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Dear Member

HOUSING RENTAL COMPANY COMMITTEE - MONDAY, 4 DECEMBER 2017

I am now able to enclose, for consideration at the Monday, 4 December 2017 meeting of the Housing Rental Company Committee, the following reports that were unavailable when the agenda was printed.

Agenda No	Item	Page
3.	Urgent Items	(Pages 57 - 72)
8.	Government Housing Policy	(Pages 73 - 78)

Yours sincerely

Lisa Antrobus,
Clerk

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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Meeting: Housing Rental Company Committee **Date:** 4 December 2017

Wards Affected: All

Report Title: Government Housing Policy

Is the decision a key decision? No

When does the decision need to be implemented? N/A

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1. Purpose and Introduction

- 1.1 This report aims to set out current Government housing policy in order to determine whether the delivery of the Council's Housing Strategy needs to be redirected to make best use of the resources that are available to address housing need in Torbay.

2. Proposed Decision

- 2.1 **That the Director of Adult Services and Housing be requested to consider how Torbay Council can best utilise current Government policy to meet the objectives of the Council's Housing Strategy and make further reports as appropriate.**

3. Reason for Decision

- 3.1 To ensure that the Council makes best use of its resources to meet its ambition and objectives.

Supporting Information

4. Right to Buy/Right to Acquire

- 4.1 The Right to Buy scheme helps eligible council and housing association tenants in England to buy their home with a discount of up to £78,600 outside London. In Torbay, this is a "Preserved" Right to Buy which applies to those who were a secure council tenant when Torbay Council transferred its housing stock to Tor Homes. It will

only apply if they are living in the same home as they were when the transfer took place.

- 4.2 Housing Association tenants without a Preserved Right to Buy may still be able to purchase their property at a smaller discount under the Right to Acquire scheme. The Government has plans to extend Right to Buy/Acquire to more housing association tenants. These plans are currently being developed. The Government announced an expanded regional Right to Buy pilot at Autumn Statement 2016. The Autumn Budget confirmed that Government will proceed with a £200 million regional pilot of the Right to Buy for Housing Associations in the Midlands. This will run for one year from July 2018.

5. Help to Buy Schemes

Help to Buy: Shared Ownership

- 5.1 This scheme enables people to buy a share of their home (between 25% and 75% of the home's value) and pay rent on the remaining share. There is the opportunity to buy a bigger share of the home at a later date.
- 5.2 Those eligible are:
- Those with a household earns £80,000 a year or less (outside London); and
 - Those who are a first-time buyer, or those who used to own a home but can't afford to buy one now or are an existing shared owner looking to move.
- 5.3 Shared Ownership homes can be newly built or an existing one through resale programmes from housing associations.
- 5.4 Only military personnel will be given priority over other groups through government funded shared ownership schemes. However, councils with their own shared ownership home-building programmes may have some priority groups, based on local housing needs.
- 5.5 For those with a long-term disability, Home Ownership for People with Long-Term Disabilities (HOLD) can help people buy any home that is for sale on a Shared Ownership basis. This only applies if the properties available through the other home ownership schemes don't meet that person's needs.
- 5.6 Those aged 55 or over can get help through the Older People's Shared Ownership. It works in the same way as the general Shared Ownership scheme, but with up to 75% of the home available to buy. Once 75% of the home is owned, no rent is payable on the remaining share.

Help to Buy: Equity Loan

- 5.7 This scheme involves the Government lending up to 20% of the cost of a newly built home with owners than needing only a 5% cash deposit and a 75% mortgage to make up the rest. No loan fees are charged on the 20% loan for the first five years of ownership.
- 5.8 During her speech to the Conservative Party Conference in October 2017, the Prime Minister's referred to the Chancellor's conference announcement that a further £10m would be included within the Help to Buy scheme for Equity Loans. This increased funding was confirmed by the Chancellor in the 2017 Budget.

Help to Buy: ISA

- 5.9 Those saving to buy their first home may be eligible for the Help to Buy ISA which sees the Government providing a bonus of £50 for every £200 saved up to a maximum bonus of £3,000.

