

 <b>Executive</b> <b>10<sup>th</sup> June 2009</b>		<b>Agenda Item No.</b>
<b>Title</b>	<b>Making the Best Use of New and Existing Housing Stock in the District</b>	
<b>For further information about this report please contact</b>	Alison Simmons – Acting Head of Housing and Property Services Satnam Kaur – Acting Head of Housing Strategy	
<b>Service Area</b>	Housing and Property Services Housing Strategy	
<b>Wards of the District directly affected</b>	All	
<b>Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006</b>	No	
<b>Date and meeting when issue was last considered and relevant minute number</b>	Executive – 3, Minute 385.	
<b>Background Papers</b>	HomeChoice Allocation Scheme 2008 Joint Commissioning Partnership Agreement	

<b>Contrary to the policy framework:</b>	No
<b>Contrary to the budgetary framework:</b>	No
<b>Key Decision?</b>	No
<b>Included within the Forward Plan? (If yes include reference number)</b>	Yes

<b>Officer/Councillor Approval</b>		
With regard to officer approval all reports <u>must</u> be approved by the report authors relevant director, Finance, Legal Services and the relevant Portfolio Holder(s).		
<b>Officer Approval</b>	<b>Date</b>	<b>Name</b>
Deputy Chief Executive		Bill Hunt
Chief Executive		Chris Elliott
CMT		
Section 151 Officer		Mike Snow
Legal		Peter Oliver
Finance		Sandra Jones
Portfolio Holder(s)		Councillor Grainger
<b>Consultation Undertaken</b>		
Please insert details of any consultation undertaken with regard to this report.		

<b>Final Decision?</b>	Yes/No
<b>Suggested next steps (if not final decision please set out below)</b>	

## **1. SUMMARY**

1.1 The report provides a breakdown of the work that the Council has undertaken and will be considering to make the best use of new and existing stock.

1.2 The report has been broken down into three main headings:--

- Using the District's housing stock as effectively as possible which includes analysing the effects of the HomeChoice review.
- Responding to the current Housing Market.
- Future Provision.

## **2. RECOMMENDATION**

2.1 To note the actions that are being taken to make the best use of new and existing stock in the District.

## **3. REASONS FOR THE RECOMMENDATION**

3.1 This report has been brought to Executive in response to the Petition submitted by Cllr Scarrott, on Wednesday 3 September 2008 Minute 385.

3.2 The challenges of the current economic climate and the effect it could have on the already scarce housing resource in the District.

## **4. ALTERNATIVE OPTION CONSIDERED**

4.1 No other options considered.

## **5. BUDGETARY FRAMEWORK**

5.1 Some of the projects identified within this report may need additional resources for research and implementation. Where a business case can be made for the need for additional resources or a change in staffing requirements a further report will be brought to Executive detailing the proposals.

## **6. POLICY FRAMEWORK**

6.1 The Corporate Strategy – CS2 Priority 3: To use current stock as effectively as possible

6.2 The Corporate Strategy - CS6 Priority 2: To understand and support the differing needs of our communities focusing support where it is most needed.

6.3 The Sustainable Community Strategy - Building Communities – providing sustainable, affordable, quality housing for everyone who wishes to live and work in the District.

6.4 The Housing and Homelessness Strategy are both currently under review with reports due to go to Executive for their adoption.

6.5 HomeChoice Allocation Policy 2008 - This Policy outlines Warwick District

Council's HomeChoice Allocation Scheme for determining priorities for letting Council and Registered Social Landlord (RSL) homes and in some instances accommodation in the Private Rented Sector.

- 6.6 Local Area Agreement, National Indicator 155 - Total supply of social rent housing and intermediate housing provided each year through new build and acquisitions.

## 7. **BACKGROUND**

- 7.1 The demand for housing far exceeds supply and the housing register exists to enable us to prioritise those households who are in greatest need and to maximise their opportunities for rehousing. The Register provides an index of the level and the nature of housing need locally, and the allocations policy is essentially a means for rationing out this scarce resource.

- 7.2 The number on the Housing Register as at the 8<sup>th</sup> April 2009 is as follows:-

Band	Number on the Housing Register
1	14
2	314
3	1151
4	1408
Total	2903*

\*(including 16 young people who are registered but not 18 so who are currently unable to bid)

- 7.3 The Council has and is continuing to explore a number of initiatives not only to kick start the delivery of affordable housing but also to make the best use of existing stock.

