

## LONDON BOROUGH OF HAMMERSMITH & FULHAM

**Report to:** Housing and Homelessness Policy and Accountability Committee

**Date:** 20/03/2023

**Subject:** Update on the Council's Development Programme

**Report of:** Matt Rumble – Strategic Head of Regeneration and Development

**Responsible Director:** Jon Pickstone – Strategic Director for the Economy

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### Summary

This report provides an update on the council's development programme and how it contributes to the commitment to see 3,000 new energy efficient homes constructed or underway in the borough over the next four years.

The report also outlines how the development programme embeds co-production with local residents at the heart of development activities, as well as the role the new council-led developments play in supporting the council's ambitious net-zero carbon targets.

The report will be supported by a presentation to the Housing and Homelessness Policy and Accountability Committee. As well as providing an overview of the programme, part of the presentation will focus on the Hartopp and Lannoy development project. The committee will hear from the scheme architects BPTW and the sustainability consultants Calford Seaden.

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### H&F Priorities

H&F Priorities	How this report aligns to the H&F Priorities
Building shared prosperity	<p>The development programme will deliver much needed affordable housing in the borough. The council's programme also delivers community and social infrastructure including new community centres, schools, accessible play, high-quality public realm and affordable workspace.</p> <p>These homes and new community infrastructure support:</p> <ul style="list-style-type: none"><li>• residents to move into more suitable, energy efficient accommodation</li><li>• residents who need spaces and homes adapted for wheelchair use and other support needs</li></ul>

	<ul style="list-style-type: none"> <li>• residents and families on lower incomes</li> <li>• residents from the diverse range of communities in the borough to thrive</li> </ul> <p>Each project is also aligned to the council's Social Value strategy to ensure that local businesses and residents benefit from the contracts that are procured, in line with council's strategies such as the Industrial Strategy.</p>
Creating a compassionate council	The council's direct delivery development programme will help to meet the acute need for affordable housing in the borough by more than seven hundred homes. This is in addition to homes delivered through the private planning pipeline, as well as through partnership schemes.
Doing things with residents, not to them	<p>All schemes are subject to extensive engagement. Resident involvement is built into the process throughout all design stages. The Defend Council Homes Policy was approved in January 2021 and the Regeneration and Development team have been the first to adopt this policy in practice. The team has since produced a 'how to guide' to direct the council's approach to implementing this policy.</p> <p>The council's Disability Forum Planning Group plays an active role in scrutinising the accessibility of our developments to ensure that accessibility is maximised. Specialist accessibility consultants are employed as part of the design team on each project.</p>
Being ruthlessly financially efficient	Each project in the development programme is subject to a strict viability appraisal that demonstrates it is financially viable and capable of delivering long term returns for the council. In addition, the council is utilising external Government funding to support its development ambitions.
Taking pride in H&F	The development programme will deliver quality additions to the borough in terms of housing, schools and civic spaces. We will encourage the inclusion of carbon neutral design proposals and green initiatives as far as possible.
Rising to the challenge of the climate and ecological emergency	The development programme is at the fore of delivering highly sustainable homes that achieve high levels of energy efficiency. Three pilot passivhaus standard schemes are at advanced stages and will create and sustain a low carbon community. The aim of the projects are to

	achieve a significant reduction in operational carbon usage, thereby reducing the fuel bills of future residents.
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**Background Papers Used in Preparing This Report**

None.

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**1. Background and Context**

- 1.1. Since central government announced the removal of the Housing Revenue Account (HRA) debt cap, the council has used its new freedom and flexibility to invest in both its existing and new housing stock. This context provided a strategic driver for the council to review its strategic capital and asset management strategies, and the way in which these strategies can support its revenue budget, and the administration's future priorities.
- 1.2. The Building Homes and Communities Strategy sets out the principles of a self-funded development programme of investment in homes and community assets in the borough. Through this strategy, the council committed to using its assets to meet its strategic objectives of delivering genuinely affordable homes, and generating long-term income streams to support the council's finances.
- 1.3. High-level capacity studies identified a long list of opportunities that could deliver up to 1,800 homes. The strategic business case outlines the following objectives:
  - Build new, genuinely affordable housing which will help maintain the borough's vibrant social mix
  - Renew key community assets, including schools and leisure centres
  - Generate income to reinvest in frontline services
- 1.4. More recently, the council's 2022 Business Plan has committed to securing 3,000 new energy efficient and sustainable homes, to be built or underway, over the next four years.

