

Report to the Council

Committee: Cabinet

Date: 13 December 2011

Subject: Housing

Portfolio Holder: Councillor Maggie McEwen

Recommending:

That the report of the Housing Portfolio Holder be noted.

Official Opening of Zinc Arts Centre and Tolpuddle House, Ongar by the Earl of Wessex

Together with the Chairman of Council and senior officers I attended the Official Opening of the new Zinc Arts Centre and Tolpuddle House by HRH The Earl of Wessex KG GCVO on 23 November 2011.

The Arts Centre is a wonderful new national facility within our District, which will provide a range of arts activities and education, including residential and vocational courses and supported employment schemes, for people with disabilities. The Centre includes a new theatre and overnight residential accommodation for 41 participants attending courses of up to one week's duration.

Tolpuddle House forms part of the campus, and is a supported housing scheme which comprises nine self-contained flats for young people with mild to moderate learning disabilities. The accommodation is provided by one of the Council's Preferred Housing Association Partners, East Thames, and will accommodate youngsters for up to 3 years, after which move-on accommodation will be provided. The construction costs were subsidised by a capital grant from the Homes and Communities Agency (HCA) following a successful bid by East Thames, supported by the Council.

I think that, like me, all of the visitors were hugely impressed with the quality of the facility and accommodation.

The Earl of Wessex toured the facilities and was treated to a short performance by residents and staff.

Open Market Shared Ownership Scheme with Broxbourne Housing Association

Good progress is being made with Council's innovative and unique Open Market Shared Ownership Scheme with Broxbourne Housing Association (BHA).

The Scheme enables housing applicants on the Council's Housing Register to have an opportunity to get a foot on the home ownership ladder, and select a property on the open market that they would like to purchase on a shared ownership basis.

I am pleased to report that, in November, all of the bespoke legal agreements between the Council and BHA were signed. Following a marketing campaign by

BHA to the Council's tenants and housing applicants earlier in the year, 23 applications were received. These have now been shortlisted using the agreed criteria, and shortlisted applicants have been invited to meet with BHA's nominated independent financial adviser to undertake a financial assessment. This is to ensure that applicants have sufficient income and savings to support their mortgage and rent payments, while also ensuring that applicants are not being able to afford to purchase a property on the open market without the support of the Scheme.

The Scheme will initially assist 8 applicants this year, with a possible extension to a further 6 applicants next year. The operation of the Scheme is only possible due to the Council providing BHA with interest-free loans to purchase the properties selected by the applicants.

One of the benefits of the Scheme is that - apart from assisting local first-time buyers - if house prices increase, the Council's investment in the Scheme will increase proportionately and will be re-couped when shared-owners purchase additional equity shares up to 100% (called staircasing). The receipts would then be re-invested in further equity purchases to assist other applicants. A formal Risk Sharing Agreement forms part of the legal agreements to minimise and mitigate the Council's risk, especially if property prices decrease.

It is expected that the first completions will take place in Spring 2012.

Housing Revenue Account (HRA) Financial Plan

As most members will be aware, in March 2012, the Government will be introducing a major, long-term change in the way that local authority Housing Revenue Accounts (HRAs) are funded. This will involve a change away from the current "HRA Subsidy System" to a new "HRA Self Financing System", under which this Council will need to make a one-off payment to the Government of £186.2m on 28th March 2012, instead of making annual payments to the Government - currently in excess of £11m per annum - for which a substantial proportion will need to be borrowed.

There are two key aspects to this process from the Council's point of view. Firstly, it needs to have a well-thought-through, robust 30-Year Financial Plan for the HRA, setting out all expected housing income and expenditure to meet the Council's housing objectives. Secondly, it needs to consider the treasury management options for borrowing the finance, in order to meet the cost of the payment to the CLG, and to ensure that the Council receives the best terms. This latter process is being led by the Finance and Economic Development Portfolio Holder, on which further information will be provided in due course.