- 7.4 The report has been broken down into three main headings:--

- Using the District's housing stock as effectively as possible which includes analysing the effects of the HomeChoice review.
- Responding to the current Housing Market.
- Future Provision.

## 8. **Using the District's housing stock as effectively as possible which includes analysing the effects of the HomeChoice review.**

### 8.1 HomeChoice Review

- 8.1.1 The Council's Choice Based Letting Scheme HomeChoice became operational in November 2005, and it was agreed at the time of implementation to review the scheme after six months.

- 8.1.2 As part of the Review the number of Bands has been increased from 2 to 4 and quotas have been introduced for allocations in Band 1, 2 and 3 to provide a greater spread of available properties to each band, whilst ensuring there is sufficient properties in Band 1 to enable the Council to meet its statutory duties.

- 8.1.3 The changes in the HomeChoice Allocation Scheme does not change the fact that only a minority of people wanting social housing will be able to access it because of the growing gap between supply and demand. The key element of the Scheme focuses on alerting applicants to other options to deal with their housing issues, or to secure a move.
- 8.1.4 The Allocations Policy outlines Warwick District Council HomeChoice Allocation Scheme for determining priorities for letting Council and Registered Social Landlords (RSLs) properties in the District. Lettings are made in line with the Policy based on the greatest housing need, best fit for the property advertised and the time on the waiting list.
- 8.1.5 The revised Policy introduced quotas for allocations to Bands 1, 2 and 3, with 50% of the properties being advertised in Band 1, 30% for Band 2 and 20% for Band 3. Band 1 applicants are only able to bid for properties advertised in Band 1.
- 8.1.6 The revised Allocations Policy was implemented in September 2008 and the results of the bidding and allocation to date are shown in the table below:-

Band	Number of General Needs Properties Advertised	Number of Allocated General Needs Properties
1	201	44
2	100	94
3	40	140
4	0	8
Total	341	286

\* Awaiting results for 55 general needs allocations.

- 8.1.7 The results show that a total of 341 General Needs properties have been advertised, of which 201 were Band 1 preference, 100 properties Band 2 preference and 40 Band 3 preference.
- 8.1.8 It is important to note that in cases where there are no successful bids from Band 1 applicants for properties with a Band 1 preference, these properties are then filtered down to Band 2 applicants and so on. With this in mind, of the total number of properties advertised 44 were allocated to Band 1, 94 to Band 2, 140 to Band 3 and 8 to Band 4.
- 8.1.9 It is evident that since the revision there has been a more equitable spread of properties let across the bands. Furthermore less people are approaching as homeless as their housing need is being met through the Housing Register.
- 8.1.10 Please note that age restricted properties are not included within the quotas. Bidding takes place in the normal way and preference is given to the applicants with the highest priority.

## 8.2 Incentive Schemes

- 8.2.1 The Council as a retained stock holder aims to make the best use of existing family accommodation whilst moving older people into more suitable accommodation that meet their needs and in order to achieve this introduced a Tenant Incentive and Resettlement Scheme in 2008.

- 8.2.2 The Tenant Incentive Grant Scheme offers a financial incentive to secure tenants of the Council who transfer from a three or four bedroom family-sized general needs accommodation (houses, maisonettes or flats) to a one bedroom property.
- 8.2.3 During 2008/09 the Tenant Incentive Scheme successfully enabled 10 tenants of larger properties, including one 4 bedroom house and nine 3 bedroom houses to move to smaller more suitable accommodation.
- 8.2.4 The second scheme the Resettlement Service is offered to applicants on the Common Housing Register who successfully bid for a specified low demand property advertised under the Homechoice Scheme.
- 8.2.5 The resettlement package comprises of:
- arranging removals (up to a cost of £400)
  - decorating the property throughout
  - fitting of carpets and curtains
  - assistance with connection of services
  - re-fitting (but not purchase of) a washing machine and dishwasher
  - assistance with the completion of a Housing Benefit application form
  - assistance with change of address notifications.
- 8.2.6 The scheme only applies to specified low demand properties which are designated for occupation by tenants of 60 years of age or above.
- 8.2.7 During 2008/09 the Resettlement Service has proved most beneficial in ensuring that designated older person's properties are let more quickly than previously. 39 properties were advertised and let under the service all of which were age restricted properties.
- 8.2.8 Due to the success of both schemes, they have both been extended to continue to run through 2009/10.