**2. The Development Programme**

- 2.1. The Regeneration and Development team is currently overseeing the direct delivery of projects on sixteen council-owned sites throughout the borough. The schemes, and the estimated level of affordable housing to be delivered on each project, including volume of all homes (by year) are described in Appendix 1.

- 2.2. The programme includes more than 1,100 new homes over the next 7 years. At least 730 of these homes will be affordable, 394 of these will be genuinely affordable (London Affordable Rent (LAR) or Social Rent), while 337 will be Intermediate Rent or Shared Ownership. (These tenures are defined in Appendix 2).
- 2.3. The team also manages a further 6 partnership development projects with Housing Associations and partners within the private sector (see Appendix 1). This partnership programme is well established with three of the six schemes completed, and the other three underway. These 6 schemes will contribute a total of 692 new homes once completed.
- 2.4. In addition, our programme delivers new, modern, fit-for-purpose civic spaces, schools, playgrounds, and other community assets. For example, the Education City project will deliver 132 affordable homes, a new nursery, an adult education facility, a new primary school, and a Youth Zone. Moreover, the White City Central scheme proposes to re-provide an early years learning centre and a new state of the art community hub, as well as more than 268 new homes, of which 134 (50%) will be affordable.
- 2.5. A map of the development sites in the borough can be viewed in Appendix 3.

### **3. Finance and Funding**

- 3.1. The success of the development programme requires borrowing through the HRA or, where the sites are not on housing land, the General Fund. Alongside this, the council will use other funding streams that are available to fund development costs.
- 3.2. For each scheme, the cost of development is repaid initially by a mixture of sales receipts from the market sale homes and the initial shares sold in shared ownership homes. In addition to this, a combination of Greater London Authority (GLA) grant subsidy, Right to Buy (RtB) capital receipts and S106 income (received in lieu of affordable housing in private developments) is also used to fund some of the costs. Any remaining debt is repaid over time from the rental income from the new affordable homes.
- 3.3. Current financial assessments of the 16 direct delivery schemes indicate that, on average, projects will have repaid the cost of development from the 23<sup>rd</sup> year. Therefore, not only does the development programme deliver new homes and community infrastructure, but it also positively contributes to the overall operating income of the HRA over the long-term 40-year business plan.
- 3.4. To demonstrate that each project is viable and deliverable, it must deliver the council's commitment to affordable housing with a minimum of 50% of homes being affordable, while producing a minimum positive net present Value (NPV) financial contribution of £1 at year 60.

- 3.5. The programme's current Gross Development Value (GDV) is ca. £685m. The total programme cost is ca. £505m, of which ca. £55m will be for new community amenities.
- 3.6. As the development programme provides income over the long-term, it strengthens the council's capacity to invest in its stock, whether that be through planned maintenance and compliance programmes or decarbonisation measures that may otherwise have required additional savings or borrowing to finance.

### **Grant and other subsidy**

- 3.7. The main external funding available to the council, to support the delivery of affordable housing delivery, is GLA grant. The GLA provides this funding primarily through their Affordable Housing Programmes (AHPs).
- 3.8. Additional funding options available to the council include, use of Right to Buy sale receipts and section 106 income (received in lieu of affordable housing) from private developers.
- 3.9. The council has secured over £45m from the GLA's two most recent AHPs (2016-23 and 2021-26). More than £41m of RtB receipts is also used to fund the affordable homes in this programme. All affordable homes are part funded by either through GLA grant or RtB sale receipts.

