



### Laying the Foundations: A Housing Strategy for England District Councils' Network Briefing

#### Introduction

The Government published its Housing Strategy on the 21<sup>st</sup> November 2011. A full copy of the document can be found on the Government's website at [www.communities.gov.uk](http://www.communities.gov.uk). The Strategy seeks to take bold action to unblock the housing market and get the country building houses again.

It aims to deliver the strategy in line with the key ethos of the Localism Act by getting rid of top down targets and enabling communities to respond to the housing needs in their areas.

The Strategy is a response to the following issues:

- Increase in the age of first time buyers due to requirement of high deposits
- Young people not having the same opportunities to buy or live near family
- Families being unable to move into larger properties as their families grow due to inability to sell
- Fall in the numbers of new houses built
- Need for more affordable housing
- Pressure on tenants in the private rented sector, including high deposits.

There appears to be two main areas of focus:

- Getting the housing market moving.
- Radical reforms to social housing which is described as "not working".

#### Implications for district councils:

- Councils will need to assess the level of investment into housing which is achievable over the next 5 years and if that investment will meet the demands for housing locally
- Councils will need to be clear as to how much housing is a priority for them. It is important that local Housing Strategies are reviewed in light of the national strategy.
- Have district councils got the capacity to undertake the role of developer/manager or enter a joint venture with housing associations.
- Councils will need to decide politically whether or not they can release their assets and also consider whether or not to pool their assets with neighbouring authorities to help get more development underway.

- Councils need to decide as to whether or not they are willing to offer simplified planning as an incentive.
- How much community interest is there for house building including self-build?
- Councils will need to identify and devote community involvement resources to work with communities to gauge and promote interest in the need for housing locally. Robust evidence is required to demonstrate any local needs.
- Councils need to assess the impact of welfare reforms, including tenants on the private rented sector
- Councils will need to build the capacity of the private rented sector, particularly for smaller units following the extension of the shared room rate for housing benefit in January 2012 to 35 year olds.
- Councils need to be aware that the right to buy discounts coupled with the expected increases in social housing rent may act as a powerful incentive for people to purchase but this needs to be balanced with the needs for people on the social housing waiting list.

### Initiatives for delivering the strategy

The Government's aims to achieve the above by the introduction of a number of new initiatives as well as those already announced in the Localism Bill, such as neighbourhood planning and community right and other initiatives such as the New Homes Bonus. The key new initiatives outlined in the strategy are as follows:

**New build indemnity scheme:** to be led by the Home Builders Federation and Council of Mortgage Lenders. It aims to improve access to up to 95 per cent loan-to-value mortgages for new build properties in England, backed by a house-builder indemnity fund. An estimated 100,000 eligible first time buyers and home movers will be supported through this scheme.

**Large scale development and infrastructure:** there is a loose aspiration to support locally planned large-scale development, but the government has said it does not favour a prescriptive approach. Government will run a competition in 2012 to promote development of a wave of larger-scale projects, including on brownfield sites, where there is clear local support and private sector appetite.

**Additional measures on land release:** government will look in detail at how to unlock the release of, and maximise development opportunities on, key surplus public sector sites. A small advisory group of experts will be selected in early 2012. To maximise transparency the Government Property Unit will also soon be publishing data on government land and property holdings across England to help communities and developers identify development opportunities and challenge landholders to bring derelict land and property back into use. Land auctions will be encouraged in which the public body shares the sale proceeds with the local authority

**Get Britain Building investment fund:** this £400 million fund is intended to support firms in need of development finance with the aim of starting stalled sites which have planning permission and are otherwise ‘shovel ready’. A full prospectus will be issued in December 2011 providing more details and inviting bids to the fund.

The Government estimates there are 133,000 stalled units of housing with planning permission, of which 90,000 have not started and are classified as on hold or shelved. An additional 43,000 have started on site, but have not progressed to completion within the last 12 months. To encourage action on these sites, local authorities will be required to reconsider s106 agreements that date from before April 2010, if these are now delaying schemes.

