environmental Health requests from 1661 in 2011/12 to 2446 in 2012/13.
- 2.90 If the Council was able to help address the main concerns of quality, affordability, and lack of security that are cited by council tenants, it is possible that we could increase the number of tenants choosing to move into PRS. This would have a positive effect on the supply of council tenancies that can be accessed by people on our social housing waiting list.
- 2.91 The Council will consider how it can shape and influence the market in the future via the work of the Private Rented Sector (PRS) workstream. A paper will be brought forward to a future Cabinet on how Lambeth will seek to engage/shape the Private Rented Sector to maximize its capacity to provide good quality housing at a price people can afford to pay which will include the following;
- The case for lobbying Government on the reform of the private rented sector with longer tenancies, more predictable rents, better regulation, proper enforcement of standards
 - Tougher regulation of agents
 - Stronger enforcement of landlord crimes, like harassment and illegal eviction,
 - The viability of requiring the registration of all landlords
 - The case for the reintroduction of repair grants to achieve a new PRS decency standard
 - The case for Introducing new minimum standards as a pre requisite to properties being rented,
 - The ability to incentivise landlords to invest in energy efficiency

3 Finance Comments

- 3.1 New Build programmes - working with partners the Council draws in a "cocktail" of funding in order to deliver new homes schemes and this is drawn out in the detailed consideration above.

LHS Programme

- 3.2 The Lambeth Housing Standard-Lambeth has committed to invest £443 million in its housing stock over the next 4 years, the biggest ever investment in Lambeth's homes to bring them up to the Lambeth Housing Standard. Current estimates indicate that the Lambeth Housing Standard will require £499m of investment over the next five years. This amount is net of expected savings delivered through cost efficiency and improved procurement.
- 3.3 The Council's 5 year Capital programme 2011/12 to 2016/17 commits a spend of £443 million in bringing all Council homes up to the Lambeth Housing standard with an annual spend of;
- 2012/13-£50 million
 - 2013/14-£95 million
 - 2014/15-£119 million
 - 2015/16-£131 million
 - 2016/17-£48 million
- 3.4 It is assumed that 10% can be saved as a result of cost efficiency. Initial cost estimates are assumed to be based upon a worst case scenario across the estate, therefore, not typical of actual need. This basis of calculation inflates the overall requirement and the programme is confident savings can be delivered.
- 3.5 It is assumed that 3% can be saved through improvements to the procurement route. See above. In addition, proposals are being considered for 2013/14 to join an existing group of London authorities who combine their purchasing power to achieve savings through bulk purchasing. The original calculation basis does not account for increased discounts through economies of scale.
- 3.5 As identified in other Councils, once the Decent Homes programme is in its mid implementation phase where the above assumptions can be more accurately validated financial modelling will inform the annual review of the 2014/15 HRA Business plan and Capital programme.
- 3.6 A combination of the above, plus the outcome of works costs to date, indicates that the programme can be delivered within existing Capital funding resources.
- 3.7 The 30 year HRA Business plan, (reviewed annually against risks and assumptions) profiles a projected Capital spend of £25 M from 2017/18 every 5 years to 2030
- 3.8 Work streams across the Council are being commissioned which will:
Assess the viability of an integrated Commissioning plan for New Housing,
Enhance the ability of the private rented sector to deliver good quality, affordable housing by incentivising good practice and enforcing quality standards,
examining options for the Council to develop its own supply of Private rented Housing.
- 3.9 The outcome of the above will identify the viability and potential for increasing

Value for money.