### 8.3 Review/remodelling of Age Restricted properties for the Elderly

- 8.3.1 The formal District wide review to determine the most effective use of properties currently designated for letting to older people has been deferred due to the ongoing Supporting People Strategic Review of Older Persons Services.
- 8.3.2 Once the outcome of the Review is known and following ongoing discussions with the County Council on their emerging policy for extra care housing specifically for older people a review will to be carried out in partnership with all the Housing Providers in the District.

## 9.0 **Responding to the Current Housing Market**

### 9.1 Moratorium

- 9.1.1 The Executive considered a report in February 2009 which summarised the effect of implementing the Moratorium since it was approved by Executive in September 2005. It updated the housing supply situation, within the context of both new Government guidance on housing monitoring and the Regional Spatial Strategy Revision requirements for the period 2006 to 2026, and recommended that it would now be appropriate to cease to apply the policy.

- 9.1.2 In affordable housing delivery terms the duration of the Moratorium has led to less schemes being brought forward by Developers. Now that the Moratorium has been lifted this has not resulted in an influx of planning applications for housing. This can largely be attributed to the dramatic change in the current economic climate some developers are now not in a financial position to bring schemes forward.
- 9.1.3 Historically 12 major Developers have operated within the District but currently only three are actively developing. The Housing Strategy team maintains contact with the Developers and can report that all see the Warwick District as an area of interest and are keen to develop within the district. Some Developers are searching for sites and others have options on sites for longer term development plans.

## 9.2 Joint Commissioning Partnership

- 9.2.1 The Council set up its Joint Commissioning Partnership in 1998 working in partnership with Bromford, Orbit, Servite, Jephson, Warwickshire Rural Housing Association and the Housing Corporation (HC).
- 9.2.2 The partnership provides a framework within which the Council as housing enablers and Registered Social Landlord (RSL's) as preferred partners will work together to provide housing of a high standard and services that meet local needs
- 9.2.3 All the partners have indicated to the Council that Warwick District is a priority area for them, however only 2 of the RSL's are currently active in the District. Of the remaining two one will be land banking for 2/3 years and the last RSL is in HC Amber light status and therefore unable to develop presently.
- 9.2.4 The RSLs have been hit hard financially in terms of their borrowing requirements, accessing finance is more stringent now than previous years, furthermore the situation is compounded by the Homes and Community Agency (HCA) grant rates being less than the RSLs requirements to make schemes stack up.
- 9.2.5 In order to increase development activity in the District the Housing Strategy team has been actively trying to build relationships with other RSL's outside of the partnership; unfortunately to date this has been unsuccessful but work continues on this.
- 9.2.6 The HCA have offered to work with the Council and this offer is being taken up and a review of the partnership will take place this year in order to kick-start the delivery of affordable housing in the District.

## 10. **Future Provision**

### 10.1 South Housing Market Area Partnership (SHMA)

- 10.1.1 The West Midlands Region was sub-divided into four housing market areas based on an analysis of the housing market area. Warwick falls within the SHMA along with Stratford and the Worcestershire Local Authorities.
- 10.1.2 The SHMA comprises a predominance of moderate to high priced neighbourhood zones, with problems of affordability and homelessness. It also faces the challenge of land availability, land affordability and of delivery the levels of rural and affordable housing required.

10.1.3 The Council has an active role in SHMA partnership acting as Vice Chair. The SHMA has formed an implementation group to formulate a structure for the affordable housing Delivery Vehicle in order to maximise the delivery of units and to ensure that the HCA budget allocation is spent within the SHMA area.

10.1.4 The current HCA National Affordable Housing Programme 2008-2011 funding is allocated on a Housing Market Area basis therefore the Council will continue to work on the implementation of the delivery vehicle for the partnership in order to maximise the amount of HCA grant for schemes that come forward within the District.

10.1.5 In the longer term the Council will take a more active role on a sub-regional basis working with Coventry, Solihull and the remainder of the Warwickshire Districts and Boroughs.