CIHConsult are the Council's HRA Business Planning Consultants, who have produced a detailed report on the issue and the available options for the Council, to assist the Cabinet formulate its proposed strategic approach to the HRA Financial Plan. At the time of writing, the Cabinet is due to agree the Council's strategic approach at its meeting on 5 December 2011.

At the heart of my recommendations to the Cabinet are my intentions that we should grasp the opportunities that self financing presents to: maintain our housing stock to a full, modern, standard; commence a Council Housebuilding Programme for the first time in over 20 years (see below); and use the additional resources that will become available to improve and enhance our housing services to tenants even further.

Prior to the Cabinet meeting, I have attended meetings of both the Tenants & Leaseholders Federation and the Housing Scrutiny Panel (to which members of the Finance and Performance Management Scrutiny Panel were also invited) to listen to their views, before I finalised my recommendations to the Cabinet.

I would like to thank the Scrutiny Panels and the Federation for their constructive comments and views.

Council Housebuilding Programme

The last new Council property was built in June 1985 (19 houses built for sale at Mountbatten Court, Buckhurst Hill) and, since 1977, the Council has sold around 6,160 properties, predominantly through the Right to Buy.

In July 2011 the Cabinet agreed, in principle, to commence a new Council Housebuilding Programme and requested the Housing Scrutiny Panel to consider the detailed issues relating to the best way of implementing such a Programme and to make recommendations to the Cabinet accordingly.

I am grateful to the Housing Scrutiny Panel, which met in October 2011 to consider the implementation issues, and as a result provided the Cabinet with a detailed and comprehensive report on how a Programme could be implemented, which (at the time of writing) is due to be considered by the Cabinet at its meeting on 5th December 2011.

The lead-in period for the commencement of the Housebuilding Programme will be quite lengthy, since the Council will need to move forward from a “standing start”. However, it is anticipated that a start on site for the first development will take place around 2014, with completion in late 2014/15.

Members Information Evening: Housing and Welfare Reforms - 28 February 2012

Under the new Localism Act, housing providers like the Council are being given new powers to make more decisions locally about a range of housing issues. The Council will therefore need to make a number of important decisions in the coming year. These will include:

- **Powers to grant flexible tenancies** - whether or not we continue to provide secure “lifetime” tenancies in all cases in the future, or grant some new tenancies for a fixed term, and if so the length of that term and the circumstances in which this tenancy would be either terminated or extended.
- **Housing Register** - whether or not we wish to take advantage of the new power to be introduced to exclude housing applicants from the Housing Register who do not live within the District.
- **Housing Allocations Scheme** – whether or not we wish to revert to the policy adopted by the Council a number of years ago (which had to be discontinued due to the introduction of legislation at the time but which has now been repealed by the Localism Act) of having a separate Housing Register and Transfer List, perhaps restricting eligibility for houses and bungalows to existing tenants once again.

- **Homelessness** - Whether or not we wish to discharge the Council's homelessness duty by securing accommodation for homeless applicants in the private sector without their agreement, which will now be possible
- **Succession** - Due to the succession rights of new tenants being restricted under the Act to a tenant's spouse, partner or civil partner (thereby excluding family members who are currently eligible), whether or not we wish to provide discretionary succession rights through the tenancy agreement, as now allowed under the Act.

Many of these provisions will come into effect in April 2012, with others (including the changes to housing allocations schemes) being introduced later in the year.

In addition, the new provisions of the Welfare Reform Bill currently passing through Parliament will have a significant impact on the Council's tenants, tenants in the private rented sector and the Council itself.

Bearing in mind the importance of these issues, and the decisions Members will need to make on these matters during 2012, I have asked officers to arrange a Members Information Evening on the housing and welfare reforms, which will be held at **7pm on Tuesday 28 February 2012** in the Council Chamber. A personal invitation will be sent to all members in a few weeks before the event, but you may like to make a note in your diary now.

I would encourage all Members to attend this event, as it is very important that you are all briefed on these major changes which will affect many residents in the District.

Following the Members Information Evening, officers will be working with members to establish our views on each of these issues and to develop our policies for the future.