

## **HOMES POLICY DEVELOPMENT GROUP**

### **13 NOVEMBER 2018**

#### **HOUSING UPDATE**

**Cabinet Member(s):** Councillor Ray Stanley  
**Responsible Officer:** Mrs Claire Fry, Group Manager for Housing

**Reason for Report:** To provide a written briefing on latest developments relating to social housing

#### **RECOMMENDATION: Members to note the report**

**Relationship to Corporate Plan:** Homes are a priority for the Council and this includes increasing supply in the District and also ensuring that those homes in our ownership are managed efficiently and effectively

**Financial Implications:** None arising from this briefing

**Legal Implications:** None arising from this briefing

**Risk Assessment:** None arising from this briefing

**Equality Impact Assessment:** None arising from this briefing

#### **1.0 Introduction**

- 1.1 Members agreed that it would be helpful to receive a regular briefing on matters relating to social housing.
- 1.2 Since the announcements relating to the social housing Green Paper: “A new deal for social housing” and the new “rough sleeping strategy” during Housing Week, which commenced on 13 August 2018, there have been further announcements relating to changes in government policy.
- 1.3 This report will include reference to these and also other relevant matters which may be of interest to Members.
- 1.4 It should be noted that issues relating to cladding on tall buildings and other matters arising from the fire at Grenfell Tower continue to be reported in the press. However, this report to the Policy Development Group (PDG) does not contain any information about these due to the fact that the Council does not have qualifying buildings with external cladding.

#### **2.0 Homelessness**

- 2.1 A report on 31 August 2018 (Barker, 2018) stated that Councils across England spent nearly £1 billion on temporary accommodation last year. This represents an increase of 56% over the past five years, up from £602 million in 2013/14 to £937 million in 2017/18. The report referred to information

provided by 290 local councils, which had been obtained using Freedom of Information requests, and stated that the total spent on temporary accommodation over the five year period from April 2013 until the end of March 2018, was at least .£3.87 billion.

- 2.2 There was reference to a total of £1 billion being spent on temporary accommodation where the homeless households were accommodated in guest houses, hotels or other establishments providing Bed and Breakfast over the same period by 181 local authorities.
- 2.3 In addition, the report stated that another £1 billion was used to accommodate homeless households in temporary accommodation in the private sector.
- 2.4 It noted that four-fifths of the expenditure was covered by Housing Benefit.

### 3.0 **For Profit Registered Providers of Housing**

- 3.1 The number of “for profit registered providers” of housing has grown in the last year and these are funded by large institutions including Legal and General and Blackstone, the world’s largest property investor.
- 3.2 This Council has been contacted by one of these providers which is keen to work with developers in the District to build affordable homes linked to section 106 agreements, rather than developing their own homes from scratch.
- 3.3 During September 2018, there was a report (Barratt, 14 September 2018) that in future such organisations will be prevented from registering under names which include the phrase: “housing association”.

### 4.0 **National Housing Federation Summit**

- 4.1 On 18 September 2018, Walker (2018) reported that the Prime Minister would announce further funding totalling £2 billion for housing associations over a 10 year period at the National Housing Federation summit the following day. This announcement went ahead and Mrs May said that housing associations could deliver things that: “neither private companies nor local authorities can deliver”. She announced a scheme which will enable associations to apply for funding which stretches as far ahead as 2028/29 to enable them to build new affordable and social homes.
- 4.2 The Prime Minister stated that she had made it her personal mission: “to fix our broken housing system”.
- 4.3 In addition, she announced an intention to ban letting agent fees for people who rent their homes, to clamp down on rogue landlords and unscrupulous managing agents, and to bring an end to unjustified use of leasehold.
- 4.4 The Prime Minister also announced plans to give some long-term certainty on rents to enable housing associations to plan ahead and secure future investment.

4.5 In addition, she said that the Local Housing Allowance would not be extended to the social sector, in order to keep housing association properties affordable for all. She also talked about: “a certain stigma” which, she said: “still clings to social housing”. She said that: “part of the problem is physical, in the buildings themselves”. She said: “As you look from building to building, house to house, you should not be able to tell simply by looking which homes are affordable and which were sold at the market rate”.

4.6 She talked about housing management, as well as design and construction, as being important factors in making those who live in social housing, whether it is owned and managed by local authorities, TMOs (tenant management organisations) or housing associations, “so good that people are proud to call it home.”

## 5.0 **The Right To Buy Scheme**

5.1 There was a report in September which stated that 2,452 social homes had been sold in the first quarter of 2018/19, in accordance with the provisions of the Right to Buy scheme, and that just 837 replacement homes were started over the same period. Inside Housing (September, 2018) referred to figures published by the Ministry of Housing, Communities and Local Government.