4. Comments from Director of Governance and Democracy

- 4.1 Section 105 of the Housing Act 1985 requires the Council to maintain such arrangements as it considers appropriate to consult those of its secure tenants who are likely to be substantially affected by a matter of housing management which includes the management, maintenance, improvement or demolition of dwelling-houses let by the authority under secure tenancies.
- 4.2 In seeking possession of premises the Council will need to rely on either Ground 10 or 10A of schedule 2 of the Housing Act 1985.
- 4.3 Section 149 of the Equality Act 2010 sets out the public sector equality duty replacing the previous duties in relation to race, sex and disability and extending the duty to all the protected characteristics ie race, sex, disability, age, sexual orientation, religion or belief, pregnancy or maternity, marriage or civil partnership and gender reassignment. The public sector equality duty requires public authorities to have due regard to the need to:
- Eliminate unlawful discrimination, harassment and victimisation
 - Advance equality of opportunity and
 - Foster good relations between those who share a protected characteristic and those who do not.
- 4.4 The Equality Duty must be complied with before and at the time that a particular policy is under consideration or decision is taken – that is, in the development of policy options, and in making a final decision. A public body cannot satisfy the Equality Duty by justifying a decision after it has been taken.
- 4.5 The Equality Act 2010 (Specific Duties) Regulations 2011 impose specific duties on certain public bodies to enable them to perform the Equality Duty more effectively, including a requirement to publish information to demonstrate its compliance with the duty imposed by s.149 Equality Act 2010 and also to publish its equality objectives. The information and objectives must be published by 31st January 2012 and thereafter every four years.
- 4.6 Section 120 of the Local Government Act 1972 empowers the Council to acquire land by agreement for the purposes of any of their functions or any other enactment or the benefit, improvement or development of its area.
- 4.7 Section 227 of the Town and Country Planning Act 1972 empowers the Council to acquire land which acquisition the Council believes will facilitate the carrying out of development, re-development or improvement on or in relation to the land or is necessary in the interests of achieving proper planning of the area where the land is situated.
- 4.8 Section 1 of the Localism Act 2011 introduced a new “general power of competence” for local authorities, defined as “the power to do anything that individuals generally may do” and which expressly includes the power to do

something for the benefit of the authority, its area or persons resident or present in its area.

- 4.9 Section 111 of the Local Government Act 1972 enables the Council to do anything which is calculated to facilitate, or is conducive to or incidental to, the discharge of any other of its functions, whether or not involving expenditure, borrowing or lending money, or the acquisition or disposal of any rights or property
- 4.10 Paragraph 32 of the Council's constitution delegates authority to purchase all other assets (including land and property and whether acquired using compulsory purchase order powers or another power) from within existing revenue and capital budgets (where the scheme specifically includes the purchase of the asset(s)) up to £10 million is delegated to the Executive Director.
- 4.11 Local Authorities have powers pursuant to section 123 of the Local Government Act 1972 to dispose of land held by them in any manner they wish. However they cannot dispose of land, except by way of a short tenancy for consideration less than the best that can reasonably be obtained without consent from the Secretary of State.
- 4.12 The Secretary of State has issued a general consent. The 2003 consent permits local authorities to dispose of land held by them at less than best consideration where the:
 - a) the local authority considers that the purpose for which the land is to be disposed is likely to contribute to the achievement of the promotion or improvement of economic, social or environmental well-being in respect of the whole or any part of its area, or of all or any persons resident or present in its area;
 - b) the difference between the unrestricted value of the land to be disposed of and the consideration for the disposal does not exceed £2,000,000 (two million pounds).
- 4.13 The provision by the Council of financial support to the tenant may raise questions of state aid under Article 87 of the EC Treaty and the Council must be satisfied that the proposed actions are lawful. The specific ingredients of state aid under Article 87 are: (i) aid; (ii) granted by a Member State or through State resources; (iii) favouring certain undertakings; (iv) distorting or threatening to distort competition; and (v) affecting inter-State trade. An "aid" comprises any form of intervention which has the same or similar effects to a subsidy.
- 4.14 In reaching a decision on this matter, members will be bound by the general principles of administrative law. Lawful discretions must not be abused or fettered and all relevant considerations must be taken into account. No irrelevant considerations may be taken into account, and any decision must not be such that no reasonable authority, properly directing itself, could have reached. Members must also balance the interests of the service users against those who contribute to the Council's finances. Monies may not be expended thriftlessly, and the full resources available to the Council must be deployed to their best advantage. Members must also act prudently and in a business-like manner at all

times.

5. Results of consultation

- 5.1 Outcomes from the 2011 Housing Commission have been progressed through , New Homes Development ,the Estate Regeneration and LHS programme. Ongoing consultation and involvement is detailed within this report.
- 5.2 Consultation regarding the Estate Regeneration Programme, was detailed in the report to Cabinet October 2012.
- 5.3 Consultation regarding the .implementation of the Lambeth Housing Standard was detailed in the Report to Cabinet March 2012.

6 Organisational implications

There are no direct implications arising from this report.

6.1 Risk management:

The Economic climate, Government and GLA policy, the inter relationship between, tax, subsidy and welfare all pose risks to the delivery of new Homes , especially Affordable Housing with mitigating actions taken by Lambeth described within this report.

The council supports Lambeth Living to deliver the LHS programme to target, jointly monitors contractor delivery, spend and the commitment of resources, and maximizes all due funding from the GLA . The recent procurement process and a robust implementation of existing contracts should mitigate risks to delivery within target.