## 10.2 The Coventry, Solihull and Warwickshire Sub-regional Partnership

10.2.1 The Council have attended an informal meeting with Housing Colleagues from Coventry, Solihull, and Warwickshire (CSW) to discuss common priorities. It is envisaged that the group will be formalised creating a single entity aligned with the Coventry, Solihull and Warwickshire partnerships for Planning and Economic Development. The Group has been tasked with the delivery of a Coventry, Solihull and Warwickshire (Sub-Regional) Housing Growth Strategy by the end of June 2009.

10.2.3 The Strategy will be a coherent document providing details of how over a twenty year period 82,000 homes can be delivered across the Sub-Region and how it will fit into the Place Shaping Agenda.

## 10.3 The Empty Homes Strategy

10.3.1 An Empty Homes Strategy will be brought to the Executive under a separate report for adoption to demonstrate how bringing empty homes back into use can help meet the District's housing need. The aim of the Strategy will be to have a coordinated approach to bringing empty homes back into use, to encourage and support owners to bring properties back into use and to develop and adopt enforcement procedures.

## 10.4 Local Authority Self Financing

10.4.1 The Council along with 5 other authorities work with CLG (Government Communities Department), as a member of the self financing 'modelling group', on the national project to evaluate the feasibility of establishing self financing Housing Revenue Account's (HRA). The Group has assessed the impact of proposals emerging from the national review of the housing subsidy system on a potential self financing business plan

10.4.2 The Modelling Group has met with the CLG and the Treasury to discuss the models and the implications of the self financing borrowing. The Group have requested feedback from the Housing Minister to understand their position in order to commit to and take this work forward.



10.4.3 The Council are also lobbying for a robust review of the HRA through our membership of ARCH (Association of Retained Council Housing) and our position on the ARCH Executive.

10.4.4 Decisions on self financing will now be delayed until the outcome of HRA review is known later in 2009.

#### 10.5 Local Authorities role as Housing Providers

10.5.1 The role of Council as providers of new housing for rent has diminished drastically since 1970 when Councils built many thousands of homes across the UK. The impact of the Right to Buy has reduced the level of stock under the Council's direct control. Many Council's including Warwick has the appetite to develop and the Council are looking for a favourable outcome from the consultation when looking at options to take this forward.

10.5.2 In January 2009 the Communities and Local Government (CLG) launched a consultation on the changes to revenue and capital rules for new council housing. The purpose of the consultation was that the CLG would like Local Authorities to play a bigger role in securing the supply of new affordable housing. This should include new opportunities for Council's to develop housing directly where this offers value for money in comparison with other options.

10.5.3 The aim was to set out the proposals for removing some disincentives to Local Authority investment in new council housing within the current financial framework and would include changes to both revenue and capital rules.

10.5.4 At present, the council housing finance system redistributes the revenue (through the HRA subsidy) and capital returns (through pooling) from new and existing homes on the same basis. Neither pooling nor the HRA subsidy distinguishes between homes which were built in the past with a large element of central Government financial support and new homes, which represent a largely local investment.

10.5.5 In July 2007, the Housing Green Paper, Homes for the future, more affordable, more sustainable, said that "Where Councils choose to invest their money in new housing supply; we think they should be able to keep the income and capital returns from those additional homes."

10.5.6 The changes to the treatment of income from new homes can now be made using powers in Section 80B of the Local Government and Housing Act 1989, which has inserted by Section 313 of the Housing and Regeneration Act 2008. This has provided for exclusions of specified properties or descriptions of properties, including future properties, from the HRA subsidy system. This would therefore make the properties invisible to the subsidy system whilst leaving them within the HRA. The Consultation period closed on the 17<sup>th</sup> April 2009.

#### 10.6 Local Housing Company

10.6.1 The Local Housing Company model is a joint venture between the public and private sectors, with local authorities for example 'investing' land in the development process and private developers and other investors providing funding to an equivalent amount.

10.6.2 The Local Housing Company approach will strengthen local authorities' position at the centre of the development process, and provide a range of opportunities for investors and development partners. In doing so, Local Housing Companies will also increase the supply and range of new homes available. This will help to meet government aspirations to build 3 million new homes in England by 2020.

