

HOUSING SELECT COMMITTEE		
Title	Key Housing Issues	
Key Decision	No	Item No. 6
Ward	All	
Contributors	Executive Director for Customer Services	
Class	Part 1	Date: 11 March 2015

## 1. Summary

- 1.1 The Housing Key Issues is a general report that aims to update the Housing Select Committee on current and new issues important to housing.

## 2. Elphicke-House Review

- 2.1 The Elphicke-House review looked at the role of local authorities in supporting the delivery of new homes, and was published on the 27<sup>th</sup> January 2015

- 2.2 The review was launched by the Chief Secretary to the Treasury, Danny Alexander, and the Communities Secretary, Eric Pickles, and led by Natalie Elphicke, chair of Million Homes, Million Lives, and Keith House, Leader of Eastleigh Borough Council. Elphicke-House was set a brief of assessing if councils are making sufficient use of their existing powers and flexibilities to deliver new social housing. For example, the enquiry looked at whether Councils could use their property portfolio more effectively to finance house-building by selling expensive vacant properties and using the receipts to build new affordable homes.

The review also considered how councils could work more closely with housing associations, house-builders and businesses to build more new homes.

- 2.3 The review was to consider new freedoms and flexibilities which could be given to councils to deliver new social housing.

- 2.4 Elphicke-House worked with several local authorities, housing associations, housing management organisations, ALMOs and legal and financial services. London Borough's engaged in the report included:

- Royal Borough of Greenwich
- London Borough of Westminster
- London Borough of Wandsworth
- London Borough of Hammersmith and Fulham

The report also worked with Pinnacle PSG, who manage PFI housing in Lewisham.

2.5 The accepted recommendations are:

- Local authorities to become 'housing delivery enablers'.
- To consult on extending the Transparency Code to cover all HRA land. The Transparency Code 2014 details information which must be made publically available.
- Government to monitor schemes to support small builders to expand.
- Government to consider strengthening advice to encourage councils to pro-actively support neighbourhood planning.
- Councils to pro-actively use existing powers, levers and opportunities and to periodically test value for money of contracts.
- Government to work with LGA to encourage councils to fulfil the role of 'housing delivery enablers'.

2.6 The Transparency Code currently stipulates that local authorities must publish details of all land and building assets including:

- all service and office properties occupied or controlled by user bodies, both freehold and leasehold
- any properties occupied or run under Private Finance Initiative contracts
- all other properties they own or use, for example, hostels, laboratories, investment properties and depots
- garages unless rented as part of a housing tenancy agreement
- surplus, sublet or vacant properties
- undeveloped land
- serviced or temporary offices where contractual or actual occupation exceeds three months
- all future commitments, for example under an agreement for lease, from when the contractual commitment is made

2.7 One of the key recommendations that the government are exploring further is the establishment of a new organisation to bring councils and finance sectors together - offering advice and support to increase private investment in the housing. Although exploring this, the government indicates that it has no appetite to fund such an organisation stating that they will "explore with the local government sector how the intention behind this recommendation might be delivered in a way that secures value for money without creating unnecessary bureaucracy".

The recommendations requiring further exploration are:

- Establishment of new organisation to bring councils and finance sectors together.
- Councils taking responsibility to work with developers, local businesses, agencies and others to ensure that sites with planning permission are progressed as quickly as possible.
- Possible need for new guidance on development panels.
- Greater transparency over data on all forms of public sector land.
- Sharing information, supporting small builders and the importance of partnership working.

2.8 These are all worthy aims but it will not lead to the step change in new housing delivery that is required to address the housing challenge. The role of the Housing Enabler is already familiar in Lewisham – though there is always more that we could

do – and so in summary there is little in this report to change the delivery landscape for us, or to create new funding or delivery opportunities for which we could bid.

- 2.9 The review was not able to challenge caps on local authority borrowing and concluded that caps on HRA borrowing are not a major issue for housing delivery. This conclusion runs contrary to our experience in Lewisham. In Lewisham, we are constrained by the HRA headroom rules. We have funding to deliver 500 homes by 2018 but in the longer term and at greater scale we will be short of funding without increased borrowing.
- 2.10 The report refers to Council's working as 'housing delivery enablers', by creating housing opportunities by using our own assets, working closely with partners. Lewisham Council is already well-established in this role, with key examples including the way it is releasing land for community self-build at Church Grove, releasing land to partner RPs, and by enabling large regeneration schemes at Heathside & Lethbridge and at Excalibur.

