

Meeting: Housing Committee

Date: 19th November 2018

Wards Affected: All

Report Title: Housing Policy and Funding Update

Is the decision a key decision? No

When does the decision need to be implemented?

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1. Proposal and Introduction

- 1 This report outlines recent developments and Government announcements regarding housing policy and funding for housing.

2 Proposed Decision

- 2.1 That the Director of Adult Services and Housing ensure that actions to respond to these opportunities are progressed and incorporated into the refreshed Housing Strategy Action Plan 18-19, the Homelessness Strategy and the housing enabling work programme of the Torbay Development Agency.

3. Reason for Decision

- 3.1 To ensure the Council makes best of use of resources to meet its ambition and objectives and is able to respond efficiently and effectively to newly identified opportunities and policy context.

4. Supporting Information

4.1 The Regulator of Social Housing (RSH)

The RSH has been established as a standalone organisation from 1 October 2018. This means it is no longer part of the Homes and Communities Agency. The separation implements the conclusion of the 2016 Tailor Review of the HCA and reaffirmed the Government's commitment to a strong, independent regulator of social housing.

4.2 Guidance on Duty to Refer

The Homelessness Reduction Act 2017 reformed England's homelessness legislation and placed duties on local housing authorities to intervene at earlier stages to prevent homelessness in their areas, and to provide homelessness services to all those who are eligible. Additionally, the Act introduced a duty on specified public authorities to refer service users who they think may be homeless or threatened with homelessness to local authority homelessness/housing options teams.

This duty is effective from 1 October 2018 and will apply to the following public authorities:

- prisons
- young offender institutions
- secure training centres
- secure colleges
- youth offending teams
- probation services (including community rehabilitation companies)
- Jobcentre's in England
- social service authorities (both adult and children's)
- emergency departments
- urgent treatment centres
- hospitals in their function of providing inpatient care
- Secretary of State for defence in relation to members of the regular armed forces

Local housing authorities are required to work with public authorities in their area to design effective referral mechanisms and should place information on their websites explaining what their referral mechanisms are. This provides an opportunity for Torbay to utilise the strong inter-agency links created through the ICO and other partnerships to ensure that this duty is effectively enforced and better inter-agency coordination in respect of homelessness is achieved.

4.3 Consultation on Rents for Social Housing from 2020-21

Government has issued a consultation and Draft Policy Statement on social housing rents from 2020-21. This is following calls from the affordable housing sector for greater certainty on future rent levels and an end to the current requirement to reduce social housing rents by 1% per annum. The proposal is that social rents will be set according to the current rent formula, and increases of CPI (as at previous September) plus 1% will be allowed subject to a rent cap. Affordable rents will continue to be up to 80% of market rents and can be increased by CPI plus 1% annually. Affordable housing providers are required to have regard to Local Housing Allowance and Universal Credit levels. The consultation also requests views on the proposal that Local Authority Registered Providers should be included in the rent setting formula. The Draft Policy includes the suggestion that higher earning tenants (£60,000) could be charged higher rents that would not be subject to the rent setting formula.

4.4 Land Assembly Fund, Small Sites Fund and Housing Infrastructure Fund

In September 2018 the Land Assembly Fund and the Small Sites Fund – were announced by Government. The two funds are intended to assist in releasing land for housing delivery.

The £1.3 billion **Land Assembly Fund**, will be used to acquire land needing work to get it ready for the market and make it less risky for developers to invest in and start building.

The £630 million **Small Sites Fund** will provide grant funding to speed up getting the right infrastructure in place to support home building on stalled small sites. The Funds will be administered by Homes England outside of London, details of how to apply for these funds are not yet available.

In the Budget the Chancellor announced an additional £500m to the **Housing Infrastructure Fund** to unlock sites for up to 650,000 homes

4.5 Future High Streets Fund

In the Budget it was announced that a £675 million Future High Streets Fund will be set up to help local areas to respond to and adapt to changes. It will support local areas to prepare long-term strategies for their high streets and town centres, with a focus on replacing retail with residential development. This could be relevant to Torbay – further detail in the Prospectus is expected later this year with Expressions of Interest in Spring 2019.

4.5 Community Housing Fund – Phase Two

The prospectus for the second phase of the Community Housing Fund has now been released. Administered by Homes England, it is intended for capital costs of developing community housing schemes. Applications have to be from organisations who are, or are intending to be Homes England Investment Partners and the housing has to be managed by a Registered Provider. Bidding is open to all organisations which are or intend to become constituted as a body corporate or an equivalent form of legally constituted body.

