

Meeting: Housing Committee

Date: 12 September 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 Government has recently made several significant announcements regarding additional grant funding and borrowing arrangements for affordable housing, funding for Supported Housing, the National Planning Policy Framework (NPPF), a Rough Sleeping Strategy and Social Housing Green Paper. This report outlines the key features and applicability to Torbay Council. It also includes information on Ministerial changes and recent funding applications.

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 work programme of the Torbay Housing Company.

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 Additional Housing Revenue Account Borrowing Programme (2019/20, 2020/21, and 2021/22)

Government has announced opportunities for Councils with Housing Revenue Accounts (HRA) to bid to increase their borrowing capacity to deliver new Council homes and replace those sold under the Right to Buy scheme. Since the introduction of the self-financing settlement in April 2012, local authorities have been able to develop new homes within their

HRA. Limits were placed on the amount of borrowing that each local authority could undertake for housing expenditure. Some local authorities, with constrained borrowing headroom found it difficult to finance the building of new council housing or replacement of homes sold through Right to Buy. Consequently, the Programme enables local authorities to bid to increase their borrowing headroom so that they can finance the delivery of new council housing in their area. However, only local authorities with a HRA and in high affordability pressure areas of England can apply

Implications/actions for Torbay Council

Torbay does not currently hold a Housing Revenue Account. Government has issued a list of high affordability pressure authorities and Torbay is not included, therefore this does not create additional opportunities for Torbay. See **Appendix A**.

4.2 Additional SOAHP funding

On June 26th Government announced further funding for the Shared Ownership and Affordable Housing Programme (SOAHP). The available funding includes £1.3 billion which was not allocated at the initial bid round and a share of £1.4 billion announced at the Autumn Statement for new affordable homes outside London. Homes England is reopening bidding for this funding through a continuous market engagement (CME). The usual requirements for those bidding for funds apply – e.g. to be a Homes England Investment Partner (IP) or in consortium with an IP.

Implications/actions for Torbay Council

For Torbay this could mean additional funding opportunities for local Registered Providers of affordable housing – if they can access sites on which to deliver the housing. It may mean a more favourable context for the Housing Company to bid in tandem with its IP/RP applications (currently being progressed). One mechanism by which this could assist in delivery of affordable housing could be in negotiation of additional affordable housing (i.e. more than that required by S106) on sites developed by private sector developers and identification of stalled privately owned sites that could be brought forward for affordable housing with grant funding. However the bids do have to demonstrate value for money.

4.3 Affordable Housing Investment deal

Government announced that around 23,000 new affordable homes will be delivered through a £1.67 billion government investment deal in which Homes England will work in partnership with specific RPs to accelerate delivery of affordable housing. This will include at least 12,500 social rent homes in high cost areas. Liverty/Sovereign are both involved in this joint initiative.

Implications/actions for Torbay Council

As noted above, Torbay is not considered a high affordability pressure area. A discussion with Liverty and Sovereign as to how/if this may impact their activities in Torbay, neighbouring Districts and Heart of the SW Housing initiative and identification of sites where additional affordable housing may be provided is proposed.

4.4 Community Housing Fund

On July 2nd Government announced that it is making £163 million available across England up to 2020 to 2021 through the Community Housing Fund (CHF). The Fund “aims to support an increase in housing supply in England by increasing the number of additional homes delivered by the community-led housing sector; to provide housing that is affordable at local income levels and remains so in perpetuity”

Funding is being allocated by Homes England across 2 phases. Under phase 1 of the Fund, Homes England is making available grants to eligible organisations to support:

- Applications for revenue funding for capacity building and predevelopment costs, including revenue grants to local authorities to support community groups.
- Capital bids for associated infrastructure costs which will support community housing development.

The bidding will be through a process of continuous market engagement up to December 2019. Capital funding to support the costs of building new community-led housing schemes will be offered under a second phase to be launched later in the year. Bids that are innovative in design and make use of MMCs are encouraged. Bids for conversion or refurbishment of existing buildings can be considered. It is not a requirement for organisations bidding under Phase One to be a Registered Provider, however, organisations who intend to be the landlord of completed properties funded through future phases of the CHF must be - or intend to be – Registered Providers of social housing before completion of any developments funded through those programmes and any payment of funding. For applications for revenue funding groups should contribute at least 10% of the estimated pre-development costs of the community housing proposal. Applicants must demonstrate that the project is genuinely community-led and bids will be assessed on the level of community engagement and support shown throughout the development process.

4.5 Local Authority bids to CHF

Funding will be available through the CHF to local authorities who wish to support community groups looking to develop community-led housing proposals in their areas; for example, to employ staff to provide advisory services, information and support to groups. Where a local authority is applying for funding and has previously received funding from the CHF through the one-off allocation in 2016, Homes England will take account of the use of the previous CHF allocation.

Implications/actions for Torbay Council

A report on the expenditure of the current CHF allocation for Torbay has been submitted to MHCLG. A strategic approach to bidding for further funding to the CHF is required that considers how/if local community groups can be supported to make bids themselves and how the projects to be supported by CHF bids relate to other Housing Strategy objectives/activities such as Housing First, Housing Company; empty homes and stalled sites. Consideration should be given to making a bid to extend the Community Housing Strategy Manager posts, currently funded for two years though the previous CHF award.