**Additional measures to support custom-build housing:** Councils will be asked to assess the demand for custom-build in their area and take positive steps to facilitate it. Government proposes to allow custom-build house builders to access publically owned land, potentially using the ‘build now, pay later’ model. A Custom Homes Champion will be appointed to raise public awareness of the benefits of custom building and work will begin to establish a ‘one stop shop’ to provide advice and support to potential custom builders. Additionally, up to £30 million will be made available to support provision of short-term project finance to the custom home build sector on a repayable basis in order to unlock projects.

**Guidance on allocations:** will be issued to local authorities to make it clear that social homes are not ‘to be allocated to people who don’t need them’ while those ‘in genuine need should be prioritised’ (for example, service personnel).

**Further measures on investment in affordable housing:**

- Some funding retained for funding for community groups in rural areas to deliver affordable housing
- Encouraging new providers into the affordable housing sector, through a new regulatory framework - increasing the range of investors and providers in the market so that affordable housing is seen as an attractive opportunity for institutional investors such as pension funds
- Seeking new sources of investment through capital markets, e.g. retail bonds and private placements.

**Further measures on council housing finance reform:**

- **Strengthened guidance** for councils considering the future of their housing management services and ALMOs
- **Active encouragement for voluntary stock transfers** - inviting proposals for a programme of transfers, especially those that deliver a robust, long-term sustainable future for estates and neighbourhoods
- **Consultation on self-financing determinations.**

**Further announcements on the Right to Buy:**

- **Discounts:** consultation paper due this month with proposals that discounts should average 50 per cent.
- **Receipts:** the first call will be the debt on the property sold, with the balance being available for new investment.
- **Abuses:** there will be consultation on further steps to control abuses of the Right to Buy

**Further measures to tackle tenancy abuse:** social homes should not be allocated to people that already own a home that would be suitable for them to use.

The Government recognises the need to develop the private rented sector and has put forward the following measures:

- **Independent review** of the drivers for, and the barriers to, investment in private homes to rent
- **Supporting new build to let models:** HCA will pilot the marketing of sites to include homes for rent to investigate their potential. The pilots will be run in partnership with local authorities. The HCA will invest equity in the scheme by providing land.
- **Regulation:** there will be no additional regulation, but government will look at measures to deal with rogue landlords and encourage local authorities to make full use of the powers they already have to tackle dangerous and poorly maintained homes.

**Further measures on empty homes:**

- £50 million will be provided to tackle concentrations of poor quality homes in areas of low demand. Government will seek match funding to deliver total investment of £100 million.
- £2 million of the capital funding will be bought forward to be used this financial year, to bring over 200 empty homes into use as affordable homes.

**Additional measures for older people:**

- Introduction of the concept of a **'new deal'** for older people's housing with the intention to enable people to make informed choices about their housing and care in later life.
- **Lifetime Homes:** will not be enforced but will be encouraged; new research and a toolkit will be published in 2012
- **Other initiatives:** government is also looking at initiatives such as 'Home Share' which match people needing low levels of support with people who will provide such support in return for receiving accommodation

**Further measures for service personnel:** commitment to consult to ensure service personnel with urgent housing needs receive an 'additional preference' in allocation schemes

**Further measures on preventing reposessions:** proposed consultation on reform of Support for Mortgage Interest (currently paid to certain benefit

claimants to help maintain mortgage commitments to remain in their own home) in order to align it with universal credit.

### New Guidance and consultations

Although the Localism Bill was supposed to be about less control for councils and communities from central Government, there are a large number of guidance and consultation papers due to be published over the next few months. Listed below are just some of the key documents:

- Allocating Social Homes –guidance for consultation December 2011
- Social Housing Regulation (revised standards for social landlords) - guidance for consultation December 2011
- Reinvigorated Right to Buy scheme- guidance for consultation December 2011
- Transfer of local authority housing stock to Registered Providers – new guidance due April 2012
- New build indemnity scheme – scheme to be launched Spring 2012
- Government’s Homelessness Strategy – Spring 2012
- Independent review of the impact of the welfare reforms – Spring 2012