

Report to the Council

Committee: Cabinet

Date: 27 September 2016

Subject: Housing

Portfolio Holder: Councillor S Stavrou

Recommending:

That the report of the Housing Portfolio Holder be noted.

HRA Financial Options Review 2016

Members may recall that, following the Government's announcement last year that all councils and housing associations must reduce their rents by 1% per annum from April 2016 for the following 4 years, the Finance and Performance Management Cabinet Committee considered a report in September 2015 on the options available to the Council to ensure that our HRA does not fall into deficit. The report identified a number of options available to the Council to recast its HRA Financial Plan for the future.

The report also explained that the implications of the Government's proposal to require local authorities to sell "higher value" void properties could not be quantified at that time, since the Government had not yet provided any further details of this requirement.

The Cabinet Committee agreed that, since no immediate corrective action was required at that time, no decisions should be made to re-cast the HRA Financial Plan until further information became available on the effect of the Government's requirement for local authorities to sell their higher value void properties, and that the options for the HRA Financial Plan should be reviewed again this year – when decisions for the future could be made.

Regrettably, no information on the arrangements for requiring councils to sell their higher value empty properties has yet been received from the Government.

Therefore, since we are approaching the budget cycle for the 2017/18 HRA Budget, I have asked the Director of Communities to commence work on the review of the financial implications for the HRA of the required rent reductions and, in particular, the effects on the Council's ability to fund its Housebuilding Programme and invest in its housing stock in future years. This work can then be updated and further reviewed once the Government's proposals on the sale of higher value empty properties are known.

I will report the outcome of the review to the Finance and Performance Cabinet Committee, following consultation with the Communities Select Committee and Tenants and Leaseholders Federation, as agreed by the Cabinet Committee last year.

Council Housebuilding Programme

Phase 1

Since determining the contract for Phase 1 of the Council Housebuilding Programme with Broadway Construction Ltd in June 2016, discussions have been held with P A Finlay & Co, one of the Council's other contractors, to enter into a contract to complete the works. A

Schedule of Works was issued to P A Finlay and Co on 6 June 2016 and returned on 7 July 2016. A full evaluation of the works cost provided has been carried out by Pellings LLP, the Council's consultants. Due to the nature and difficulty of having to take over works from another contractor, there were a number of issues that required further investigations.

These investigations have attempted to arrive at a fixed sum contract, in order to minimise the Council's exposure to risk. Some of these risks have been eliminated, but others cannot be determined until work has commenced. Therefore, in order to re-commence works on site as quickly as possible, a number of provisional sums are being included within the Contract Sum.

A special meeting of the Council Housebuilding Cabinet Committee is being convened to consider the proposed Contract Sum.

Other Phases

Phase 2 - Mulalley & Co Ltd took possession of the Burton Road, Loughton site in March 2016 and initially focused on discharging all of the planning conditions and undertaking the detailed design. Work commenced on site in August 2016 and is progressing well.

Phase 3 –Tenders for all 7 contracts that make up Phase 3 were issued on a staged basis in August and September 2016, with works anticipated to start around November 2016. The contract phase for each site will be around 18-months, so completion can be expected around April 2018.

Phase 4 – The Council has now achieved planning approval for 8 sites, which will deliver 23 homes, with revised planning applications submitted for Ladyfields and Whitehills, Loughton for which planning permission was originally refused. Other sites that did not secure planning permission are being referred back to the Council Housebuilding Cabinet Committee for a decision on the future use of the sites.

Phase 5 – All sites making up Phase 5, which centres on Buckhurst Hill and Ongar, have been submitted for planning permission. Two sites in Ongar and 3 sites in the Hornbeam Close area have been granted permission.

Purchase of Market and S106 properties

The Council has now completed the purchase of 6 open market properties in Waltham Abbey for around £2m, which has helped to avoid having to return any "one-for-one replacement" Right to Buy receipts to the Government. These were a mixture of 2 and 3-bed houses.

Since entering into an agreement with Linden Homes, whereby the Council is purchasing 8 affordable rented homes using one-for-one replacement receipts and B3 Living is purchasing 3 shared ownership properties at Barnfield, Roydon, works have started on site. Completion is due around April 2018

Allocation of Council Accommodation – Choice Based Lettings HomeOptions Scheme

The Communities Select Committee recently received a report from the Director of Communities on activity relating to the Council's Housing Register and Choice Based Lettings Scheme (called "HomeOptions") over the past 12 months, which I thought would be useful to share with all members.

The HomeOptions Scheme was originally introduced in November 2007 and is administered by an external agency, Locata Housing Services (LHS). Under the scheme, all vacant Council and housing association social-rented properties are advertised to applicants on the HomeOptions website and in a two-weekly Property List - giving details of location, type, rent, service charge, council tax band and landlord of the available accommodation. Applicants apply to be considered for offers of accommodation by "expressing an interest" in up to a

maximum of three properties each cycle, for which they have an assessed need - either in person, on-line or by telephone, text, or email.

