



## Housing Select Committee

### **Report title: Building for Lewisham Programme Update**

**Date:** 28 November 2023

**Key decision:** No

**Class:** Part 1

**Ward(s) affected:** ALL

**Contributors:** Director of Inclusive Regeneration

### **Outline and recommendations**

It is recommended that Housing Select Committee review and note the report.

### **Timeline of engagement and decision-making**

Mayor and Cabinet, 11 July 2018 - New Homes Programme

Mayor and Cabinet, 15 January 2020 - Building for Lewisham Programme

Mayor and Cabinet, 9 July 2020 - Building for Lewisham Update

Mayor and Cabinet, 12 January 2022 – Building for Lewisham Update

## **1. Summary**

- 1.1. This report provides an update to Housing Select Committee on progress of the Building for Lewisham Programme.

## **2. Recommendations**

- 2.1. It is recommended that Housing Select Committee review and note the report.

## **3. Policy Context**

- 3.1. The Council's Corporate Strategy (2022-2026) explains our values, priorities and focus for the next four years, our learning from how the borough worked together in

response to the pandemic, and how we plan to continue improving our services for residents, businesses and partners in an ever more challenging environment.

- 3.2. Above all, the strategy outlines the principles that showcase who we are as an organisation; our focus on equality, putting our residents at the centre of everything we do and ensuring transparency and sound financial management are embedded within all key decisions the council makes.
- 3.3. Delivering this strategy includes the following priority outcomes that relate to the provision of new affordable homes:
  - Cleaner and Greener – working to tackle the climate crisis through our development policies.
  - A Strong Local Economy – continue to expand our apprenticeship programme and invest in our high streets, doing what we can to be the best place in London for new businesses.
  - Quality Housing and Safer Communities – we will deliver more social homes for Lewisham residents, providing as many people as possible with safe, comfortable accommodation that they can be proud of and happy to live in.
  - Open Lewisham – we will co-design services and ensure strong consultation processes that reach out to people whose voices are seldom heard.
- 3.4. Housing Strategy (2020-2026), includes the following themes that relate to the provision of new affordable homes:
  1. delivering the homes that Lewisham needs.
  2. preventing homelessness and meeting housing need.
  3. improving the quality, standard and safety of housing.
  4. supporting our residents to live safe, independent and active lives.
  5. strengthening communities and embracing diversity.

## **4. Background**

- 4.1. Building on the success of the New Homes Programme which delivered the first Council homes to be built in Lewisham for a generation, the Council commenced the Building for Lewisham Programme to accelerate the delivery of genuinely affordable new homes through direct delivery and in partnership with other organisations.
- 4.2. The programme formally commenced in January 2020, with the Council working in partnership with Lewisham Homes on the direct delivery aspect of the programme.
- 4.3. Since February 2023 Lewisham Homes' delivery function merged with the Council's Strategic Development team. The existing and future direct delivery aspect of the Building for Lewisham programme is now being delivered in house within the Council's Place directorate.
- 4.4. Officers have undertaken to update Members on progress of the programme on a regular basis. This report is an overview of the programme, highlighting key successes and challenges over the past 12 months and the forecast for the next 12 months.

## **5. Updates**

- 5.1. The past 12 months have been significant for the Building for Lewisham programme. The detail provided below highlights some of the key successes and challenges:

### **Successes**

- 5.2. In February 2023, ahead of the wider transfer of services from Lewisham Homes to the Council, the Development Team at Lewisham Homes merged with the Council's

Strategic Housing Team. The merging of the teams was designed to realise efficiencies in the way the programme is managed and reduce some of the complexity of processes and transactions between two organisations. The intent was also to make the most of the expertise and skills that sat between the two organisations, ensuring there was closer working to achieve the best housing outcomes. The merging of the teams has proved a success with a range of efficiencies realised and despite a difficult outlook for the development programme, the now combined team is working well to retain the programme's focus on genuinely affordable housing delivery.

- 5.3. On the direct delivery aspect of the programme, there have been 164 completions in the last 12 months:

<b>Scheme</b>	<b>Tenure</b>	<b>New Homes</b>	<b>Completion</b>
Creekside	Social Rent	22	May 2023
Creekside	Shared Ownership	34	May 2023
Mayow Road	Temporary Accommodation	26	April 2023
Mayow Road	Supported Housing	6	April 2023
Kenton Court	Social Rent	25	May 2022
Somerville	Social Rent	23	March 2023
Knapdale Close	Social Rent	17	January 2023
Silverdale	Social Rent	6	November 2022
Grace Path	Social Rent	5	November 2022

- 5.4. As above, the majority of the direct delivery homes have been for social rent but the Council has also delivered other tenures in the programme. The Creekside development is a mixture of social rent homes and shared ownership homes. Whilst shared ownership has been an intermediate affordable housing product delivered by our Housing Association partners for many years, the Creekside development has been the first directly delivered and managed shared ownership Council homes. At the time of writing, 31 of the 34 homes have been sold, demonstrating a strong appetite for this Council owned tenure providing affordable homes for those that do not qualify to join the Housing Register or are able to afford market sale housing.
- 5.5. The mixed development at Mayow Road has delivered much needed, good quality, in borough temporary accommodation as well as specialist supporting housing for adults with a high level of need. The specialist homes have been delivered in partnership with the NHS and colleagues in the Adult Social Care team providing 24-hour onsite support to allow residents to live with a degree of independence that they could not previously access. Both elements of the development not only provide good quality, new housing for our residents, but also provide significant budget savings for the Council and the NHS against private providers.
- 5.6. In the same period, the Council also undertook the highly successful Right to Buy Buyback scheme which saw officers seek and purchase properties that had previously been purchased under the Right to Buy for use as temporary accommodation for households to whom the Council have a housing duty. There were 111 properties which were purchased.
- 5.7. Working with our partners, there were also completions on schemes at Brasted Close and Meadow House. Brasted Close was delivered in partnership with the London Community Land Trust and Lewisham Citizens to provide 11 discount market sale

homes to local residents, based on the local median wage rather than the market rate. Meadow House has been delivered by Pinnacle Spaces and provided 43 new rented homes.

