

HOUSING CAPITAL PROGRAMME 2013/14

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Portfolio: Regeneration, Planning & Town Centres

Ward(s) affected: All

Purpose of the Report

To seek Cabinet approval of the proposed 2013/14 Housing Capital Programme taking into account the views of the Economic Development and Enterprise Overview and Scrutiny Committee.

Recommendation

That the Housing Capital Programme be approved on the basis set out in the report.

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 continue using the New Homes Bonus for housing purposes.

This report outlines the key options for housing investment in the forthcoming year on the proposed 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 2012/13 programme is funded by the New Homes Bonus and central government grant to support Disabled Facilities Grants (DFGs).
- 1.2 The New Homes Bonus was established in 2011 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. The bonus payment calculation allocates 80% to the Borough Council and 20% to the County Council. 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.
- 1.3 The Council has received the first two year's New Homes Bonus payments and the provisional allocation for next year is £931,273. This report outlines how next year's 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 not ring-fenced it is intended to support the development of new homes (and housing-related initiatives in general) and therefore it is appropriate that the Council considers the extent to which the funding should be utilised to support the Council's housing priorities.

1.4 The Economic Development and Enterprise Overview and Scrutiny Committee considered the draft Housing Capital Programme on 19 December 2012. The Committee recognised the importance of allocating funding to support vulnerable residents with their housing needs. Consideration was given to the benefits of allocating funding to the Accredited Landlords Grants.

2. Issues

2.1 Affordable Housing

2.1.1 Under the New Homes Bonus (NHB), 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. Nevertheless there remains a significant level of demand/need for affordable housing and relatively modest capital funding contributions can lever substantial sums from RPs. The potential to utilise the funding for this approach is outlined in section 4.3 below.

2.2 Empty properties

2.2.1 Prior to adopting a new Empty Homes Strategy in December 2012 the Council completed consultation which highlighted that often residents believe that new homes shouldn't be built until existing empty homes are brought back into use. The Strategy outlines the issues and approaches to dealing with empty homes and provides a stretching target. The Government's intention of providing additional NHB for empty homes brought back into use, could 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 £30k of NHB to empty homes within the Housing Capital Programme which funds an officer post; the post holder's primary task is to promote practical measures that address the strategy's objectives.

2.3 Support for other housing programmes

2.3.1 In order to meet residents' needs the Council invests in a range of housing schemes through the Housing Capital Programme. This includes support for mandatory Disabled Facilities Grants, serious safety and hazard grants, other housing initiatives including empty properties and affordable housing and previously Home Loans programme. The Council could consider that this type of support is targeted to the most vulnerable residents and therefore a suitable use for the New Homes Bonus.

2.4 Energy Efficiency

2.4.1 The Council is required under the Home Energy Conservation Act (HECA) to produce a report outlining what is considered to be practicable, cost effective and likely to result in significant improvements in the energy efficiency of homes in the borough. This report should take into consideration the financial assistance offered through national initiatives such as Green Deal, Energy Company Obligations (ECO) and Renewable Heat Incentives (RHI), alongside any street by street roll out. Cabinet at its meeting in October agreed to support the North Staffordshire Warm Zone to help residents and businesses in the borough to maximise funding on offer from the national Green Deal and ECO energy efficiency programmes. Funding for the Warm Zone could be considered appropriate as part of this overall housing programme.

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. There is a broader point too about the relative importance of optimising housing choice and quality because of the significant impact that it has upon the overall quality of life and wellbeing of the Borough's residents. Taking into consideration that the funding is coming from the New Homes Bonus, given the objectives of the scheme, it is appropriate that the funding is prioritised for the housing 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 unfit and /or unsafe housing. The Council would have to solely rely on our enforcement role which may force some vulnerable residents to become homeless, leave un-inhabitable homes boarded up and homes unrepaired contributing to a decline in the area.
- 3.3 The above said it will be necessary for members to consider these proposals against other competing priorities, details of which will be reviewed as part of the wider capital programme proposals.

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. At the time of writing this report the Government's DFG grant award has not been made and it is anticipated to be known in February 2013. It is anticipated that this Government grant will be similar to current levels at £514,000. Should the Council consider allocating £350,000 this would create a DFG programme of £864,000. It is important to note that the current programme for 2012/13 was for £760,000 and all of this money was allocated by September, therefore all applications since October are being approved and delivered by pre-allocated funding. Whilst in December the Council received a top-up allocation of £134,000 for DFG's in the current financial year, it is considered appropriate that the Council increases the 2013/14 budget to deliver the level of adaptations required and plans on a continued higher grant level for future years to meet customer needs.
- 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 2013/14 as follows:
- **Emergency assistance to deal with properties with serious safety or health hazards** in accordance with the Housing Renewal Assistance Policy. Assistance is only available to low income vulnerable households. This will require a budget of £50,000.
 - **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. The Strategy has been agreed and funding needed to implement the strategy. The New Homes Bonus also gives funding for the net number of homes returned into occupation. A budget of £30,000 is proposed for this scheme to continue the support for a Housing Standards Officer to deliver the Empty Homes Strategy.