### **4. Resident Involvement and Defend Council Homes Policy**

- 4.1. Embedded within each development project are the principles of co-production and the Defend Council Homes Policy (DCHP). DCHP was approved at Cabinet in January 2021 and has established a clear framework describing how residents of council estates will be engaged in design, and involved in decision-making around development activity that impacts on their council homes and amenity space.
- 4.2. The team has worked in partnership with the Defend Council Homes Unit and, latterly, the sub-group of the Housing Reps Forum and the Resident Involvement team to create the DCHP Implementation Guide for development processes (a step by step guide about how to apply the policy to development activities), and a reporting dashboard for the Housing Reps Forum.
- 4.3. This approach to engagement and co-production has so far underpinned our projects at White City Central, Hartopp and Lannoy and Lillie Road projects, with the three schemes being led by resident steering groups.

### **5. Sustainability & Climate Challenge**

- 5.1. Under the Climate and Ecology Strategy, the council has set ambitious targets of achieving net zero carbon homes by 2030, as well as helping to

tackle fuel poverty. The development programme reflects this commitment by embedding additional design principles that will deliver homes that will reduce greenhouse gas emissions and that exceed the sustainability standards within the most recent building regulations.

- 5.2. Building on this, and as part of a step-change to delivering net zero carbon homes, three projects (Hartopp and Lannoy, Lillie Road and Farm Lane) have been designed to maximise carbon reduction in operation and use, with a further two anticipated to follow (The Grange and Land near Jepson House). The design of these projects uses industry recognised Passivhaus principles, to achieve 'operational' net zero carbon (carbon neutral from an operational use of the building). Importantly, the institutional knowledge gained from these schemes will be used to inform the way we build future schemes in the development programme.

### **Investment in sustainable homes**

- 5.3. The council's investment in sustainability through new development can be described through the uplift in costs. Enhanced sustainability standards (associated with delivering Passivhaus certified scheme) leads to an increase of around 20% in professional services and fees (i.e. design costs, surveys). The cost of building to this standard are c. 6-8% higher than the average cost of construction. This is mainly due to the added complexity of design development and modelling, construction delivery, quality assurance and post completion monitoring. It represents a significant investment by the council to achieve its Climate and Ecology Strategy targets.
- 5.4. Accompanying this report is a presentation on the Hartopp and Lannoy scheme which examines the sustainability standards and how they meet the council's climate and ecology strategy and the role of residents in the design process.

## APPENDIX 1 – DEVELOPMENT PROGRAMME DATA

### Direct Delivery Programme

Project	Affordable Homes				Market Homes		Total Homes	Planning Application Submission	Start On Site (Forecast)	Completion (Estimated)
	Genuinely Affordable	Intermediate	Total Affordable	%	Homes	%				
Springvale (Completed)	10	0	10	100%	0	0%	10			Apr 2022
Education City	33	99	132	100%	0	0%	132		Autumn 2021	Nov 2025
Hartopp & Lannoy Site	67	45	112	84%	22	16%	134	May 2022	Mar 2023	Jul 2025
Farm Lane Site	10	6	16	52%	15	48%	31	Nov 2022	May 2024	Apr 2026
Lillie Road Site	12	9	21	50%	21	50%	42	Jan 2023	Jun 2024	May 2026
White City Central	81	53	134	50%	134	50%	268	Apr 2023	Jun 2024	Mar 2028
Flora Gardens School	32	22	54	50%	55	50%	109	TBC	TBC	TBC
Avonmore School	28	18	46	51%	45	49%	91	TBC	TBC	TBC
Mund Street Site	34	23	57	50%	58	50%	115	Sep 2023	Mar 2026	Mar 2028
Barclay Close	4	2	6	100%	0	0%	6	Aug 2024	Mar 2026	Nov 2027
Becklow Gardens	4	8	12	92%	1	8%	13	Aug 2024	Mar 2026	Nov 2027
The Grange	5	3	8	50%	8	50%	16	Aug 2024	Mar 2026	Nov 2027
Land Near Jepson House	14	9	23	51%	22	49%	45	Aug 2024	Mar 2026	Nov 2027
Old Laundry Yard	23	16	39	100%	0	0%	39	TBC	TBC	TBC
Commonwealth Avenue	24	16	40	100%	0	0%	40	TBC	TBC	TBC
Hemlock Garages	2	1	3	50%	3	50%	6	TBC	TBC	TBC
Pipeline Site	11	7	18	50%	18	50%	36	TBC	TBC	TBC
<b>Grand Total</b>	<b>394</b>	<b>337</b>	<b>731</b>	<b>65%</b>	<b>402</b>	<b>35%</b>	<b>1133</b>			

