

Westminster Affordable Housing Fund

This note has been prepared following the Matter 4 hearing on Westminster's City Plan 2019-2040 on 1st October 2020 to explain how the council's affordable housing fund is collected and spent. It clarifies how much is currently committed to known or forthcoming schemes to deliver more affordable housing in the city.

1. Background

1.1 Commuted payments in lieu of affordable housing are paid into the City Council's ring-fenced affordable housing account "The Affordable Housing Fund" (AHF) for the purposes of delivering affordable housing in the city.

1.2 Payments received in lieu of affordable housing from individual schemes are held in the same AHF account together with other payments received in lieu of residential or affordable housing provision from other sites. Once paid in all monies are undistinguishable and the source of specific funding for AHF investment projects cannot be expressly identified.

1.3 Investment from the AHF in affordable housing will be not ring fenced to pre-determined affordable housing sites or geographical areas, but will be invested in affordable housing opportunity sites as and when these come forward throughout the city.

1.4 AHF will be invested only where its contribution leads to a) an increase in the provision of units of affordable housing or b) enhances the quality of the affordable housing to be provided above what would otherwise be delivered

1.5 In respect of a) this will include the use of the AHF to purchase by agreement private sector housing to facilitate regeneration activity and enable the future delivery of additional affordable housing. In advance of regeneration works being implemented, these properties may be used as temporary housing (but not to constitute temporary sleeping accommodation as defined by the GLC General Powers Acts) to accommodate households in housing need and where the rents charged are at submarket levels.

1.6 In respect of b) this shall be limited to:

- increases in the number of larger affordable homes than would otherwise be delivered;
- increases in the number of affordable homes of a particular affordable tenure that best addresses the City Council's affordable housing need, than would otherwise be delivered;
- enhances the affordability of affordable housing by keeping housing costs to the end user at genuinely affordable levels than would otherwise be delivered
- increases the size of units achieved through conversion or extension leading to larger homes with more or larger bedrooms;

- capital works of estate improvements that are required for, incidental to, and proportionate to the provision of additional affordable housing units such as, but not limited to, new or improved play and sports facilities, lighting, community facilities and public realm. This shall exclude any works of maintenance, repair or estate improvement in relation to existing housing or estates

1.7 AHF can be used in combination with public subsidy such as Social Housing Grant (SHG) where the investment of AHF in combination with SHG leads to increased numbers of affordable housing or increases the quality of that affordable housing than would otherwise be delivered.

1.8 Investment in affordable housing using the AHF will be restricted to areas within the City of Westminster, but will not be restricted to specific sites or geographical areas of the city.

1.9 Investment of the AHF will only be used towards the direct delivery of affordable housing (bricks and mortar) and towards enabling work such as but not limited to reasonable fees or other costs incurred in master planning, procurement, feasibility studies or development briefs or similar

1.10 The delivery of Affordable housing will include the provision of new build affordable housing provision and the procurement of existing properties held in the private sector and converted to affordable housing use.

1.11 AHF can be provided by the City Council to Registered Providers (RP) or other recognized providers of affordable housing to enable the delivery of affordable housing on the RP's own land or on S106 sites or can be used by the City Council directly to deliver affordable housing on its own land as part of its Housing Renewal and Community Build Initiatives.

1.13. AHF investment will be used to deliver recognized forms of affordable housing including social housing and intermediate.

1.14. Where affordable housing has been enabled through investment from the AHF and that affordable housing is subsequently released to 100% private ownership as a result of a disposal or through stair casing under shared ownership or shared equity, then the City Council's AHF will be entitled to receive a contribution from the disposal or stair casing equivalent to the original AHF investment plus an uplift on the original AHF investment equivalent to a proportion of a share in the increased market value of the property. Alternatively, the City Council will direct the Affordable Housing Provider originally in receipt of the AHF to reinvest the original AHF investment plus uplift in new affordable housing.

2. AHF expenditure and balances held

2.1 To 31 March 2020, c.£316.5m AHF had been invested in affordable housing projects in the city. From this investment, c. £214m has been spent on affordable housing schemes that are now completed having delivered 2,122 new affordable homes.

2.2 A further £96m has been invested in affordable housing projects that are; under construction or are in the process of being delivered or where details of the affordable project are being worked up.

2.3 In addition c.£5.7 AHF has been spend on enabling costs including costs incurred in master planning, procurement, feasibility studies or development briefs.

2.4 Appendix 1 “**Westminster Affordable Housing Fund Expenditure Report**” shows those projects where AHF has been invested and funds released against these affordable projects. Schemes highlighted in yellow are within the Central Activities Zone. The fundamental reason why there is limited AHF investment in affordable housing in that location is due to the unavailability of sites that can be secured for affordable housing use and where the investment of the AHF could demonstrate good value for money when compared to other areas of the city where there are more opportunities and where the cost of land and housing is comparably cheaper and therefore more affordable homes can be delivered per AHF investment decision.