6. Shared Ownership and Affordable Homes Programme 2016 to 2021

- 6.1 This programme aims to increase the supply of Shared Ownership and other affordable homes in England by March 2021.
- 6.2 When the Programme was launched in April 2016, £4.7 billion of capital grant was available. The bidding was opened through publication of a prospectus. Initial allocations of capital grant for new affordable housing schemes were announced on 5 January 2017. As planned these did not allocate all of the available budget, with £1.3 billion remaining available.
- 6.3 Following the Chancellor's Autumn Statement in November 2016, the government reaffirmed its continued commitment to extending home ownership, including through the SOAHP 2016 to 2021, announcing:
- an additional £1.4 billion to deliver a further 40,000 affordable homes (some of this budget will be allocated by the Greater London Authority (GLA) for homes in London, rather than through the SOAHP 2016 to 2021)
 - the availability of grant for Affordable Rent schemes
- 6.4 In line with this commitment, the HCA has reopening bidding for funding to develop additional affordable housing through a continuous market engagement (CME) process. The available funding includes both the £1.3 billion which was not allocated at the initial bid round and a share, to be determined, of the £1.4 billion announced at the 2016 Autumn Statement, for new affordable homes outside London.
- 6.5 During her speech to the Conservative Party Conference in October 2017, the Prime Minister's announced that an additional £2 billion would be made available for this Programme, bringing the total to the Programme to £9.1 billion. This increased funding was confirmed by the Chancellor in the 2017 Budget.

7. Home Building Fund

- 7.1 The Home Building Fund is available to all private sector organisations involved in delivering new homes and the provision of enabled sites ready for residential led schemes. It is a flexible source of funding administered by the Homes and Communities Agency (HCA) on behalf of government. The Fund provides:
- Development Finance – Loan funding to meet the development costs of building homes for sale or rent.
 - Infrastructure Finance – Loan funding for site preparation and the infrastructure needed to enable housing to progress and to prepare land for development.
- 7.2 A further £1.5 billion of loans specifically targeted at supporting SMEs who cannot access the finance needed to build new homes was announced by the Chancellor in the 2018 Budget.
- 7.3 The Government is seeking to encourage innovation, both in the kind of homes that are built and the way they are delivered. Financing is available to support these projects which could include community led housing projects, serviced plots for custom and self-builders, off-site manufacturing, new entrants to the market and groups of small firms working in consortia to deliver larger sites.

7.4 A range of non-financial support is also available for larger infrastructure schemes to help overcome barriers to schemes progressing more quickly.

8. Housing Infrastructure Fund

8.1 This is funded awarded to local authorities are grant funding for new infrastructure that will unlock new homes in areas of greatest housing demand. There are two elements of grants available – Marginal Viability Funding (funding the final or missing piece of infrastructure) and Forward Funding (putting in the first amount of funding to give market confidence). Marginal Viability Funding is available to single and lower tier authorities and Forward Funding available for the uppermost tier of local authorities.

8.2 The Fund will:

- Deliver new physical infrastructure to support new and existing communities
- Make more land available for housing in high demand areas
- Support ambitious local authorities who want to step up their plans for growth and make a meaningful difference to overall housing supply
- Enable local authorities to recycle the funding for other infrastructure projects

8.3 £2.3 billion was originally available and a further £2.7 billion was announced by the Chancellor in the 2017 Budget, providing a total of £5 billion.

9. Budget 2017

9.1 Further to the additional funding announced or confirmed above, the 2018 Budget included other initiatives in relation to housing:

- **Land Assembly Fund** - £1.1 billion available for Homes England (previously the Homes and Communities Agency) to work alongside private developers to develop strategic sites
- **Small Sites: Infrastructure and Remediation** - £630 million to accelerate the building of homes on small, stalled sites by funding on site infrastructure and land remediation
- **Housing Guarantees** – The Government will explore options with industry to create £8 billion worth of new guarantees to support house building, including SMEs and purpose built rented housing
- **Estate Regeneration** - £400 million of loan funding to transform run-down neighbourhoods and private homes in high demand areas
- **Empty Homes Premium** – Local authorities will be able to increase the Council Tax premium on empty homes from 50% to 100%
- **Housing Associations** will be reclassified as private bodies allowing their £70bn debt to be removed from the government's balance sheet and placing them on more commercial footing.

10. Previous House Building Schemes

10.1 For completeness, it is worth noting that some previous schemes are no longer operating:

- The **Build to Rent Fund** was a fully recoverable investment where the government shared risk or bridged finance to help schemes to be built, managed and let. The investment could be used to cover costs such as land, construction or

management costs. Developers sold on their interest or refinanced and repaid the investment once a scheme was fully let.

