

Report to the Cabinet

Report reference: C-074-2009/10
Date of meeting: 1 February 2010



Portfolio: Housing

Subject: Report of the Affordable Housing Group on ways to increase the amount of affordable housing in the District and the possibility of the Council re-commencing a programme of social house-building.

Responsible Officer: Alan Hall (01992 - 564004).

Democratic Services Officer: Gary Woodhall (01992 - 564470).

Recommendations/Decisions Required:

- (1) That the recommendations of the Affordable Housing Sub-Group and the Housing Scrutiny Panel on ways to increase the amount of affordable housing within the District and the possibility of the Council re-commencing a social house-building programme (set out in Section 5 of the Sub-Group's report attached as Appendix 1) be agreed; and
- (2) That the Leader of Council writes to the Minister for Local Government, copied to the Chief Executive of the Local Government Association, in the form attached as a draft at Appendix 2.

Reasons for Proposed Decision:

The Housing Scrutiny Panel set up an Affordable Housing Sub-Group to consider and recommend ways to increase the amount of affordable housing in the District, which also considered the possibility of the Council re-commencing a programme of social house-building. The subsequent report of the Affordable Housing Sub-Group has been considered by the Housing Scrutiny Panel, which endorsed its recommendations, which are now presented to the Cabinet for consideration and decision.

The Affordable Housing Sub-Group identified a financial problem that currently makes its proposal that the Council re-commences a social house-building programme unviable. The proposed letter to the Minister for Local Government may result in this problem being overcome, by a change in local government accounting regulations.

Other Options for Action:

- (i) Not to agree any of the recommendations or to only agree some of the recommendations;
- (ii) To make alternative/additional decisions; and/or
- (iii) Not to write to the Minister for Local Government, or to write with different content to that proposed.

Report:

1. At its meeting in July 2009, the Housing Scrutiny Panel agreed to set up an Affordable Housing Sub-Group to consider ways of increasing the amount of affordable housing provided in the District.
2. The Sub-Group met on 26 November 2009 and considered two detailed reports from the Director of Housing on ways in which the Council could increase the amount of affordable housing within the District and on the possibility and implications of the Council re-commencing a social house-building programme.
3. Prior to the Sub-Group's meeting, the Tenants and Leaseholders Federation had considered these two reports and the Federation's comments and recommendations on the reports were tabled at the Sub-Group's meeting for consideration. A comprehensive report from the Sub-Group (attached as Appendix 1 to this report) was produced.
4. At its meeting held on 15 December 2009, the Housing Scrutiny Panel considered the Affordable Housing Sub-Group's report and concurred with all of its recommendations. The Scrutiny Panel agreed to recommend all of the Sub-Group's proposals to the Cabinet, and that the full report of the Sub-Group should be included within the Cabinet's Agenda.
5. The Sub-Group has identified a problem relating to the Council's Capital Financing Requirement (CFR), that it considers makes a programme of new Council house-building financially currently unviable, due to the detrimental effect it would have on the Council's General Fund. The Sub-Group, and subsequently the Housing Scrutiny Panel, have therefore recommended that the Council writes to the Minister for Local Government and the Chief Executive of the Local Government Association (LGA) asking them if, in view of the Government's previous commitment to remove any obstacles that stop councils from building new Council homes, they could assist the Council to overcome the identified problem.
6. A draft letter to the Minister on this issue has been drafted by the Director of Housing and the Assistant Director of Finance and ICT (Accountancy), which is attached as Appendix 2 to this report. It is suggested that the letter is sent in the name of the Leader of Council.
7. The Chairman of the Housing Scrutiny Panel, Cllr Stephen Murray, will be in attendance at the meeting to present the Affordable Housing Sub-Group's report on behalf of the Scrutiny Panel.

Resource Implications:

As set out throughout the Affordable Housing Sub-Group's report.

Legal and Governance Implications:

The Council has the legal power to:

- Operate an Open Market Shared Ownership Scheme (or similar)
- Provide Home Ownership Grants
- Provide social housing grant to a housing association to purchase properties from the open market
- Undertake a programme of Social House-building.

Safer, Cleaner and Greener Implications:

It is felt that the proposed development of difficult-to-let, Council-owned, garage sites would improve the local environment.

Consultation Undertaken:

The Housing Scrutiny Panel and the Tenants and Leaseholders Federation have been consulted on the proposals.

Background Papers:

Reports of the Director of Housing to the Affordable Housing Sub-Group on:

- (a) Ways to increase the amount of affordable housing within the District; and
- (b) The possibility of the Council re-commencing a social house-building programme.

Impact Assessments:

Risk Management

The key identified risks in relation to the recommendations are as follows:

- (a) It may not be possible to source a Homebuy Agent that is prepared to operate an Open Market Shared Ownership Scheme (or similar) - However, the impact of such an eventuality is minimal.
- (b) The risks relating to the operation of an Open Market Shared Ownership Scheme have previously been considered by the Cabinet at a previous meeting – The impact of these risks could be serious, but the Cabinet previously satisfied itself that the likelihood and impact of these risks were outweighed by the perceived benefits.
- (c) There may be insufficient applicants for either the Open Market Shared Ownership Scheme or the Home Ownership Grants – However, the impact of such an eventuality is minimal.
- (d) A tenant may obtain a shared ownership property or a home ownership grant through fraudulent means. However, the operation of the scheme would/do have safeguards to minimise the likelihood. The impact of such a risk on the Council would be minimal, although it would deny another tenant who could have benefitted from the scheme(s).
- (e) Feasibility studies to consider the development potential of Council-owned garage sites could lead to abortive work and costs. However, this can be mitigated through proper consideration of the issues by the Cabinet when considering the report on the development potential of the sites.
- (f) The risks relating to the Cabinet's proposal to establish a Local Housing Company will be identified in the report on this issue that will be considered by the Cabinet.
- (g) There is a minimal risk that the Council, for some reason, does not actually secure nominations rights to any properties purchased on the open market by the selected housing association, with social housing grants from the Council.

(h) There is a minimal risk that the Council is challenged over the selection of the housing association to receive the social housing grant to purchase open market properties.

(i) The key risks relating to the undertaking of a programme of social house-building by the Council are set out in the report of the Affordable Housing Sub-Group.

Equality and Diversity:

Did the initial assessment of the proposals contained in this report for relevance to the Council's general equality duties, reveal any potentially adverse equality implications? No

Where equality implications were identified through the initial assessment process, has a formal Equality Impact Assessment been undertaken? N/A

What equality implications were identified through the Equality Impact Assessment process?
N/A

How have the equality implications identified through the Equality Impact Assessment been addressed in this report in order to avoid discrimination against any particular group?
N/A