### Partnership Projects

Partnership	Affordable Housing				Market Housing		Total Homes	Status
	Genuinely Affordable	Intermediate	Total Affordable	%	Homes	%		
Lavender court	24	21	45	100%	0	0%	45	Completed
Emlyn Gardens	14	0	14	100%	0	0%	14	Completed
Mo Mowlam house	18	12	30	100%	0	0%	30	Completed
Civic Campus	69	36	105	51%	99	49%	204	Under Construction
Watermeadow Court	83	50	133	50%	133	50%	266	Start on Site March 2023
Edith Summerskill House	105	28	133	100%	0	0%	133	Start on Site Sept. 2023
<b>Grand Total</b>	<b>313</b>	<b>147</b>	<b>460</b>	<b>66%</b>	<b>232</b>	<b>34%</b>	<b>692</b>	

### Volume of Homes (by year)

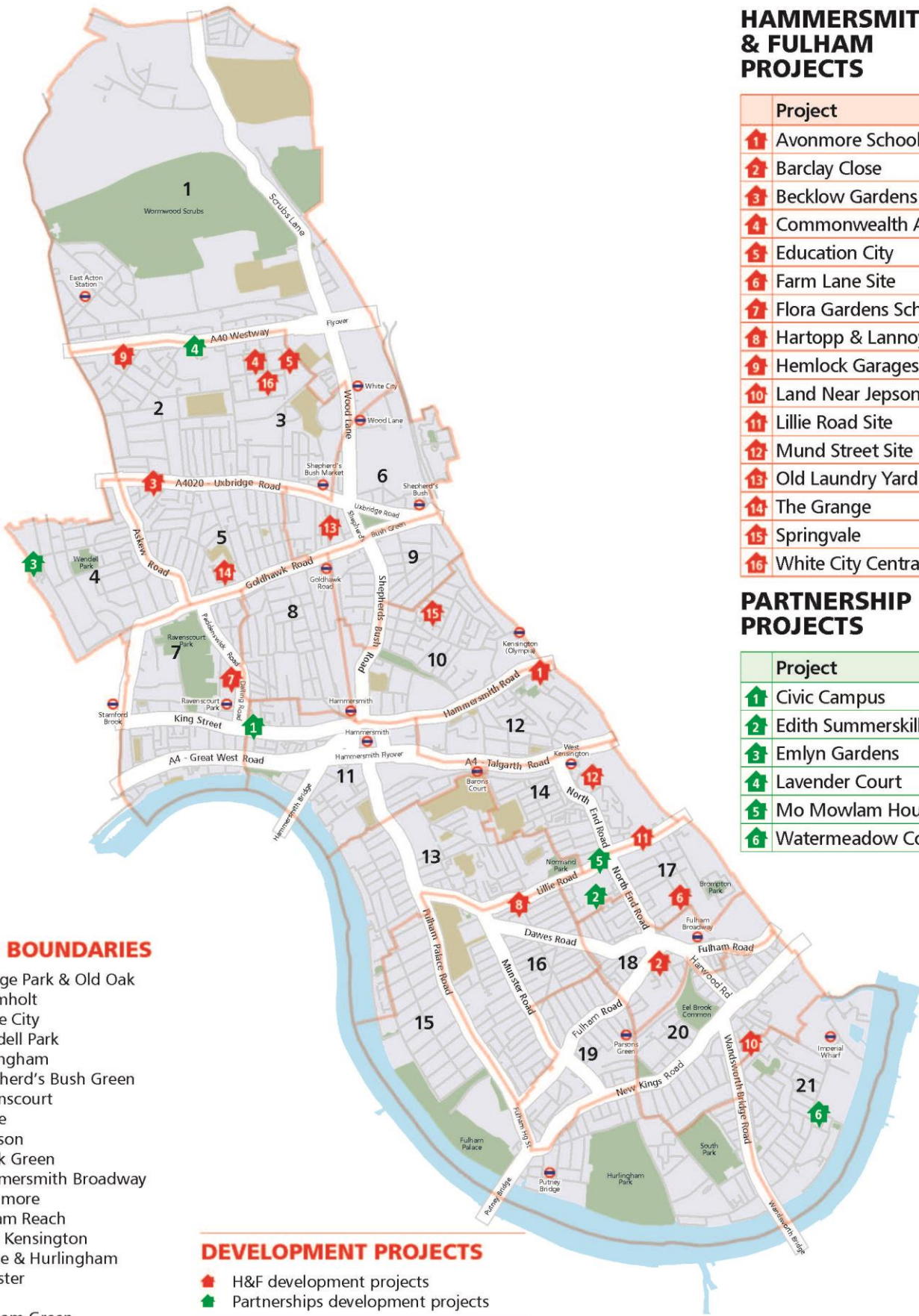
Year	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	Totals
Volume of Homes	10	24	0	281	394	126	298	1133

