

<u>HEADING</u>	Housing Capital Programme 2014/15
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<u>Portfolio:</u>	Economic Development, Regeneration & Town Centres
<u>Ward(s) affected:</u>	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.

Recommendations

That the Housing Capital Programme be approved on the basis set out in the report and funded from the allocation of £515,000 of New Homes Bonus funding and a land disposal to the value of about £100,000, with provision for the virement of funding, subject to agreement with the relevant Portfolio Holder(s), between schemes to maximise the benefits of external funding opportunities to help more vulnerable residents.

Reasons

The Council considers the Housing Capital Programme every year to ensure that its 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 the Council's strategic housing priorities and to support the Borough's 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 2013/14 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 provisional New Homes Bonus allocation for next year (2014/15) is £1,273,000. 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.

2. **Issues**

- 2.1 Under the New Homes Bonus (NHB), 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 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.
- 2.2 The Empty Homes Strategy outlines the issues and approaches to dealing with empty homes and provides stretching targets. 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.

3. **Options Considered**

- 3.1 It is important that the Council considers the full range of housing schemes that could be 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 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 Economic Development and Enterprise Overview and Scrutiny Committee considered the draft Housing Capital Programme on 17th December 2013 and their recommendations are included in the proposals below.
- 4.2 **Priority Investment Areas**
In order to meet residents' needs the Council invests in a range of housing schemes through the Housing Capital Programme. There are a number of important schemes delivered as part of the Housing Strategy and Housing Renewal Assistance Policy which require housing capital finance.

The following schemes may be considered as priority housing schemes to assist the most vulnerable residents in the Borough during 2014/15:

- The Council has a statutory duty to provide **Disabled Facilities Grants** 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 remains high. 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 2014. 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 2013/14 was for £998,000 based on additional grant being awarded by the Government in December 2012 and used by the Council to take into account outstanding need. As at the beginning of November the Council had spent £370,000 on completed DFGs, had works in progress on adaptations valuing £152,000 and referrals valued at £290,000. It is therefore likely that over November to March that the remaining budget will be required. It is considered appropriate that the Council sets the 2014/15 budget to deliver the anticipated level of adaptations to meet customer needs.

- **Emergency Repair Assistance** to help home owners on a low income or in receipt of a means tested benefit to address serious risk to their health, safety and wellbeing arising from the condition of their home. This may be for emergency repairs to heating and hot water, provision of heating, addressing dangerous electric installations or leaks and dampness. Grants are for a maximum of £5,000 and are repayable if the property is sold within five years. Such grants are a vital part of keeping vulnerable residents safe, warm and well especially through the winter. Additionally they are an "invest to save" measure preventing disrepair and ill health escalating. By restricting support to those in greatest need particularly over the winter months an allocation of £50,000 may be considered appropriate.

- 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. The Council currently provides a grant of £26,000 to Revival together with fees related to individual property grants. In July 2013 the Council agreed to work in partnership with the County Council and other district Councils to procure new Home Improvement Agency services. At the time of writing this report the tender documents have been issued and it is anticipated that the new contract which will be based on fees alone will be operational within the next financial year. It is therefore recommended that the Council extends the current Service Level Agreement with Revival until the new County Commissioned service is in operation. An allocation of £13,000 is recommended.

4.3 Optional schemes

The following schemes may be considered as optional housing schemes to assist the vulnerable residents in the Borough during 2014/15:

- **Emergency Repair Assistance** to help all vulnerable people regardless of the time of year, so for instance heating would be repaired over the summer months. An

additional allocation of £30,000 may be considered appropriate to assist an additional 6 vulnerable residents.

- The Council has produced a statutory report (The Home Energy Conservation Act (HECA) Progress Report 2013-2015) outlining practical, cost-effective plans which are likely to result in significant improvements in the energy efficiency of homes in the borough and a reduction in fuel poverty by promoting and supporting key government programmes such as Green Deal and Energy Company Obligation (ECO). With regard to the Green Deal there has been a low take up nationally and therefore DECC have sought bids for projects to deliver energy efficiency measures.

The Council has joined two partnerships to submit bids, to consider areas designated by the Government as Carbon Saving Community areas. Together with Stoke City Council and Cheshire West Council a bid has been made focussed on the urban areas which could include Galleys Bank, Butt Lane, Knutton, Chesterton, as well as wards with substantial numbers of solid wall terraced homes including Wolstanton / May Bank and possibly Town.

The Council is also part of a bid with Marches Energy Agency which includes all the Staffordshire District Councils focussing on rural parishes which could include Audley and Madeley.

At the time of writing this report the partnerships are providing DECC with additional information in response to their clarification questions. It is unlikely that the outcome of the DECC bids will be known by this meeting, if any decision is made then a verbal update will be given at the meeting. The aim is that urban area energy efficiency measures will be delivered by a new ECO brokerage organisation which it is hoped will be in place by April 2014. The Council, Stoke City and Cheshire West Councils have committed to establish a local agency which will deliver a “one stop shop” approach. This **Energy Advice Service** will provide focussed marketing and promotion securing Energy Company Obligation funding and manage this and Green Deal across the North Staffordshire region and West Cheshire. A tendering exercise led by Cheshire West is in progress.

It is proposed to allocate £20,000 in addition to the £60,000 allocated in 2013/14 which will be carried forward to deliver the new service.

