

HOUSING CAPITAL PROGRAMME 2012/13

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Portfolio: Regeneration and Planning

Ward(s) affected: All

Purpose of the Report

To seek approval for the 2012/13 Housing Capital Programme.

Recommendation

That the proposed housing capital programme for 2012/13 be approved.

Reasons

The Council considers the Housing Capital Programme every year to ensure that our housing investment priorities are up to date. With limited funding available from national funding streams it is appropriate for the Council to consider the use of the New Homes Bonus alongside the Council's own capital resources. Due to the New Homes Bonus scheme being launched after last year's budget setting process the report seeks to allocate the 2011 and 2012 New Homes Bonus to next year's Housing Capital Programme.

This report outlines the key options for housing investment in the forthcoming year and seeks support of an appropriate housing programme to deliver our strategic housing priorities and to support our most vulnerable residents.

1. Background

- 1.1 The Council has a housing capital programme to deliver the Council's priorities as set out in the Housing Strategy and associated Housing Renewal Assistance Policy, Energy Efficiency and Climate Change Strategy and Empty Homes Strategy. The current 2011/12 programme is funded by Council funds and central government grant to support Disabled Facilities Grants (DFGs).
- 1.2 At the time of the budget setting for 2011/12 the Council was aware that there was likely to be some payment under the 'then proposed' New Homes Bonus however the details weren't finalised. The New Homes Bonus was finalised in 2011 and is based on match funding the additional council tax raised for new homes and empty properties brought back into use, with an additional amount for affordable homes, for the following six years. The bonus payment calculation allocates 80% to the Borough Council and 20% to the County Council, with the view that the respective Councils work together to meet the needs of the local area. At the time of writing this report the County Council were still deciding how to invest their proportion of the New Homes Bonus, but, as it is not ring-fenced, it may be used to provide general support to the County's budget, which has recently seen considerable additional investment in major economic regeneration schemes in the Borough, including funding towards the redevelopment of a key site in Newcastle Town Centre.
- 1.3 The Council has received the first New Homes Bonus payment and officers are estimating the amount of bonus predicted for next year. This report outlines ways in which both years of funding can be used to support the Council's key priorities. In considering suitable ways to utilise the New Homes Bonus it is appropriate to take into account the Council's overall

financial position. Whilst the New Homes Bonus is intended to support the development of new homes it is not ring fenced for this use and therefore it is appropriate that the Council considers the funding to support the Council's housing priorities.

- 1.4 At the time of writing this report the 2012 allocation has been confirmed at £513,477 and combined with the first years payment this makes the total two year payment of £777,398. It is important that the Council approves the allocation of this funding.

2. **Issues**

2.1 **New Homes Bonus (NHB)**

- 2.1.1 The New Homes Bonus was established by the Government to be a powerful, simple and transparent incentive for housing growth and is a key part of the Government's national strategy for housing growth. It is based on the council tax of additional homes and those brought back into use, with a premium amount for affordable homes, and paid for the following six years. It ensures that those local authorities which promote and welcome growth can share in the economic benefits, and build the communities in which people want to live and work.

- 2.1.2 In April 2011 the Council received its first payment under the New Homes Bonus scheme (NHBS). In summary the NHBS was established:

“to provide local authorities with real incentives to deliver housing growth”.

“to engender a more positive attitude to growth and create an environment in which new housing is more readily accepted”

“natural economic benefits of growth are returned to the local authorities and communities where growth takes place”.

Whilst the Council is able to invest this money as appropriate, there are a number of issues and expectations arising from the Government's funding. The Government has already undertaken a survey of local authorities to ascertain the planned benefits of the funding and it is expected that the Council will be required to complete further returns. It is therefore appropriate that the Council consider utilising the funding to support the Housing Capital Programme.

2.2 **Affordable Housing**

- 2.2.1 Under the New Homes Bonus, from year 2012/13, the Government will pay an enhancement of £350 (£2,100 over 6 years) for each new affordable unit. The Council can consider utilising the funding to develop new affordable housing. This approach is expected by the Homes and Communities Agency (HCA) and Registered Providers (RPs), however developing affordable housing purely to access further grant in future years would not be sufficient justification to promote this approach. The potential to utilise the funding for this approach is outlined in section 4 below.

2.3 **Viability**

- 2.3.1 In the event of a market housing development being unable to fund affordable housing for reasons of viability, the additional funding from the scheme might be important in ensuring that housing delivery might continue and the objective of increasing the numbers of affordable homes in the housing supply might more easily be achieved, at least in the current economic climate.

- 2.3.2 Due to the complexity of the assessing viability and the legal contracts that would be

required to ensure that the public subsidy was being used appropriately it is proposed that funding would be directed to the Registered Provider to secure the affordable housing and the development would be subject to an economic viability assessment by the District Valuer.

