

Report to the Council

Committee: Cabinet

Date: 18 February 2016

Subject: Housing

Portfolio Holder: Councillor D Stallan

Recommending:

That the report of the Housing Portfolio Holder be noted.

Letter to Brandon Lewis MP, Minister of State for Housing and Planning – Sale of high value empty Council properties

As members would expect, I have been closely following the progression of the Housing and Planning Bill through the House of Commons.

In so doing, I noted discussions that have recently taken place relating to the proposed requirement that councils must pay an annual levy to the Government (on the expectation that they will sell high value empty properties over the course of the year) and a clause within the Bill that would allow the Secretary of State to reduce the payment by agreement with individual local authorities.

Prior to the Bill being passed to the House of Lords, the Minister of State for Housing and Planning informed the House of Commons of his willingness to consider the circumstances of each local authority and its housing need when he came to consider which local authorities he would be prepared to discuss the possibility of entering into agreements with, to reduce the amount that they would be required to pay – on the basis that the local authority would agree to use some or all of the payment that would otherwise have been made to the Secretary of State, to provide additional affordable housing in their area.

I have therefore written to the Minister, asking if he could give early consideration to the possibility of the Secretary of State entering into such an agreement with our Council, in advance of the Secretary of State making his determination of the amount of payment to be made by the Council.

I have also written to the three Members of Parliament whose constituencies cover the Epping Forest District asking for their support with this request. I will, of course, advise members of the response to my letter

Housing Repairs and Maintenance Hub

In order to enable the proposed re-development for the St Johns Road area of Epping to proceed, the Council needs to re-locate its Housing Repairs Service from the Epping Depot. Having searched for alternative vacant buildings around the district and other potential development sites to which the Service could re-locate, with none found to be suitable, the Cabinet has decided (subject to planning permission) to build a new Housing Repairs and Maintenance Hub in Blenheim Way, North Weald. This will also create the opportunity for the Housing Repairs Team to be co-located with the Housing Assets Team, currently based at the Civic Offices. This would not only result in operational benefits, but would also free-up accommodation at the Civic Offices to assist with the Council's Accommodation Strategy.

For the time being, the Cabinet has agreed to progress the development up to and including the submission of a planning application only - with progress beyond the planning approval stage being subject to exchange of contracts on the St Johns Road development.

Pellings LLP, who are the Architects and Employers Agent on the Council's Housebuilding Programme, have been appointed as Architects for the scheme. A detailed planning application is due to be submitted in March 2016, and will incorporate a small piece of land on which the Parish Council has indicated they may wish to provide a children's play area.



Marden Close and Faversham Hall, Chigwell Row

The first of the Council's developments under the new Housebuilding Programme has seen the Council take possession of 12 new 1-bed flats at Marden Close and Faversham Hall in December 2015, through a conversion scheme.

The two-storey building has secure individual entrances to each flat, a small communal garden, energy efficient heating, insulation and new windows. They are being let to tenants from the Council's Housing Register. The former Faversham Hall on the same site has also undergone a high quality refurbishment including new landscaping. It now provides 2 new general needs flats out of a previously underused community facility.

Cllr Sandler, as Ward Councillor and myself visited the scheme and met with the first tenant to move into the new homes, who commented on how happy she was with the quality of her home and how it was a real pleasure to live there.



Council Housebuilding Programme

Phase 1

The contractor for Phase 1 of the Council's Housebuilding Programme, Broadway Construction Ltd, commenced works on site on 27 October 2014, with completion due on 13 November 2015. However, they have not maintained the delivery programme and, on 13 November 2015, the Certificate of Non-Completion was served on Broadway Construction Ltd. Therefore, Liquidated & Ascertained Damages (LAD's) are now being deducted, in accordance with the terms of the contract.

The Council has since received a claim from Broadway Construction Ltd for an extension of time and loss and expense. Once each aspect of the claim is considered for entitlement by Pellings LLP, the Council's Employer's Agent, the costs associated with any entitlement will be calculated in accordance with the contract.