Local authorities or Registered Providers may apply on behalf of community groups and other organisations and, in those cases, the lead bidding organisation remains directly accountable for the funds. Torbay Council may wish to work with local community groups to develop further bids providing that an owning RP partner can be identified or established. We are working with community housing specialists Wessex Community Assets to engage with local community groups to explore potential interest in developing projects.

4.6 One Public Estate

On 28 September 2018 One Public Estate (OPE) launched a new funding window. A national fund of circa £15 million is available. Both new and existing OPE partnerships are invited to apply for this fund for support to deliver public sector land and property projects. The new funding round will place particular emphasis

on increasing housing supply. Earlier this year the TDA, acting on the Council's behalf, submitted an application for Land Release Funding (as part of a wider OPE Round 6) and partnered the NHS in submission of a OPE bid. The Land Release Funding (LRF) bid was successful in securing over £3.9m, to unlock three sites in Paignton to enable the future delivery of homes. The OPE bid, led by the NHS, was successful in securing £100,000 to progress delivery of a new health hub in Paignton Town Centre. Torbay works alongside other public bodies under the Devon One Public Estate Partnership. Devon County Council is the accountable body and a MoU is in place for partnership working. Future funding bids will be led by and channelled through the partnership. Possible sites/projects for future bids are under consideration.

4.7 Additional £2 billion of funding from the end of the current 2016-21 Shared Ownership and Affordable Homes programme

In September the Prime Minister announcement at the National Housing Federation conference an additional £2 billion of funding from the end of the current 2016-21 Shared Ownership and Affordable Homes programme (SOAP). Housing associations will be able to apply for funding stretching as far ahead as 2028/29. This is intended to provide long term certainty and encourage partnerships with housing associations developing their own sites and not just S106 development. No further detail is available as yet.

4.8 Removal of HRA borrowing cap

In the Budget the Chancellor removed the cap on local authority Housing Revenue Account borrowing allowing Councils with a HRA to borrow more against the value of their existing housing stock. This will not impact on Torbay as we no longer hold stock or a HRA.

4.9 Other Housing measures in the 2018 Budget

A **new Help to Buy Equity Loan scheme** will run from April 2021 for 2 years. It will be available for first-time buyers, and for houses with a market value up to new regional property price caps set at 1.5 times the average forecast regional first-time buyer price, with a maximum of £600,000 in London.

The Budget launches a **consultation on new permitted development rights** to allow upwards extensions above commercial premises and residential properties, including blocks of flats, and to allow commercial buildings to be demolished and replaced with homes.

The Budget confirmed that government will introduce a **simpler system of developer contributions** that provides more certainty for developers and local authorities, while enabling local areas to capture a greater share of the uplift in land values for infrastructure and affordable housing

The government intends to update planning guidance to ensure that neighbourhood plans and orders approved by local referendums cannot be unfairly overruled by local planning authorities. The government will also explore how it can empower

neighbourhood groups to offer these homes first to people with a direct connection to the local area.

4.10 Heart of the SW – Housing Report

Draft report now circulated – this highlights that Torbay is performing better than some neighbouring authorities in terms of planning decision timescales and performance but faces challenges in the Neighbourhood Planning site allocation process and lack of 5 year land supply, see Appendix 1.

5. Background information

<https://www.gov.uk/government/publications/letter-to-stakeholders-standalone-regulator>

<https://www.gov.uk/government/publications/homelessness-duty-to-refer/a-guide-to-the-duty-to-refer>

<https://www.gov.uk/government/consultations/rents-for-social-housing-from-2020-to-2021>

<https://www.gov.uk/government/news/government-investment-to-overcome-barriers-to-building>

<https://www.gov.uk/government/publications/future-high-streets-fund/future-high-street-fund>

<https://www.gov.uk/government/news/phase-two-of-the-community-housing-fund-is-now-open>

<https://www.gov.uk/government/speeches/pm-speech-to-the-national-housing-federation-summit-19-september-2018>

<https://www.gov.uk/government/news/government-announces-new-generation-of-council-housing>

<https://www.gov.uk/government/publications/housing-budget-2018-brief>

Appendices

Appendix 1

Leaders for the Heart of the South West Housing Audit – Summary Report