2.5 This demonstrates that although Policy S1 in the adopted Plan is titled ‘Mixed use in the CAZ’, the payments collected into the affordable housing fund related to this policy do not necessarily deliver affordable housing (and therefore mixed use) within the CAZ, but a greater quantum and higher quality of homes outside the CAZ (but within short commutable distances to the CAZ) instead. Even from residential schemes in the CAZ, the proportion of schemes with on-site delivery is low. Over the previous 5 years 4,247 housing units were completed in the CAZ. Of these, only 468 (11%) were affordable.

2.6 At 1 April 2020, there were c.£241.5m in balances held in the AHF.

3. Future AHF requirements

3.1 Planned utilisation of the AHF over the period 2020/21 to 2030/31, including approved schemes and schemes under consideration, total £459.8m.

3.2 This planning investment is anticipated to deliver over 2,000 new affordable homes.

3.3 However, this additional AHF investment of £459.8m towards future affordable delivery is dependent upon the use of existing AHF balances of £241.5m and future payments of £219m in lieu of affordable housing paid into the AHF during this investment period.

3.4 Affordable housing schemes to be delivered from this new AHF investment will be a combination of projects that already secured approval, plus those projects in the process of being worked up and yet to approved.

3.5 These schemes will be a mixture of Council led developments including regeneration and infill development plus schemes being delivered by external providers.

4. Payments in lieu of affordable housing

4.1 The two sources of payments into the council's AHF are currently from payments in lieu of affordable housing required by:

- Policy S16 of Westminster's Adopted City Plan (2016) where on-site affordable housing required by the policy hasn't been provided as part of residential schemes.
- Policy S1 of Westminster's Adopted City Plan (2016) where housing required by the policy hasn't been provided as part of mixed-use schemes.

4.2 Since the adoption of the City Plan in 2016, circa £34 million has been collected from schemes in lieu of requirements of policy S1; circa £137 million has been collected from schemes in lieu of requirements of policy S16. Contributions from commercial development therefore make a significant contribution to Westminster's AHF and loss of this source of supply would have a seriously determinantal impact on the council's ability to deliver forecast affordable housing schemes (explained in paragraph 3.3) across the city, particularly given draft Policy 9's emphasis on on-site delivery instead of payments in lieu to align with paragraph 62 of the NPPF.

Appendix 1

Westminster Affordable Housing Fund Expenditure Report

Scheme, Funding details and numbers of new Affordable Housing (AH) units

Affordable Housing Provider	AHF investment Scheme Details	New AH Units	Scheme Status	Total AHF spend to date
A2Dominion	2-3 Peter Street W1	3	Complete	£1,975,405
A2Dominion	4 Maida Vale W9	14	Complete	£71,964
A2Dominion	Chantry House SW1	9	Complete	£1,327,000
A2Dominion	Grosvenor Waterside (Woods House and Wentworth Court) SW1	267	Complete	£6,127,400
A2Dominion	Montrose Place SW1	8	Complete	£80,000
A2Dominion	Rochester Row SW1	21	Complete	£851,867
A2Dominion	Tyburn House, Orchardson Street NW1	14	Complete	£1,481,942
A2Dominion	Wilton Plaza SW1	74	Complete	£500,000
Circle Anglia	Murray House, Vandon Street SW1	41	Complete	£576,720
WCC	7 Dudley House W2	1	Complete	£250,835
Genesis(PCHA)	6-7 Westbourne Grove(Scott House) W10	11	Complete	£1,156,000
Genesis(PCHA)	Lisson Green Phase 9, NW8	39	Complete	£200,000
Genesis	New AH at Jubilee Regeneration W9	12	Complete	£1,300,000
Places for People (North E)	1-5 Lisson Grove NW8	44	Complete	£499,200
Places for People (North E)	44 Chippenham Road W9	37	Complete	£240,000
Notting Hill	3-7 Plympton Place NW8	3	Complete	£229,363
Notting Hill	76 Vauxhall Bridge Road SW1	13	Complete	£1,190,593
Octavia	81-83 Chippenham Road W9	10	Complete	£94,054
One Housing Group	37-49 Riding House Street W1	20	Complete	£522,000
One Housing Group	Joseph House, 63 Waverley Road W9	16	Complete	£1,459
One Housing Group	Rodmarton Street/55 Baker Street W1	16	Complete	£500,000
Peabody	Hermitage Walk, Paddington W2	79	Complete	£500,000
Peabody	Old Pye Street SW1(Special Needs)	5	Complete	£150,000
Peabody	Peabody Avenue New Build SW1	56	Complete	£1,596,000
Soho	24 Gt. Windmill Street W1	5	Complete	£1,600,000
Soho	Berwick St W1		Aborted	£370,000
Soho	Lodge Road, Dover Court NW8	30	Complete	£231,512
Soho	Wardour and Royalty Mansions lease extensions W1	14	Complete	£3,600,000
Soho	Artillery Mansions SW1	17	Complete	£413,430