## APPENDIX 2 – GLOSSARY

Term	Definition
<b>Affordable Housing</b>	Generally, these are homes for people whose needs are not met by the market.
<b>Affordable Rent</b>	Typically, these homes are let at rent levels higher than social rent homes but lower than open market rent.
<b>Genuinely Affordable</b>	In LBHF, by this we mean the lowest and cheapest rents in the market. Typically, these are social rent or London Affordable Rent homes.
<b>Intermediate Housing</b>	<p>These are homes that are for rent and sale below market levels.</p> <p>This type of affordable housing is aimed at people who do not qualify for social housing, but cannot afford to rent or buy on the open market.</p> <p>It includes products such as Shared Ownership, shared equity, and discounted market sales – as well as rent products such as London Living Rent and Intermediate Rent.</p> <p>The council's Home Buy service oversee all allocations for these homes in Hammersmith and Fulham.</p>



# DEVELOPMENT PROJECTS IN HAMMERSMITH & FULHAM



## HAMMERSMITH & FULHAM PROJECTS

Project
1 Avonmore School
2 Barclay Close
3 Becklow Gardens
4 Commonwealth Avenue
5 Education City
6 Farm Lane Site
7 Flora Gardens School
8 Hartopp & Lannoy Site
9 Hemlock Garages
10 Land Near Jepson House
11 Lillie Road Site
12 Mund Street Site
13 Old Laundry Yard
14 The Grange
15 Springvale
16 White City Central

## PARTNERSHIP PROJECTS

Project
1 Civic Campus
2 Edith Summerskill House
3 Emlyn Gardens
4 Lavender Court
5 Mo Mowlam House
6 Watermeadow Court

## WARD BOUNDARIES

1. College Park & Old Oak
2. Wormholt
3. White City
4. Wendell Park
5. Coningham
6. Shepherd's Bush Green
7. Ravenscourt
8. Grove
9. Addison
10. Brook Green
11. Hammersmith Broadway
12. Avonmore
13. Fulham Reach
14. West Kensington
15. Palace & Hurlingham
16. Munster
17. Lillie
18. Walham Green
19. Fulham Town
20. Parsons Green & Sandford
21. Sands End

## DEVELOPMENT PROJECTS

- H&F development projects
- Partnerships development projects
- Underground stations
- Parks and Green spaces
- Landmarks