2.4 Empty properties

2.4.1 Bringing empty properties back into use may also help to overcome local opposition to new housing. This would also have the additional bonus of generating further NHB the following year. The Council currently commits £80k to empty homes within the Housing Capital Programme. In future years this could be funded by the NHB. The Council could also be more ambitious with our empty property programme and work with say PM Training to bring more empty properties back into use.

2.5 Support for other housing programmes

2.5.1 In order to meet residents' needs the Council invests in a range of housing schemes through the Housing Capital Programme. This includes support for Disabled Facilities Grants, Serious Safety and hazard grants, other housing initiatives including empty properties and affordable housing and previously Home loans programme.

2.5.2 As the NHB is not restricted then the funding could be used to support the Housing Capital Programme including the Serious Safety and hazard grants plus a home loans programme in later years.

3. Options Considered

3.1 It is important that the Council considers the full range of housing schemes that are currently provided to support vulnerable residents and contribute to the sustainability of the Borough. Public funding should be used to ensure schemes offer value for money by maximising any receipts or private sector investment, as well as targeting those in greatest need. Taking into consideration that the majority of the Housing Capital Funding is coming from the New Homes Bonus, it is appropriate that the aims of the New Homes Bonus are prioritised within the proposed programme.

3.2 Should funding not be allocated to the Housing Capital Programme the schemes listed below would not be delivered and many vulnerable residents would be left living in unsafe housing. The Council would have to solely rely on our enforcement role which may force some vulnerable residents to become homeless, leave inhabitable homes boarded up and homes unrepaired contributing to the decline in the area.

4. Proposal and Reasons for Preferred Solution

4.1 The Council has a statutory duty to provide DFGs to eligible applicants and due to the increasing elderly population and national policies to enable people to live independently in their own home; the demand on mandatory DFGs is increasing. This trend is continuing and a bid was made to increase central government funding to £580,000 whilst maintaining council funding of £250,000 to give a DFG programme at £830,000. At the time of writing this report the DFG grant award has not been made and it is anticipated to be known in February 2012. Officers believe that a more realistic grant allocation is £510,000, is combined with the Council funding of £250,000 this makes a total DFG programme of £760,000. It is important to note that the current programme for 2011/12 was for £760,000 and all of this money was allocated by November, therefore all applications since November are waiting for the allocation of further funding before commencing.

4.2 There are a number of important schemes delivered as part of the Housing Strategy and Housing Renewal Assistance Policy which require housing capital finance and officers are recommending that they are supported in 2012/13:

- **Emergency assistance to deal with properties with serious safety or health hazards** in accordance with the Housing Renewal Assistance Policy will require a budget of £44,000.
- **Empty property** officer resources to continue tackling an important issue. Void properties are frequently the subject of complaints from neighbouring residents because they harm the appearance of an area and attract anti-social behaviour including vandalism, arson and substance abuse. A budget of £30,000 is proposed for this scheme to continue the support for a Housing Standards Officer. This officer will take a proactive approach to contacting owners to seek ways to enable them to return their property back to use. Officers are investigate new partnership approaches and are developing schemes to bid for the new national funding. This includes a local officer liaising with home owners to facilitate access to a empty property loan, the details of this are being developed at the time of writing this report and the outcome of the bid to the Homes and Communities Agency won't be known for several months.
- Continue supporting a **Home Improvement Agency** to assist vulnerable residents to maintain their independence and continue living safely in their own homes. The Revival Agency based at Staffordshire Housing Association helps the Council to deliver the disabled facilities grants and home loans service as well as helping with issues such as affordable warmth. The Agency relies on funding made up from grants from local authorities, the parent Housing Association, Staffordshire County Council, client's own funds and Supporting People. Officers recommend a grant of £40,000 to support the work of the Agency, subject to contract negotiations. Additional funding will be provided on a fee basis related to individual property grants.
- The **Accredited Landlords scheme** has been very successful, officers recommend that the Council allocates £5,000 to remain in the North Staffs schemes and that officers work to develop a long term self financing scheme. Due to financial pressures the accredited landlord grants will be suspended.
- **Home Loans** have previously been delivered through the regional Kickstart programme which ceased to take new referrals after 31 March 2011. Whilst public funding is limited and needs to be targeted at the greatest priorities and to those in the greatest need it is appropriate to consider how the Council may support vulnerable residents to maintain their home utilising home loans. In particular equity release loans can be useful for elderly residents who may have assets but no significant income. At the time of writing this report Officers are working with Staffordshire Housing (Revival Home Improvement Agency) to establish local home loans. It is recommended that some funding is allocated to establish and market the preferred scheme for Newcastle.