5.2 Members will recall that there was a commitment to replace all “additional” homes sold on a one for one basis, which was announced when the Government raised discounts to revitalise the Right to Buy scheme in 2012. This commitment was based on a calculation starting with an assessment of what sales would have been, had the discounts never been made available, subtracted from the annual sales. A three year window applies in which the homes can be replaced. This means that to hit the target needed, a further 21,265 homes are required. Currently, 18,958 have been started, meaning that there is a shortfall of 2,307 homes.

5.3 The Chartered Institute of Housing (CIH) has recommended that discounts available to tenants under the Right to Buy scheme should be increased in order to allow Councils to build another 12,000 homes. The maximum discounts currently available to tenants are £108,000 in London and £80,000 elsewhere following an increase in 2012. The CIH undertook research which showed that Councils could receive up to £300 million per year if the discounts available were reduced.

5.4 During May 2018, information arising from Freedom of Information requests showed that £2.23 billion (47.4%) raised through the sale of 63,518 Council houses since 2012 has been used to fund replacement housing. The total raised was £4.8 billion. £2.57 billion was then split between the Treasury and the repayment of historic Council debts, and to fund the administration of the scheme (Apps, 2018).

5.5 The Ministry of Housing, Communities and Local Government undertook a consultation relating to Right to Buy receipts in August. The Cabinet Member for Housing and the Director of Operations are due to meet with Mr Kit Malthouse, Minister of State for Housing at Westminster in the near future to discuss this and other matters relating to the Right to Buy scheme.

## 6.0 The Use of Fixed Term Tenancies

- 6.1 Members will recall that landlords were given discretion to offer fixed term tenancies in accordance with the provisions of the Localism Act 2012.
- 6.2 A housing association with 90,000 homes in management across London and the South East has made the decision to stop using fixed term tenancies. (Barrett, 28 September 2018). It has been reported that other housing associations are considering a similar approach with Rod Cahill, chief executive of Catalyst, saying that his association would definitely consider ceasing the use of fixed term tenancies on the basis that a review is overdue. He said that as far as he was aware, no fixed term tenancies had ever been enforced, which meant that there was a question relating to the value associated with the use of such tenancies.

## 7.0 The Housing Revenue Account Borrowing Cap

- 7.1 The Prime Minister announced that the Housing Revenue Account (HRA) borrowing cap would be abolished at the Conservative Party Conference in Birmingham (Cusack, 2018). She explained that there is a government cap on how much councils with retained stock can borrow against their housing revenue account assets to fund new developments. She said: "Solving the housing crisis is the biggest domestic policy challenge of our generation. It doesn't make sense to stop councils from playing their part in solving it. So today I can announce that we are scrapping that cap."
- 7.2 It should be noted that the Housing Service owed £48.9 million in respect of a loan with interest to the Public Works Loan Board at 30 September 2018 and that any additional borrowing would, of course, increase the overall level of this debt.

## 8.0 Innovation

- 8.1 A council owned organisation, Oxford Direct Services, is planning to use drones to survey roofs of 7,800 properties owned by Oxford City Council (Oxford City Council, 2018). It will offer roof and building surveying, land mapping, aerial photography and filming. Simon Howick, Oxford Direct Services' managing director, said in a press release published by the Council: "Hiring a drone firm to survey a roof costs between £300-£1000, with scaffolding also expensive and cumbersome. It made total sense to invest in the drone equipment, flight training and licensing and add this skillset to our portfolio. It will pay for itself within a year, we'll save money for our main customer – Oxford City Council – with drones becoming an additional revenue stream"

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**Circulation of the Report:** Councillor Ray Stanley

## **List of Background Papers:**

Peter Apps, Less than half of £4.8 billion Right to Buy receipts used for replacement housing, Inside House, 31 May 2018

Nathaniel Barker, LA temporary housing spending nears £1bn, Inside Housing 31 August 2018

Luke Barratt, Provider refuses "housing association" name change, Inside Housing 14 September 2018

Luke Barratt, HAs consider ditching fixed-term tenancies, Inside Housing, 28 September 2018

Chartered Institute of Housing, Right to buy costing councils £300 million a year: new analysis, 2 October 2018

[http://www.cih.org/news-article/display/vpathDCR/templatedata/cih/news-article/data/Right to buy costing councils 300 million a year new analysis](http://www.cih.org/news-article/display/vpathDCR/templatedata/cih/news-article/data/Right%20to%20buy%20costing%20councils%20300%20million%20a%20year%20new%20analysis)

Robert Cusack, PM pledges to scrap HRA borrowing capacity, Local Government Chronicle, 2 October 2018

Inside Housing, Replacements behind target, 21 September 2018

Oxford City Council, Game of Drones, ODS launches drone services in Oxford, 11 September 2018

[https://www.oxford.gov.uk/news/article/859/game\\_of\\_drones\\_ods\\_launches\\_commercial\\_drone\\_services\\_in\\_oxford](https://www.oxford.gov.uk/news/article/859/game_of_drones_ods_launches_commercial_drone_services_in_oxford)

Peter Walker, Housing associations to get £2bn investment over next ten years, The Guardian, 18 September 2018