Network	Brindley Estate New Build W9	33	Complete	£529,592
Network	Eaton Plaza, Elmfield Way W9	100	Complete	£769,097
Network	Sheldon Square, Paddington Central W2	40	Complete	£200,000
L&Q (Threshold)	Ladbroke Grove/Harrow Road W10	22	Complete	£3,025,038
L&Q (Formerly Ujima)	Vincent Street SW1(Old Gas Site)	33	Complete	£1,331,000
WCH	20 B Moorhouse Road ,44A Hereford Road,2D Newton Road all W2(PCHA property) For intermediate rent	3	Complete	£714,248
WCH	34 Westmacott House NW8-replacement for high cost void	1	Complete	£142,930
WCH	50 Page Street SW1 (10) and off site provision (16)	26	Complete	£3,750,000
WCH	54 Charlwood House SW1	1	Complete	£164,101
WCH	Brinklow House W2 -ASTs to Permanent homes	27	Complete	£672,000
WCH	High Cost Voids CWH Properties-14 Oliphant, 57 Kilravock,23 Galton St,30 Second Avenue,19 Enbrook Street W10	5	Complete	£1,003,758
WCH	PCHA market disposals various W2 -For intermediate rent	20	Complete	£3,500,000
WCH	Purchase and repairs Westminster for intermediate rent various locations	30	Complete	£3,592,688
WCH	Settled Homes Initiative - ASTs to Permanent various locations	142	Complete	£24,380,000
WCH	Spot purchases & repairs of family homes to tackle overcrowding -various locations	19	Complete	£2,631,110
WCH	Avenue Gardens W2 New Build	2	Complete	£510,000
WCH	New Property Acquisitions- Housing Renewal Areas- Various locations	16	Complete	£3,225,000
WCC	291 Harrow Road W9		Aborted	£441,505
	Affordable Housing Enabling Costs	N/A		£5,656,558
WCC	Spot Purchases for the HRA	45	Complete	£6,000,000
WCC	2 Ashbridge Street NW8	26	Under Construction	£6,900,000
WCC	50 spot purchases in lieu of 190 Strand - various locations	54	Complete	£28,000,000
Peabody	234 Vauxhall Bridge Road disabled adaptations SW1	24	Complete	£19,803
Dolphin Square	Intermediate Homes for Home Ownership Accelerator -various locations	50	Complete	£12,500,000
WCH	Ladbroke Grove W9 Intermediate homes for rent	22	Complete	£5,500,000
WCH	Gloucester Gardens New Build W2	8	Complete	£1,479,047
WCH	John Aird Court New Build W2	9	Complete	£1,504,000
WCC	Tollgate Gardens Regeneration NW6	86	Under Construction	£7,459,738

WCH	WCH Infill and spot acquisitions -various locations	108	Complete	£14,828,000
WCC	Kemp House W1	4	Under Construction	£200,973
WCH	Builders Yard New Build and Spot purchases	60	Ongoing delivery	£15,000,000
WCH	WCH Spot purchases for affordable housing - various locations	26	Complete	£3,871,375
WCC	498 Edgware Road NW8	47	Complete	£3,100,000
Dolphin Square	Lanark Road W9	44	Under Construction	£500,000
WCC	Property Purchases for use as Affordable Housing in Westminster (TA) -various locations	25	Ongoing delivery	£11,826,214
WCC	Infill Sites on Estates Various locations	131	Ongoing delivery	£7,274,448
WCC	Lisson Arches NW8	45	Under Construction	£6,474,611
WCC	Dudley House W2	197	Complete	£29,572,792
WCC	25* TA Purchases in Westminster - various locations	25	Complete	£11,291,190
WCC	25* Purchases for Intermediate housing in Westminster -various locations	25	Complete	£7,004,939
WCC	Beachcroft House W9	40	Complete	£10,000,000
WECH	Elgin Estate New Build W9	43	Complete	£1,950,000
WCC	Church Street Regen. Parsons North NW8	19	Under Construction	£6,575,000
WCC	Queens Park Court W10	23	Scheme being worked up	£623,615
WCC	Ebury Regen SW1	429	Scheme being worked up	£27,911,914
WCC	Church Street Regen Phase 2 NW8	421	Scheme being worked up	£1,539,857
WCC	West End Gate W2	130	Under Construction	£3,761,377
WCC	Bayswater Schemes W2	40	Scheme being worked up	£100,870
Total		3,605		£316,545,133
Completed affordable homes		2,166		£214,428,452