5. Ministerial changes

A new Housing Minister MP Kit Malthouse has been appointed after the previous Minister Dominic Raab was announced as the new Brexit secretary. Matt Hancock MP replaces Jeremy Hunt as Health Minister.

6. Local Government Association (LGA) Housing Advisers Programme

An application to the LGA Housing Advisers programme for funding to assist with carrying out research into the demand/aspirations of older people for housing in later life and extra care housing has been successful. This work will inform the development of a cross-tenure Extra Care Housing Strategy and related planning policies and will support Officers work in securing development of additional extra care housing provision in the Borough.

7. Announcement on funding for Supported Housing

Government has published its response to the two consultations on future funding for Supported Housing. It has concluded that the proposals to fund short term supported housing through a grant from local authorities will not go ahead. Instead

Supported Housing will continue to be funded through Housing Benefit. This includes long term and short term supported accommodation, extra care housing and sheltered housing. Government will work with providers, local authorities, membership bodies and resident representatives to put together a robust oversight regime that will build upon the draft National Statement of Expectation, published October 2017. Government will also undertake a review of the relationship between support and eligible service charges.

8. NPPF

The new NPPF was published on July 24th. It sets out a range of revisions to the NPPF and implements around 85 of the reforms previously announced through the Housing White Paper, the planning for the right homes in the right places consultation and the draft revised National Planning Policy Framework consultation.

Alongside the NPPF a new standardised method for calculating housing need has been introduced and a delivery test will be brought in from November 2018. This is set out in the Housing Delivery Test measurement rulebook.

The definition of Affordable Housing has been changed to “housing for sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route to home ownership and/or is for essential local workers);” and includes Starter Homes, Discounted Market Sale units with at least 20% discount that are available at such discount to future eligible households and Rent to Buy products.

Updated planning practice guidance on viability has also been published. This seeks to ensure any viability information is transparent and land values reflect only policy compliant developments taking into account affordable housing requirements. This is intended to front load viability considerations to the place-making stages of any development and put an end to arguments around overpayment of land being used to drive down affordable housing and other planning contributions.

9. Rough Sleeping Strategy

Government published a new Rough Sleeping Strategy (August 2018). The document sets out 61 Commitments in a wide ranging document themed around the key principles of Prevention, Intervention and Recovery. Of these the following are of particular relevance to Torbay:

- £3.2 million per year for two years for a new range of pilots to help people leaving prison find stable accommodation and for intensive support for care leavers with complex needs;
- Up to £45m to continue the work of the Rough Sleeping Initiative;
- Somewhere Safe to Stay pilots - up to £17m to rapidly assess the needs of people at risk of sleeping rough and support them to get help;
- Up to £2m in health funding to enable access to health and support services for people who are sleeping rough;
- New training for front line staff to deal with effects of Spice, domestic abuse, modern slavery and respond to the needs of homeless LGBT people;
- New funding for improved Streetlink – supporting the general public to engage positively with people who sleep rough;
- Dormant Assets funding to be used to support innovative financing for homes for people who sleep rough;
- Up to £3m to fund new supply of move-on accommodation – allocated by Homes England;
- Up to £19m of new funding to provide support in homes provided for people with a history of rough sleeping;
- Funding to help local areas develop Local Lettings Agencies to support vulnerable people into accommodation;

- Young Futures Fund - a Social Impact Bond to support young people not in education, employment or training.

Government is committed to reviewing the Strategy yearly and that it should be fully implemented by 2027. Officers will be seeking further detail regarding the funding/support offers and applicability for Torbay in order to develop specific proposals/bids.

10. Social Housing Green Paper

On 14th August Government published a Green paper and consultation on social housing. In the wake of Grenfell Tower there is a renewed emphasis on ensuring effective regulation and greater accountability of social landlords and tackling the stigma associated with social housing. The paper is based around 5 key principles: 1. ensuring homes are safe and decent; 2. Swift and effective resolution of complaints; 3. Empowering residents; 4. Tackling stigma and celebrating thriving communities; building more social homes and ensuring they can act as a springboard to home ownership.

It includes a commitment to ensure that the regulatory framework not only focusses on governance and financial viability, but also on how residents are treated. It includes commitments **not to** implement the requirement that local authorities make a payment in respect of their vacant higher value council homes, or to make fixed term tenancies mandatory for local authorities. It commits government to explore new flexibilities over how councils spend Right to Buy receipts. It announces the intention to publish a Call for Evidence seeking views on how the current regulatory framework is operating to inform what regulatory changes are required to deliver regulation that is fit for purpose.

Implications/actions for Torbay Council

The Green paper suggests a strengthened role for regulation of RPs and may provide scope for greater influence by the local authority regarding the services and standards of local housing providers. Torbay should respond to the consultation and consider how this may present an opportunity to work more effectively with local RPs to ensure high quality and safe social housing locally and a stronger voice for social housing residents.

Background Documents

Community Housing Fund Prospectus

<https://www.gov.uk/government/collections/community-housing-fund>

Revised NPPF

<https://www.gov.uk/government/collections/revised-national-planning-policy-framework>

Rough Sleeping Strategy

<https://www.gov.uk/government/news/rough-sleeping-strategy-prevention-intervention-recovery>

Social Housing Green paper

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/733605/A_new_deal_for_social_housing_web_accessible.pdf