
REPORT TO:	HOUSING AND COMMUNITY SERVICES COMMITTEE	AGENDA ITEM: 8
DATE OF MEETING:	24th AUGUST 2017	CATEGORY: DELEGATED/ RECOMMENDED OPEN
REPORT FROM:	GED LUCAS STRATEGIC DIRECTOR	
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SUBJECT:	HOUSING POLICY POST ELECTION	REF:
WARD(S) AFFECTED:	ALL	TERMS OF REFERENCE: HCS01

1.0 Recommendations

1.1 That the issues identified and actions to tackle these are noted.

2.0 Purpose of Report

- 2.1 To provide an update to Members on the progress of the Housing White Paper together with an update on matters outstanding in respect to the Regulations and Guidance under Part 4 of the Housing & Planning Act 2016 in regard to the proposed Higher Value Asset Levy and introduction of fixed term tenancies.
- 2.2 To inform Members of the impact of the outcome of the General Election and Grenfell Tower tragedy on wider Housing Policy and how South Derbyshire is responding to these challenges whilst continuing to maintain the delivery of its housing service.

3.0 Detail

- 3.1 National rent policy requires the Council to continue with a reduction in rents by 1% a year for four years (until 2019/20). This continues to have a major impact on long term HRA financial planning for South Derbyshire. To 2020 we are forecasting a reduction in income of £6m and that grows to £19m by 2024. The overall losses have had a negative effect on the capital programme and new build. To help fund the shortfall, we need to build more houses, but without borrowing the potential gap in reserves versus cost of building is an issue. The sector continues to lobby the government for a positive change to this policy and we are hopeful that this will be reflected in the emerging rent policy from 2020/21. However, if rents continue to decline, the Council will need to re-evaluate how sustainable it is for it to continue as landlord and it may need to look at options for the service.
- 3.2 The Government published its Housing White Paper for Consultation on the 7 February 2017. This Consultation ran until the 2 May 2017. This Committee along with Environmental and Development Services agreed the Council's response to this consultation and this was submitted to Department of Communities and Local Government (DCLG) in early May 2017.

- 3.3 The intervening period of election "*purdah*" and the outcome of the General Election with the return of a Conservative Government and appointment of a new Housing Minister have meant there have been no further announcements or developments in regard to this Housing White Paper or the Housing and Planning Act 2016.
- 3.4 Given that the introduction of the High Value Asset Levy and Fixed Term Tenancies, outlined in the Housing & Planning Act 2016, both require debate and approval of the necessary Regulations by both Houses of Parliament under the "*Affirmative Resolution*" process there must be a doubt as to whether the necessary Parliamentary time can be found in this session of Parliament. Although prior to the General Election it was believed that the DCLG were intending to consult on the Fixed Term Tenancy Regulations in the spring/summer of 2017. Once these regulations are approved the Council will need to amend its Allocations Policy and Tenancy Policy so that Fixed Term Tenancies can be introduced for new tenants.
- 3.5 Registered Providers (RP's) are working with the Government to extend the Right to Buy (RTB) to their tenants by way of voluntary agreement instead of legislation. Any extension of this Voluntary RTB and take up of this will reduce the amount of stock available to those in need of rented housing in South Derbyshire.
- 3.6 Rent to Buy is a government scheme designed to ease the transition from renting to buying a home by providing subsidised rent. With Rent to Buy, residents can rent a newly built home at approximately 20% below the market rate for up to five years (exact period of time varies by property). They would then have the option to buy the property or to buy part of the property under a Shared Ownership scheme. When they get to the end of the time period, they either have to buy part of the property or leave.
- 3.7 One element of Housing Policy that the Government do intend to press ahead with is the idea of "*Bespoke Housing Deals*" which was a key element of the Housing White Paper and part of the Conservative election manifesto. It is unlikely that South Derbyshire would be part of these deals as they will be targeted on those Councils with the capacity to deliver large numbers of new affordable housing. Meetings are currently being held between the DCLG and authorities to discuss these deals.
- 3.8 Another element of the Conservative election manifesto likely to feature in the future on the Government's agenda is proposals for "*fixed term council housing*". This included provision of significant low cost capital funding and was linked to a Local Authorities capability and capacity to develop more homes. In return for this Local Authorities will build new fixed-term social houses which will be sold privately after 10/15 years with an automatic RTB for tenants, the proceeds of which will be recycled into further homes.
- 3.9 The Homelessness Reduction Act received Royal Assent on the 27 April 2017, The Homelessness Reduction Act 2017 will place new legal duties on English councils so that everyone who is homeless or at risk of homelessness will have access to meaningful help, irrespective of their priority need status, as long as they are eligible for assistance. The Act will amend part VII of the Housing Act 1996.
- 3.10 Members at Housing and Community Services on 14 June approved recommendations to enable Housing as a whole and in particular the Homeless Service to change to meet the future needs of tenants and those in housing need moving forward.