4.3 The current economic climate continues to bring challenges to households in meeting the financial costs of their current home with some households facing repossession, the Council needs to support the strategic housing enabling role to provide additional **affordable homes** that meet the needs of the community. The Council has previously utilised capital funding in the Housing Capital Programme to kick start development or match fund schemes. Schemes have included Lymebrook at Lower Milehouse and Beasley Place, Chesterton. Due to budget pressures it is recommended that the Council seeks to work in partnership with housing providers and the Homes and Communities Agency to support the delivery of additional affordable housing without any direct investment from the New Homes Bonus.

4.4 The **North Staffordshire Warm Zone** contributes greatly to the wider energy efficiency agenda, helping to deliver key elements of the council's Energy Efficiency and Climate Change Strategy as well as the Housing Strategy. By being part of the North Staffordshire Warm Zone the Council has enabled many residents to access energy efficiency measures

including free cavity wall and loft installation. This is particularly important in improving the energy ratings of dwellings delivering reductions in carbon emissions and fuel bills thus helping to reduce fuel poverty for vulnerable households enabling them to keep warm and healthy during the winter months.

It is anticipated that by October 2012 the national Green Deal will be launched and there may be opportunities for local delivery agents. In considering the allocation of funding for next financial year it is therefore appropriate that the Council continues to be part of the Warm Zone partnership and considers the successes of the Warm Zone and the ability of the scheme to assist residents when the Green Deal is established.

The current funding is anticipated to support requests until May 2012. It is proposed that £5,000 is indicatively allocated to the continuation of the Warm Zone to October 2012, which is less than last year's allocation. This allocation would be on the basis that the current funding had been exhausted. The take up of insulation varies and issues such as the weather creates a difference in the numbers of customers requesting assistance, in particular more people think about insulation in the cold weather. There have been several years of marketing and significant take up of the scheme. It is, therefore, anticipated that take up may decrease in the spring and that the allocation may well meet demand.

- 4.5 An important aspect of the housing capital programme is the future planning for the forthcoming year and indicatively for 2 years. For instance there are many referrals for mandatory DFGs that are currently being assessed by Social Services and officers are designing adaptations that are required on the basis that there will be some DFG programme in operation and the funding will be available. If a substantial scheme such as the DFG programme was to be significantly altered there would need to be a significant lead in time of several months.

5. **Outcomes Linked to Sustainable Community Strategy and Corporate Priorities**

- 5.1 The delivery of these housing schemes contributes to the corporate priorities of Creating Active and Healthier Communities, Creating a Cleaner, Safer and Sustainable Borough. Creating a Healthy and Active Community.

6. **Legal and Statutory Implications**

- 6.1 The housing capital programme will assist the Council in meeting its statutory duties to disabled residents and to households living in unsafe homes.
- 6.2 The housing capital programme will fund the assistance in the Housing Renewal Assistance Policy adopted by the Council in accordance with the Regulatory Reform (Housing Assistance) (England and Wales) Order 2002.

7. **Equality Impact Assessment**

- 7.1 The Equality Impact Assessments on the Housing Renewal Assistance Policy have been completed.

8. **Financial and Resource Implications**

- 8.1 The NHB allocation is £777,398 in respect of the current and next financial year (2011/12 and 2012/13). As part of the revenue budget planning for next year it would be appropriate to allocate £393,398 towards the day to day housing services costs for 2012/13, leaving the balance of about £384,000 to be used to fund housing-related activities.

It is also considered appropriate that the Council's main capital programme supports the mainstream housing programmes, specifically the DFG's.

8.2 The table below shows proposed schemes for 2012/13 utilising the planned £384,000.

Scheme	2011/12 Council funding for the Housing Capital Programme £000s	Proposed 2012/13 NHB funding of £384,000 for the Housing Capital Programme £000s
Affordable housing	0 ¹	0
Viability	0	0
Empty Homes	80	30
Health and Safety	150	44
Home Loans	0	10
DFGs Match funded the Government grant of £510,000 to make a total budget of £760,000.	250	250
Warm Zone	20	5
Home Improvement Agency	34	40
Accredited Landlords Scheme	5	5
Total	539	384

¹ Although no additional money was allocated to affordable housing in 2011/12, there are a number of schemes to which funding was allocated in 2010/11 and are currently being developed. These are completion of the Ecohomes (£140,000), Beasley Place (£300,000), Lymebrook (£300,000) and Madeley (£115,000).

9. **Major Risks**

9.1 Without the proposed modest level of investment in the housing programme it will leave many vulnerable people living in unsatisfactory and importantly, potentially unsafe homes. With no options available to repair homes occupation may need to be restricted, leading to an increase in boarded up empty homes, which will make the area less sustainable and may increase antisocial behaviour.

10. **Key Decision Information**

10.1 The Housing Capital Programme is available to assist in meeting the housing needs of vulnerable residents across the Borough.

11. **Earlier Cabinet/Committee Resolutions**

11.1 The current Housing Capital Programme was approved by Cabinet on 19 January 2011.

12. **List of Appendices**

None.

13. **Background Papers**

None.