- 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 majority of the clients are elderly and/or disabled who find it difficult arranging for repairs to be carried out themselves. The Agency relies on funding made up from grants from local authorities, the parent Housing Association, Staffordshire County Council and client's own funds.

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. Discussions are taking place with the County Council and other District Councils to ascertain if the services of the Home Improvement Agency can be jointly procured. These discussions may result in a procurement process taking place next financial year and will be subject to a future Cabinet report. It is therefore recommended that the Council extends the current Service Level Agreement with Revival for 2013/14.

- The **Accredited Landlords scheme** has been very successful and landlords pay a 2 year membership fee. Officers recommend that the Council continues to be part of the North Staffs scheme with the majority of the costs met from membership fees. Due to competing financial priorities it is not proposed to make grant funding available to the accredited landlords. This issue was debated at the Economic Development and Enterprise Overview and Scrutiny Committee as it was recognised that many vulnerable people live in private rented accommodation and landlords should be supported to offer good accommodation; in the past, a small capital grants fund has incentivised owners to implement improvements to a good standard. Whilst this is the case, it is recognised that the provision of safe accommodation is the legal responsibility of the landlord and should unsafe accommodation be provided then the Council can take enforcement action in order to ensure that defects are repaired. On balance the Portfolio Holder was satisfied about the merits of providing a fund at the same level as last year.
- **Home Loans** have previously been used successfully to help vulnerable residents repair their own homes where there is sufficient equity and an ability to meet repayments. In 2012 the Council allocated £10,000 to Revival Home Improvement Agency to support the development of home loans for the most vulnerable in the area. Revival have secured partnerships with the Hanley Economic and Foundations to ensure some vulnerable residents can access suitable loans. Referrals are now made to Revival and loans are being issued to enable vulnerable people supported by Revival to complete home repairs.

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. The allocation of a modest level of capital could enable the Council to support "at-risk" schemes or another initiative could be to consider support for the development of a site capable of holding one or two properties.

4.4 Delivering schemes to improve home energy efficiency supports delivery key elements of the council's Energy Efficiency and Climate Change Strategy as well as the Housing Strategy. Cabinet considered the options in relation to the new opportunities that are arising through the Green Deal and specifically the Energy Company Obligation (ECO) funding, it was approved that the most appropriate way forward was to work with the **North Staffordshire Warm Zone**. Officers have been working with the Warm Zone and other partner local authorities to establish a suitable programme to maximise the opportunities and deliver a cost effective service. There will be a need to contribute towards the Team and running costs to enable Warm Zone to dedicate capacity to delivering ECO grants in the Borough. The level of recommended support should be informed by the contribution of the partner agencies.

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 DFG's 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 at least three 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 has been completed.

8. **Financial and Resource Implications**

8.1 The provisional NHB allocation for 2013/14 is £931,273. Taking into consideration the objectives of the funding, the capital and revenue requirements, it is considered appropriate to allocate £600,000 to fund housing-related schemes and some towards the day to day housing services costs.

8.2 The table below shows proposed schemes for 2013/14 utilising the planned £600,000.

Scheme	2012/13 NHB funding for the Housing Capital Programme £000s	2013/14 NHB funding for the Housing Capital Programme £000s
Affordable housing	0	65
Viability	0	0
Empty Homes	30	30
Health and Safety	44	50
Home Loans	10	0
DFGs Match funded the Government grant of £514,000 to make a total budget of £864,000 in 2013/14.	250	350
Warm Zone	5	60
Home Improvement Agency	40	40
Accredited Landlords Scheme	5	5
Total	384	600

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. Additionally the general health and wellbeing of our most vulnerable residents may be adversely affected.

10. **Key Decision Information**

- 10.1 The Housing Capital Programme is available to assist in meeting the housing needs of vulnerable residents in all wards and involves committing significant resources.

11. **Earlier Cabinet/Committee Resolutions**

- 11.1 The current Housing Capital Programme was approved by Cabinet on 26 January 2012.
- 11.2 The Cleaner, Greener, Safer Overview and Scrutiny Committee recommended support for the Warm Zone as a delivery of the Green Deal in 5 September 2012. This was supported by Cabinet on 17 October 2012, the decision was (a). That the Council continues to support North Staffordshire Warm Zone to enable it to maximise the uptake of funds which will be on offer from the national Green Deal and ECO energy efficiency programmes. (b) That officers discuss the level of funding required with Warm Zone with a view to the funding being allocated as part of the Housing Capital Programme alongside the 2013/14 budget setting process.
- 11.3 The Economic Development and Enterprise Overview and Scrutiny Committee considered the draft Housing Capital Programme on 19 December 2012.

12. **List of Appendices**

None.

13. **Background Papers**

None.