- Bringing **empty properties** back into use is a priority for the Council and residents affected by living next to empty properties the Council could consider allocating funding to bringing empty homes back into use. The current programme includes £30,000 which has been used to cover a proportion of the staffing costs; these costs have been mainstreamed as part of a service restructuring exercise. The number of properties empty for more than 2 years has decreased from 1049 (2007) to 679 (2012). Officers are actively dealing with approximately 80 properties of which approximately 10 are problematic and may require more targeted enforcement activity. Some Local Authorities continue to support giving small scale grants to owners of empty homes to bring them back into use. As part of the Council’s adoption of the Empty Homes Strategy 2013-18 the Council moved to an approach of providing encouragement and support to owners of empty homes to bring them back into use and using appropriate enforcement action to bring empty homes back into use. This could be backed up by offering small loans to owners to help with disrepair issues that prevent occupation. This will have a positive impact on the blight caused by empty homes, help increase housing availability, plus homes brought back into use contribute to the new homes bonus so this would create additional income to the Council. Funding of £20,000 could be used to assist bringing 4 homes back into use.

- 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. It is recommended that this partnership approach continues and officers are authorised to make in-year adjustments to any schemes in line with other partner contributions which are not yet committed at the time of writing this report. There are currently 154 Accredited Landlords in the Borough managing 505 properties; this number fluctuates as landlords buy and sell property. The Council inspects all properties where complaints are made or concerns arise alongside a 10% sample of other properties on an annual basis. It is 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. It is therefore recommended that the Council continues to take enforcement action against serious disrepair but also considers utilising match funding grants to encourage landlords to meet better standards in line with good licensing principles. An allocation of £32,000 would enable match funding support of £2,000 for the return to use of 16 homes.

- 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. Due to competing Council priorities it is however not recommended to allocate funding but to direct Registered Providers to the Homes and Communities Agency and to discuss with Registered Providers the development potential on Council sites as part of the Assets Management Strategy (see separate agenda item). It is proposed to allocate up to £100,000 of land assets to support the delivery of affordable housing. In addition it is intended that a similar approach should be taken for the current financial year to avoid the need for committing the approved allocation of £65,000 for such purposes. Going forward the Council should seek the active disposal of assets including land to facilitate the delivery of affordable housing.

- It is important that the Council is able to develop strategies and policies based on evidenced local needs. The last Housing Market Assessment and Stock Condition Survey was produced in 2008 and it is accepted that these are valid for 5 years. The Council could therefore consider commissioning new studies, however with limited financial resources it is worth considering to what extent the studies and updated policies will deliver outcomes if the resources to actual schemes are unlikely to increase greatly. The Strategic Housing Market Assessment could be considered as more important than the Stock Condition Survey as this contributes to the affordable housing policies and the development of the Local Plan. The need for this is therefore to be considered as part of the development of the Local Plan and indicatively £15,000 of the Housing Research revenue is allocated to this for 2014/15. Members could however allocate funding for this from the Housing Capital Programme and could consider allocating £50,000 for a Stock Condition Survey.

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

5.1 The delivery of these housing programmes 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 and enable the Council to meet its statutory obligations in the Home Energy Conservation Act 1995

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 New Homes Bonus allocation for 2014/15 is £1,273,000. Taking into consideration the objectives of the NHB funding, the capital and revenue requirements, it is considered appropriate to allocate £515,000 from the NHB allocation to fund housing-related schemes.

8.2 The table below shows proposed schemes supported by Scrutiny for 2014/15 utilising the planned £515,000 from the New Homes Bonus together with land to the value of £100,000 to be disposed of for the express purpose of delivering affordable housing, to give a total investment value of £615,000.

Scheme	2013/14 NHB funding for the Housing Capital Programme £000s	Scrutiny Recommended 2014/15 Funding for the Housing Capital Programme £000s
Priority Schemes		
DFGs Match funded the Government grant of £514,000 to make a total budget of £864,000 in 2014/15.	350	350
Health and Safety	50	50
Home Improvement Agency	40	13
Optional Schemes		
Additional support for Health and Safety		30
Energy Efficiency measures through the Energy Service Provider	60	20
Empty Homes	30	20

Accredited and Licensed Landlords Support	5	32
Affordable housing	65*	100*
Stock Condition Survey	0	0
Total	600	615

*To allocate land assets up to the value of £165,000 to assist in the delivery of affordable housing (including the £65,000 from the 2013/14 allocation).

- 8.3 The Scrutiny Committee recognised that there are opportunities for the Council to bid for external funding and to take a partnership approach to seeking funding especially in relation to the energy efficiency agenda. Where possible officers seek external funding to assist residents prior to utilising Council emergency repairs funding. To reflect this the Scrutiny Committee recommended that the Cabinet approve the overall Housing Capital Programme and endorse the approach of viring between the schemes so that the maximum number of vulnerable residents can be assisted (the latter to be done in consultation with the relevant Portfolio Holders). Your officers support the latter approach.

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 2013/14 Housing Capital Programme was approved by Cabinet on 16th January 2013.
- 11.2 The Economic Development and Enterprise Overview and Scrutiny Committee considered the draft Housing Capital Programme on 17th December 2013.

12. **List of Appendices**

- 12.1 None.

13. **Background Papers**

- 13.1 None.