- The 2015- 2018 **Affordable Housing Programme** aimed to increase the supply of new affordable homes in England by March 2018. Bidding for the Programme closed in November 2015.

11. Homelessness Reduction Act 2017

11.1 The Homelessness Reduction Bill received Royal Assent April 2017 with enactment of the changes and new duties in April 2018.

11.2 The Homelessness Reduction Act (HR Act) amends Part 7 of the Housing Act 1996. There are 13 clauses that add new duties and substantially amend many of the existing duties. The key changes are two new duties, to take reasonable steps to help applicants from becoming homeless and if homelessness has occurred to help them resolve their situation by finding accommodation. Substantial changes will be required for the structure, processes, roles and responsibilities and the way prevention work is delivered by the local authority.

11.3 Homelessness applications are likely to at least double from the 2016/17 out-turn figure of 686 applications to an estimated 1,350 applications. Each application will require far more extensive assessment work and, where a duty is accepted, more extensive casework to either prevent a household from becoming homeless or, if they are homeless, to resolve their homelessness.

11.4 The implications are currently being considered by officers in order to develop an implementation plan.

12. Wider Housing Policy Issues

12.1 There are a range of other housing relating policy issues which also need to be taken into account, including:

- Roll out of Universal Credit Roll
- Changes to CIL and Section 106 Agreements announced in the 2017 Budget,
- Expected changes to the definition of affordable housing in planning guidance (due in Spring 2018)
- Local Housing Deals
- Affordable rented sheltered housing/resolution of the long standing supported people funding issue
- Impact of the clarity of rent increases for Housing Association post 2020 their appetite for growth/development
- Impact of the splitting of the regulatory functions from the HCA and creation of Homes England
- Support for Housing First pilots

13. Funding for Supported Housing

13.1 In early November 2017, the Government launched a consultation into a new funding regime for Supported Housing (which closes on 23 January 2017). This included the announcement by Government that the policy of applying Local Housing Allowance

(LHA) caps to supported housing (and general needs housing) from 2018 would no longer be introduced. The “Funding Supported Housing Policy Statement and Consultation” proposes a three-pronged approach, identifying three different categories of supported housing with different funding models:

- **Sheltered housing and extra care supported housing:** housing usually designated for older people with support needs, where there is little or no expectation for tenants to move on into unsupported accommodation.
- **Short-term and transitional support:** for example housing for homeless people with support needs, those fleeing domestic abuse, vulnerable young people, offenders, and those with drug and alcohol misuse problems, where there are high expectations for tenants to move on into unsupported accommodation.
- **Long-term support:** for example housing for people with learning or physical disabilities or mental ill health, as well as highly specialised supported housing, with little expectation for tenants to move on into unsupported accommodation.

- 13.2 For the first category – **Sheltered Housing and extra care supported housing** - the proposal is to introduce a regulated “Sheltered Rent” from 2020 that would then be paid for through the welfare system.
- 13.3 For **Short term and transitional supported housing** the proposal is for 100% of this provision to be commissioned at a local level, funded locally through a ring-fenced grant from 2020. All the funding for housing costs (including rent and eligible service charges) that were previously met from Housing Benefit, will instead be allocated to local authorities to fund services that meet the needs of their local areas.
- 13.4 For **Long-term support housing** as Local Housing Allowance rates will no longer be applied, 100% of housing costs (rent inclusive of eligible service charges) will continue to be funded as at present through the welfare system (subject to the application of the existing housing benefit/Universal Credit rules). The Government will work with the sector to develop and deliver improvements to cost control, quality and outcomes.
- 13.5 A new planning and oversight regime will be introduced and will include the requirement that Local Authorities develop:
- a. **Local strategic plan:** setting out how funding will be used to meet identified local needs;
 - b. **Needs assessment:** undertake a needs assessment to identify current provision and future need for all supported
- 13.5 Whilst an end to the current uncertainty for funding for Supported Housing and removal of the LHA cap is welcome, commentators are critical of the proposals for short term supported housing, suggesting that the model may not provide long term certainty and will be subject to regional inconsistencies if the ring-fence is removed in the future, as with Supporting People.