### **3. Right to Buy Social Mobility Fund**

- 3.1 DCLG have announced an £84m 'Social Mobility Fund' to offer social tenants up to £30,000 to buy a new home on the open market. The policy will provide tenants who would have qualified for the Right to Buy with support to purchase a home on the open market.
- 3.2 In order to access funding, Local Authorities will have to submit a bid for a proportion of the funding, which they can then offer to tenants. The maximum grant available to tenants in London is £30,000, significantly lower than the £100,000 Right to Buy discount.
- 3.3 Funding bids are encouraged to prioritise:
- older tenants seeking to move into more appropriate accommodation, or move closer to family elsewhere in the area or further afield
  - working age tenants who wish to move to a different area to access job opportunities
  - tenants that struggle to get a mortgage because of the nature of the property in which they live.

Department for Communities and Local Government (DCLG) will also welcome proposals that demonstrate partnership working with housing associations in order to offer the scheme to tenants with a Preserved Right to Buy.

- 3.4 Bidding is open to any stock-owning local authority. The local authority must demonstrate that they can deliver the required number of purchases that their bid should support. To illustrate: a bid (outside London) of £500,000 should deliver no fewer than 25 open market purchases (£500,000 divided by £20,000).
- 3.5 Bidding for the first round of the fund, up to £42m, will close on 18<sup>th</sup> March 2015, and officers are currently developing options to enable Lewisham to bid for and benefit from this funding.

- 4. Vacant Buildings Credit:** The "Vacant Buildings Credit" was introduced at the beginning of February 2015, and means that a house-builder developing a brownfield

site only has to pay a contribution for affordable housing on the scheme if its total floor space exceeds that of vacant buildings previously on the site. So for example, a developer replacing a 500 sqm non-housing development with 1,000 sqm of housing development would only be liable to make an affordable contribution on the net increase in development of 500 sqm. Opposition has been expressed to this new measure by a range of organisations, including a number of other local authorities as well as housing developers including the Westminster Property Association.

## **5. Decent Homes**

- 5.1 The GLA made available additional backlog funding for Decent Homes for 2015/16, which was targeted at any London local authority which still had greater than 10 per cent “non-decency” at 31 March 2014. Officers worked closely with Lewisham Homes to submit a bid to bring the remaining 1,396 units up to the Standard which equated to 11 per cent of the Lewisham Homes stock. This exceeded the 10 per cent threshold by 112 non-decent units, or 1 per cent.
- 5.2 Officers have recently been informed by the GLA that the Council was unsuccessful in its bid. This is because of a strict interpretation of the 10% non-decency rule – if the Brockley PFI stock, which is all at the decent homes level, is considered with the Lewisham Homes stock, then less than 10 per cent of the overall stock is non-decent. On that basis the GLA were unable to fund the Council.
- 5.3 The additional funding that was applied for was not factored into the Council’s HRA business plan, which means that all of the Council’s current housing investment objectives are still funded despite the decision. It is the case instead that had this funding been received then it would have been possible to further extend the level of housing investment – which could have been new homes or other investments such as energy efficiency or estate improvements – that is currently possible.

## **6. Financial implications**

- 6.1 The purpose of this report is to inform members of current key issues that affect housing and as such has no direct financial implications
- 6.2 **Where necessary**, the financial implications of each issue will be considered in specific reports as matters progress

## **7 Legal implications**

- 7.1 There are no specific legal implications to provide within this report.

## **8. Crime and disorder implications**

- 8.1 There are no crime and disorder implications arising from this report

## **9. Equalities implications**

- 9.1 There are no equalities implications arising from this report

## **10. Environmental implications**

- 10.1 There are no environmental implications arising from this report

## **11. Background Documents and Report Originator**

11.1 There are no background documents to this report.

11.2 If you have any queries relating to this report please contact Jeff Endean on 020 8314 6213.