6.2 Equalities impact assessment:

EIAs relating to New Build development will be carried out to inform policy development when brought to future Cabinet meetings.

Capital Investment in housing whether through new build or refurbishment of existing homes helps to reduce health inequalities.

An Equalities Impact Assessment (EIA) has been carried out relating to the LHS programme.

The LHS Programme will;

- Have had a positive effect in reducing heart disease and excess winter deaths.
- Raised temperatures coupled with improved ventilation for nearly every Dwelling in the LHS Programme will help reduce levels of condensation, Damp and mould, the likelihood of respiratory disease, energy efficiency and address fuel poverty.

- Works to heating systems, replacing windows/doors, improving heating systems, ECO works, should also lead to improved thermal comfort and thus reduce fuel bills
- Remodeling kitchens and bathrooms as a major element of the Decent Homes programme will reduce falls, trips, scolds and burns, with substantial savings to the NHS.
- By continuing to include aids and adaptations as part of the standard will support Residents in maintaining independent lives,
- Improvements in health especially will support Residents back into work.

Housing, Health and Crime Impact analysis have been carried out by some Councils who have undertaken a cost benefit analysis relating to the substantial investment into improving the quality of Council Homes. Using the Ealing Housing Health Impact Study carried out in 2007, the CBA gave a monetary value to gains in personal health status, reduced costs to the NHS and Criminal justice system and reduction in working days lost through health, input to the local economy;

- 28% fall in Hospital admissions,
- For every £1 spent on DHS, £1.40 is generated in local community spend
- Harm from excess cold before DHS-1 in 300 persons, after 1.800
- Likelihood of an occurrence that could cause harm-Before DHS-1 in 7 persons, After DHS 1.26
- Secure by design works
-Costs (Discounted present value 2005/6) -£30.2m
-Lifetime Benefits, Health gains, reduction in working days lost, Savings to the NHS, and CJS -£463 M

This council may wish to commission a similar study to that carried out by Ealing and other Housing providers.

6.3 **Community safety implications:**

Well designed New Housing and a number of elements included within the Lambeth Housing Standard will positively contribute to improving community safety. Work to improve estate lighting, improve security, maintenance to CCTV systems and all works to upgrade gas and electric utilities will make people safe within their homes safer around their estates.

6.4 **Environmental implications:**

The Lambeth Housing Standard will positively contribute to improving the environment. Completing the programme of window replacements will significantly improve the levels of thermal comfort and decrease the amount of heat loss from properties. Improved wiring and heating systems will address some aspects of fuel poverty by lowering bills and reducing the need to use as much heating.

Estate lighting will be renewed to new energy efficient standards and where possible, further insulation will be added to properties.

Sustainability

Lambeth Living and its contractors follow the Council's policies and guidelines, relating to sustainability and require all contractors to include the following within Contract specifications; Environmental Management, Environment and Sustainability Initiatives, Statutory and Voluntary Undertakings, Minimum Compliance Standards.

The Energy Company Obligation (ECO) is the successor to previous carbon-saving obligations on energy companies, including the CESP (Community Energy Savings Programme), which funded the award-winning energy efficiency project on the Loughborough Estate in 2012.

Lambeth Living and Lambeth Council are implementing 3 pilot projects in the borough's 3 areas.

British Gas has been selected as ECO funder for the North and Central areas and has already started the fully funded works which include insulating hard to treat cavities and install solid wall insulation. This will be a £10m programme to benefit some 3000 homes. The ECO funder for the South has just been tendered for, but due to the make-up of the housing stock in that area the project will be considerably smaller in scale.

For the second phase of the ECO we will be looking for one or two ECO partners, where the installation of ECO funded measures (mix of partly and fully funded) will tie into the LHS programme e.g.: ECO funding pays for the erecting of scaffold to do external cladding and we pay British Gas to replace the guttering while they are there. The procurement route for phase two is currently being investigated.

For our private sector residents that are eligible for the Affordable Warmth strand of ECO, we are working with Climate Energy to deliver the re-vitalised Cold buster scheme: free boilers, heating systems and basic insulation measures for qualifying households. We are also in discussion with British Gas to contact private sector households in their pilot project areas to check for needs and eligibility for ECO Affordable Warmth.

6.4 Staffing and accommodation implications:

There are no direct implications arising from this report.

7 Timetable for implementation

Projected New housing completions are detailed in paragraphs 4.1, with the LHS programme in paragraph 7.2 and appendix 1.