10.6.3 The Council is investigating the feasibility of the formation of a Local Housing Company in partnership with North Warwickshire/Nuneaton and Bedworth and Rugby to lever in HCA funding to develop additional affordable housing units.

10.6.4 The drive to work in partnership is twofold as the Council will be able to make efficiency savings in the setting up of a Local Housing Company and, secondly the partnership would be able to pre-qualify for HCA funding as one entity and not individually.

#### 10.7 Public Sector Board Reward Grant Bid

10.7.1 The Council are leading on a County wide Bid to the Public Sector Board for Reward Grant for both Capital (£5m) and Revenue funding (£180K). If the bid is successful the Council have already commenced the discussion "single conversation" with the HCA to look for match funding of £5m.

10.7.2 The challenges currently faced include access to private financing, inability to use cross subsidy from the open market to meet the gap in social housing grant and the difficulties of getting reasonable capital value for development land.

10.7.3 This bid for Capital funding would enable the Local Authorities to increase the delivery of affordable units.

10.7.4 Investment could take the form of:

- Grant subsidy for actual homes
- Up-front funding for land acquisition
- The potential to lever-in match funding from the Homes and Communities Agency which will increase the number of units delivered and make the money go further
- Investing in a 'buy-back' scheme
- Purchasing of empty properties to bring back into use in the affordable housing market
- Provision of supported accommodation

10.7.5 The revenue aspect of the bid would be used to fund:

Two Rural Housing Enablers to work across the County. Their role would be to:

- Provide independent advice and carry out Housing Needs Surveys to identify housing need
- Facilitate the provision of housing through Rural Exception Policy
- Aid in the identification of a Registered Social Landlord who can then bid for funding to develop the scheme

10.7.6 A feasibility study to be carried out in year one to identify sites that are available for immediate development, and to undertake an options appraisal to determine the delivery vehicle to take this forward.

- 10.7.7 In Warwick the Council's priorities for the Bid if successful are to take forward strategic urban sites, mixed use sites and encourage development in the rural areas following the Rural Excellence Programme.
- 10.7.8 With the Council owned land there are number of options that could be taken forward the regeneration of existing estates, the demolition and rebuild of garage sites to provide additional affordable housing units and the remodelling of sheltered schemes to develop Extra Care units across the District
- 10.7.9 In the current economic climate the bid if successful would help towards the rebuilding of the local economies of all of the districts. The menu of options provides a number of job opportunities for local people in the development and taking forward the delivery of the schemes.
- 10.7.10 For example taking the option of using all the funding for the delivery of new affordable units, with a programme across the County to provide 80 units, consisting of 40 x 2 bed units and 40 x 3 bed units (at £72K per unit, equating to £5.76m) would bring 94,520 man hours to the area. The employment opportunities would range from site labour, material providers, Contractor management, consultants and lastly estate agents.
- 10.7.11 Based on the 94,520 man hours which equates to 49 x 12 monthly contracts if this bid was successful and the development of the affordable housing commenced, would result in 49 families being provided with employment and a saving of £980,000 in benefits being paid out (family based on a couple with one child in receipt of Benefits totalling £20K per annum).

## 10.8 Government Initiatives

- 10.8.1 The Council are keen to develop in order to increase its own stock holdings and investigate the possibility of any Government Initiatives that are introduced. There are a number of issues and possibilities that could help the Council to achieve this and with this in mind the Council have met with a Local MP to assist in lobbying the Government for:-
- A relaxation of the Right to Buy sales rules on any new affordable housing units that could be developed using the HRA budget.
  - That Local Authorities are given a holiday from making rent pooling payments and be able to keep the money to invest in either land for affordable units and/or to develop affordable units.
  - Lastly that Local Authorities should be able to pre-qualify without the need to establish a Local Housing Company in order to place them on a level footing with RSLs when bidding for HCA funding and ability to borrow against income and assets to enable Local Authorities to build directly.
- 10.8.3 The Council will continue to lobby both individually and through its Membership on the Executive Board of ARCH along the above lines.
- 10.8.4 As has been illustrated the Council is exploring a number of initiatives not only to kick start the delivery of affordable housing but also to make the best use of existing stock. The initiatives that have been introduced so far have gone some way to achieving these aims.