At the end of the two-weekly cycle, the Council analyses the “expressions of interests” received and makes tenancy offers for each property, following a prioritisation and selection process in accordance with our Housing Allocations Scheme. In general terms, the property is offered to the applicant in the highest band, who has been registered the longest, who has “expressed an interest” for the specific vacancy. The results of the “expressions of interest” on each property advertised is then published on the website and the next periodic Property List, setting out the number received on each property, as well as the Band and registration date of the successful applicant. This helps applicants to see how long the successful applicant has been waiting and gives greater transparency in the allocation of accommodation, as each applicant is able to clearly understand how the scheme works.

The Council is a member of the Herts and Essex Housing Options Consortium (HEHOC), which jointly operates the Choice Based Lettings Scheme to share and reduce costs, and comprises the Council and five neighbouring councils.

For the 12-month period July 2015 - July 2016:

- 259 Council and housing association properties were allocated to Homeseekers on the Council's Housing Register;
- 22 properties were allocated direct to homeless applicants;
- 10 flats were allocated to applicants leaving supported housing; and
- 21 properties were let to homeless applicants (generally families) under non-secure tenancies on a temporary basis whilst homelessness investigations are on-going (which avoids placing them in costly bed and breakfast accommodation).

There are currently 61 homeless applicants to whom the Council has accepted a full homelessness duty and who are currently awaiting direct offers of accommodation.

Almost 97% of Homeseekers expressing an interest in properties did so on-line. The remaining 3% either telephoned, received help from staff at the terminal in the Civic Offices Reception or used text. As at July 2016, there were 1,374 Homeseekers on the Housing Register.

Under the Housing Allocations Scheme, there is a separate Supplementary Waiting List which enables applicants over 60 years of age who do not meet the Council's Residency Criteria, or do not have a housing need, to express interests in vacant difficult-to-let properties in sheltered accommodation for which there is no interest from eligible Homeseekers on the Council's Housing Register. As at July 2016, there were 164 applicants on the Supplementary Waiting List.

A list of vulnerable Homeseekers is maintained, with a range of support being provided to them, including: assistance with applying for the Housing Register; expressing interests on properties; offering financial assistance to those downsizing accommodation and helping with the practicalities of moving.

Disabled Facilities Grants (DFGs) – Review of Capital Requirements

In September 2015, Council agreed to increase the capital funding for Disabled Facilities Grants (DFGs) by £120,000, to £500,000 a year from 2015/16 until 2018/19. This was on the basis of the assessment of the amount required to meet the need at that time, which was based on the (high) numbers of Occupational Therapist's referrals being received. As DFGs are statutory grants, the Council must provide them to qualifying residents in the private sector.

Of the £380,000 per annum already allocated in the Capital Programme for DFGs prior to the increase, it was anticipated that approximately £360,000 would be contributed by Essex County Council through the Better Care Fund, with the remaining £20,000 per annum being met by the Council. Therefore, the increased funding in the Capital Programme raised the Council's contribution by £120,000 per annum to £140,000 per annum.

In the event, in April 2016, instead of the expected Better Care Fund allocation of around £360,000 for 2016/17, the Council received an allocation of around £665,000. This significant increase was especially welcome since the number of referrals had continued to rise since 2015 and, as a result, it is currently anticipated that expenditure on DFGs will be about £670,000 in 2016/17. This means that the additional funding of £120,000 agreed by Council for this year will not be needed and can be given up as a saving through the Capital Programme review in the autumn.

In accordance with the Cabinet's request made at the time of increasing the funding, a presentation on DFGs was given to the September meeting of the Communities Select Committee. This provided information to members on the statutory requirements, the processes undertaken and the financial position. It also explained that most of the factors that dictate the level of funding that the Council must contribute towards DFGs are outside of its control. For this reason, it is not possible to say with any certainty whether or not the increased amounts already in the Capital Programme for the following two years will be sufficient to meet demand.

Housing Strategy 2017 – 2021

The Council last updated its Housing Strategy in 2009. The Housing Strategy assesses the District's current and future housing needs and sets out the Council's approach to meeting those needs, including a Key Action Plan which sets out the proposed actions to be taken by the Council to contribute towards the achievement of the housing objectives and which is updated annually.

Although there is no legal or policy requirement to produce a Housing Strategy, it was originally anticipated that the Housing Strategy would be updated a few years ago. However, since much of the Housing Strategy is reliant on the key policy provisions within the Local Plan, the former Housing Portfolio Holder quite rightly agreed that the Housing Strategy should not be updated until the Draft Local Plan Preferred Approach has been published. However, in the meantime, Annual Key Action Plans have continued to be produced, with progress monitored every six months by the Communities Select Committee, until a new Housing Strategy is formulated and adopted.

Since the Draft Local Plan Preferred Approach is due to be published for consultation at the end of October 2016, the Director of Communities has now commenced the process of formulating a new Housing Strategy for the four-year period 2017-2021, which I intend to bring to the Council for adoption in Spring 2017. It is envisaged that the Housing Strategy will cover the following main areas:

- Strategic aims & priorities
- Housing needs, demand and supply – Strategic Housing Market Assessment
- Affordable housing and Council housebuilding
- Private sector housing
- Homelessness
- Gypsies & travellers
- Supported housing for older and other vulnerable people
- Empty homes
- Under-occupation and Overcrowding
- Rural housing
- Key Action Plan