Broadway Construction Ltd have indicated they are committed to completing the works and are projecting a completion date for Harveyfields around July 2016, with other sites being completed by the end of March 2016. Progress on site and the quality of the work is being closely monitored by East Thames and Pellings LLP.

Phase 2

Having achieved planning permission in September 2015 for 51 new affordable homes at Burton Road, Loughton, making up Phase 2 of the Council's Housebuilding Programme, the Cabinet Committee has agreed to appoint Mullalley & Co Ltd as the Design and Build Contractor, in the sum of £9,847,179, being the second lowest tender received.

It is planned that Mullalley & Co Ltd will take possession of the site in February 2016, with work commencing on site around June 2016 once the planning conditions are discharged and the detailed designs prepared and approved. Completion is expected within 24 months - around March 2018.

Phase 3

Planning permission has also been achieved for eight sites making up Phase 3 of the Council's Housebuilding programme, which will deliver 34 new affordable homes. These sites are located in Epping, Coopersale and North Weald.

Following a soft market testing exercise, the Cabinet Committee agreed to break down the 8 sites into 7 separate contracts, with a mixture of design and build contracts and traditional fully designed contracts, using small local contractors. It is anticipated that work will commence on site in August 2016 and completed around March 2018.

Future Phases

The Cabinet Committee has agreed feasibility studies at 13 sites across Loughton, making up Phase 4, which will deliver 40 new affordable homes. Planning applications have been submitted and, subject to planning permission, works will start on site in around April 2017 and completed around 20 months later in November 2018.

The Cabinet Committee has agreed feasibility studies at 10 sites across Buckhurst Hill and Ongar, making up Phase 5, which will deliver 33 new affordable homes. Pre-application planning discussions have taken place and planning applications are due to be submitted by March 2016. Subject to planning permission, works will start on site in around October 2017 with completion due around 20 months later in May 2019.

In order to avoid returning unspent 1-4-1 receipts to the Government, the Cabinet Committee agreed to the purchase of 11 new affordable homes on a Section 106

development site at Barnfields in Roydon. A joint bid was accepted by Linden Homes from the Council and B3Living, who are one of the Council's Preferred Housing Association Partners, with the Council purchasing the 8 x affordable rented homes and B3Living purchasing the 3 x shared ownership homes.

The Cabinet Committee has been closely monitoring the Council's financial position with regard to 1-4-1 replacement capital receipts. However, it was recognised that there will still be an underspend of around £2.3m in Quarter 4 of 2016/17. This is due to delays on the construction of Phase 1, delays in securing planning permission on Phase 2, delays in Barnfield commencing on site, together with a higher than expected rate of Right to Buy sales. The Cabinet Committee therefore agreed that it will be necessary to purchase a small number of street properties off the open market to avoid this underspend.

Home Truths – Annual report by National Housing Federation house prices and affordability

Each year, the National Housing Federation (NHF – effectively, the national “trade body” for housing associations) - produces a report on housing costs and related data in the East of England. This year's report has just been published.

The report gives the following useful information and comparisons of average house prices, incomes and ratios of incomes to house prices in 2014:

- The average property price in the District was around £410,000 (5th highest in the Region and the highest in Essex) – compared to the average for Essex of around £268,000 and around £260,000 for the East of England average
- The ratio of average house prices to average incomes for the District was 12.7 (4th highest in the Region and the highest in Essex) – compared to the average for Essex of 9.4 and 9.6 for the East of England average

New Housing Strategy Key Action Plan – 2016

Following detailed consideration by the Housing Select Committee at its last meeting, for which I am very grateful, I have agreed a new Key Action Plan for the Council's Housing Strategy for the forthcoming year. Interested members can find a copy of the Action Plan on the Council's Committee Management System (under Decisions)

Flexible (fixed-term) tenancies – Housing and Planning Bill

The Localism Act 2011 provided for a new type of discretionary fixed-term tenancy to new council tenants – the “Flexible Tenancy”. Housing associations were also allowed to provide a similar form of fixed-term tenancy. Existing secure or assured tenants wishing to transfer, whose tenancies commenced prior to the Localism Act 2011, are exempt from this provision.