- 5.8. In the last 12-14 months, planning permissions have been granted for direct delivery schemes at Drakes Court, Fairlawn (former nursery site), Ladywell and Valentines Court. Combined, these permissions are for 163 new homes.

**Current challenges**

- 5.9. The Council has a mixed approach to delivering the new homes that our residents need through the Building for Lewisham Programme. This is through direct delivery, partner delivery, joint ventures and acquisitions. This has meant that the programme has not been impacted as would be the case if there was a single route to delivery. Never-the-less, there are challenges to delivery which are broadly set out below.
- 5.10. There are well documented economic factors which have impacted the wider economy but have particularly impacted the building sector since the Building for Lewisham Programme commenced. The key factors have been the increase in the cost of borrowing, increase in the cost of materials/labour, low grant levels and the reduction of property values.
- 5.11. In addition to the direct economic factors, there is also a shortage of skilled labour and developers are now required to interpret new or proposed building regulations which is causing uncertainty and additional cost. For example, developers are having to introduce second staircases to schemes which has required new designs and/or renewed planning consents. This is impacting the viability of schemes and causing delays.
- 5.12. Regrettably, these external factors have led to an impact on the Building for Lewisham Programme. The contractors delivering the sites at Edward Street, Home Park and Algernon Road have gone into administration. Other contractors who are on site, are struggling with the rise in costs causing delays to delivery and review of contracts. Of recent, when officers have sought to tender returns have exceeded budget expectations.
- 5.13. Officers are working on a range of options to overcome these challenges. These include securing the highest possible grant rates, maximising the use of Right to Buy receipts, pausing some pre-construction sites, undertaking thorough design reviews, addressing viability through maximising non-grant income and reviewing our procurement strategy.

**Next 12 months**

- 5.14. Despite the current challenges, the Building for Lewisham Programme will continue to deliver new affordable homes. Following is a table of the 456 new genuinely affordable rented homes which are currently in delivery and are expected to be completed within the next 12 months:

<b>Scheme</b>	<b>Delivery method</b>	<b>New affordable rent homes</b>	<b>Expected completion date</b>
Church Grove	Partner (RUSS)	6	January 2024
Endwell Road	Direct delivery	9	February 2024
Rushey Green	Partner (Phoenix)	45	February 2024
Bampton Estate	Direct delivery	39	February 2024
Heathside and Lethbridge	Partner (Peabody)	171	November 2023-March 2024
Housing	Direct delivery	70	March 2024

acquisitions			
Excalibur Phase 3	Partner (L&Q)	36	May 2024
Shaftesbury Centre	Partner (J49)	33	June 2024
Algernon Road	Direct delivery	4	June 2024
Elderton Road	Direct delivery	5	August 2024
Tidemill Phases 1 and 2	Partner (Peabody)	38	January 2023-August 2024

- 5.15. Additionally, within the next 12 months planning applications are programmed for the schemes at Mayfield, Greystead Road, Thomas Lane Yard, Manor Avenue and the Achilles Estate.
- 5.16. The proposed regeneration of the Achilles Street Estate in New Cross would be the single biggest direct delivery scheme in the programme with c300 homes being planned. Officers have been working with the Design Team and residents to progress to a planning application currently forecast to be submitted in Summer 2024. At this time, there are significant viability issues which need to be addressed. A full report on progress of the Achilles Street scheme is expected to be presented to Mayor and Cabinet early in the new year.

## **6. Financial implications**

- 6.1. The Building for Lewisham Programme is reviewed on a regular basis to ensure that it is affordable within the HRA business plan and General Fund.
- 6.2. Predicted scheme costs, grant funding (including 141 Right to Buy receipts) and borrowing requirements are consolidated on a quarterly basis to track the progress of individual scheme, as well as progress at a programme level.

## **7. Legal implications**

- 7.1. There are no legal implications arising from this report, which is for noting.

## **8. Equalities implications**

- 8.1. The provision of new social housing in the borough has a positive equalities impact. Households on the Council's Housing Register are more likely to have a protected characteristic than the wider population as access to the register is limited to those most in housing need.
- 8.2. It should be noted that the Council is committed to ensuring our developments will be inclusive and feature accessible and adaptable homes that will meet the needs of our residents throughout their life.
- 8.3. Through the process of applying for planning permission, there will be a robust assessment of potential equalities impacts.

## **9. Climate change and environmental implications**

- 9.1. Existing and future planning consents obtained are and will be in line with the standards expected by the Council and the GLA.
- 9.2. Any environmental implications from the delivery of new homes are considered and addressed on a scheme-by-scheme basis through the design and planning process. There are therefore no additional environmental implications arising directly from this report.

## **10. Crime and disorder implications**

10.1. There are no direct crime and disorder implications arising from this report.

## **11. Health and wellbeing implications**

11.1. There are no direct crime and disorder implications arising from this report.

## **12. Report author and contact**

12.1. Patrick Dubeck, Director of Inclusive Regeneration

Telephone Number: 0208 314 7279

Email: [patrick.dubeck@lewisham.gov.uk](mailto:patrick.dubeck@lewisham.gov.uk)