- 3.11 During the first quarter of 2017/18, more people are approaching the Council for help including vulnerable people with complex needs at risk of homelessness. This rise has led to the number of households currently in temporary accommodation to 27 households (families and single households) pending enquiries or with a full housing duty as at the 31 July 2017 compared to 11 households as at 31 March 2017. The position is becoming more and more challenging and will continue to do so as a result of legislation restricting automatic entitlement to housing benefit claimants for young people aged 18-21 unless an exception applies. The Council has also increased the number of properties used to a total of 8 from its HRA stock on a short-term basis to supplement traditional temporary accommodation.
- 3.12 The Council is also reliant on RP's to help it discharge the duty it owes to those homeless applicants. Increasingly RP's are reluctant to rehouse some of the more vulnerable tenants where a duty is owed. This is related to increasingly complex needs such as health, drug and alcohol issues and financial distress. The Council will be contacting RP's operating in the district to discuss and resolve this issue.
- 3.13 Single homelessness is increasingly become a bigger issue for South Derbyshire to address. Along with the increased demands on the service highlighted in 3.11, the Council is expecting the number of single person presentations to expand considerably from April 2018 once the Homeless Reduction Act 2017 comes into force. This is being discussed with other Derbyshire Authorities to look at options as to how this issue is addressed.
- 3.14 The Queen's speech delivered at the state opening of parliament on 21 June contained little in the way of new housing legislation, however it did promise that the Government would bring forward *"proposals to ban unfair tenant fees, promote fairness and transparency in the housing market, and help ensure more homes are built"*. Proposals will be brought forward in a draft Tenant Fees Bill.
- 3.15 The tragic fire at Grenfell Tower on the 14 June 2017, in the Borough of Kensington and Chelsea resulted in an as yet unknown number of deaths and was the worst fire of its kind in Social Housing.
- 3.16 Following this tragedy, the Queen's speech confirmed that the Government will initiate a full public enquiry into the tragic fire at Grenfell Tower to ascertain the causes and ensure that the appropriate lessons are learnt.
- 3.17 The primary concern nationally has been around buildings over 18 metres, or six storeys, where people stay at night and we have no buildings that meet these criteria in our housing stock.
- 3.18 Alongside landlords across the country, the Council has been taking proactive measures to make sure its buildings are safe by ensuring that up to date fire safety risk assessments are in place across all housing communal blocks/areas. These assessments have also been reviewed by the Council's Health and Safety Officer who has extensive experience in fire safety. The Council has no cladding similar to that involved or serving the same purpose of that involved in the Grenfell Tower.
- 3.19 A "Smart Meter Bill" will also be introduced through the Queen's speech to continue to support the roll out of smart meters and ensure that "smart meters will be offered to every household and business by the end of 2020" claiming that smart meters will provide annual savings on energy bills of £300 million across all households rising to £1.2 billion per annum by 2030.

3.20 The impact of Universal Credit continues to pose a potential income risk for the Council for the future. Planned full roll out of Universal Credit is scheduled for August 2018 in South Derbyshire. Recent research has been undertaken in May 2017 looking at the impact of welfare reform on households living in council and Arms Length Management Organisation (ALMO) owned homes at the 31st March 2017. Key messages from the survey (the full survey is attached in Appendix A) were:

- Approximately **2.6%** of households living in council and ALMO owned homes have moved onto Universal Credit (UC)
- Of these nearly three quarters were in arrears (**73%**). The total arrears deficit for UC claimants across 37 respondents were **£6.68 million**, or approximately **10%** of the total arrears bill.
- **40%** of UC claimants in arrears were not in arrears prior to going on to UC.
- On average, UC households in arrears owed **£772.21**.

3.21 New proposals to cut out unfair abuses of leasehold were announced by the government in July 2017 in a major move that will deliver a fairer, more transparent system for homebuyers. These proposals set out plans to ban new build houses being sold as leasehold as well as restricting ground rents to as low as zero. This can often expose homebuyers to unreasonable and long-term financial abuse.

4.0 Financial Implications

4.1 The annual 1% reduction in rents for the years up to 2019/20 continues, an increase in Right to Buy discounts and welfare reform have all added significant extra cost pressure to the Council's HRA Business Plan.

4.2 The previous Government's proposal to impose a high value asset levy would weaken the financial position of the HRA still further. The detailed regulations around this have not yet been released by the Government so no related assumptions have yet been incorporated into the HRA Business Plan.

5.0 Corporate Implications

5.1 The Housing White Paper and any further changes to National Housing Policy could have a significant effect on the delivery of housing in the District and the provision of services to vulnerable tenants. In particular this could affect the aims set out in the Corporate Plan

- Facilitate and deliver a range of integrated and sustainable housing and community infrastructure
- Enable people to live independently
- Protect and help support those most vulnerable, including those affected by financial challenges

6.0 Community Implications

6.1 Housing Policy directly impacts on Council tenants and those in need of housing; however it can also impact on the planning, public health and healthcare sector as well as the communities of South Derbyshire.

7.0 Background Papers

Appendix A: Pause for Thought - Measuring the impact of Welfare Reform on tenants and landlords - [https://www.housingnet.co.uk/pdf/Pause%20for%20Thought%20-%20Welfare%20Reform%20Report%20\(2017\).pdf](https://www.housingnet.co.uk/pdf/Pause%20for%20Thought%20-%20Welfare%20Reform%20Report%20(2017).pdf)