Currently, local authorities and housing associations are given the flexibility to grant fixed-term tenancies. As a result, the Cabinet previously agreed to undertake a pilot scheme, from September 2013, whereby all new tenancies granted on any property comprising 3 bedrooms or more would be let with Flexible (fixed-term) Tenancies - for a fixed-term of 10 years, including an Introductory Tenancy period.

Following a review of the pilot scheme, the Cabinet then agreed that, from July 2015, the scheme should be extended to include all council properties - other than sheltered accommodation and any tenancies granted to existing tenants who downsize accommodation.

However, under an amendment inserted into the Housing and Planning Bill during the House of Commons stages, the Government is proposing to require all social landlords to

provide fixed-term tenancies – and for no longer than 5 years, except in very restrictive circumstances. The Government originally proposed that transferring secure tenants would also have to be given fixed-term tenancies (unless the transfer is required by the landlord), but it has more recently indicated that it intends to allow existing secure tenants to retain their “lifetime” tenancy on transfer.

When these proposals are enacted, the impact on our Council will be far less than most other social landlords, since we have already introduced fixed-term tenancies. However, we will, of course, have to reduce the period of our fixed term tenancies from 10 to 5 years.

Review of Housing Service Strategies

At its last meeting, the Housing Select Committee reviewed the approach adopted to the Council’s Housing Service Strategies. These set-out the detailed approach taken by the Council and its officers to various housing activities. They are produced to a common format and are reviewed and updated by officers every three years and reported to the Housing Select Committee for consideration. Around the same time, those Service Strategies relating to landlord services are also reported for the Tenants and Leaseholders Federation for their view as well, prior to formal adoption by me.

As a result of the review, the Housing Select Committee agreed that, in future, the number of Housing Service Strategies should be reduced from 16 to just 7 (with some of the coverage amalgamated in some cases) – and that the content of the remaining should be significantly reduced. It was also agreed that, with one exception, they should be reviewed every five years, instead of every three years – and that following consideration by the Housing Select Committee, the remaining Housing Service Strategies should no longer be reported to me for adoption through formal Portfolio Holder Decisions.

I agree with the view of the Housing Select Committee that the outcome of this review results in an appropriate balance between reducing the workload of officers and the Select Committee, whilst continuing to exercise appropriate scrutiny by members of the approach to key housing activities.

Heating charges to tenants of sheltered housing and those with communal heating systems

From April 2016 there will be a change in the way that residents in the Council’s sheltered schemes are charged for their heating. Since sheltered housing schemes have communal heating systems, it is not possible to meter the amount of energy individual flats use. Therefore, tenants cannot be charged for the actual fuel they have used. Because of this, in the past, the Council has charged tenants for their heating by pooling all the heating costs of sheltered housing schemes across the Council’s housing stock and dividing this between the residents (around 440 in all). In 2015/16 the charge for heating for residents in sheltered schemes is £5.30 a week.

Owing to variations in the construction and heating systems of the individual schemes, heating costs vary from scheme to scheme. As it was considered unfair for residents in one scheme to have to pay more than in another due to circumstances that were outside their control, this charging regime was considered to be the fairest way of apportioning costs.

However, new regulations, ‘*The Heat Network (Metering and Billing) Regulations 2014*’ now require local authorities to charge each user for their actual heat consumption. The effect of this will be that residents in one scheme will now pay more than in another.

The new arrangements will be implemented with effect from 4th April 2016. We will be writing to the affected tenants at the appropriate time, to let them know about the increase.