

Housing: Key Issues and Priorities

Purpose

For discussion and agreement.

Summary

This report summarises key issues relevant to the supply and quality of housing and sets out proposals for the Board's priorities and key areas of work for the coming year. Subject to discussion and Members' views officers will develop a detailed work programme for agreement with lead members.

Recommendation

That Members of the Board discuss the key issues and suggested priorities and areas of focus set out in **paragraphs 6 and 9**.

Action

Subject to agreement by the Board, officers to undertake the projects set out in this report over the course of the next year.

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Housing: Key Issues and Priorities

Introduction

1. The Board has a powerful role to play in delivering the LGA's business plan priorities set out in the business plan 2014-15 and the corporate campaign '100 days' and its work on housing should support and advance these priorities.
2. The business plan includes specific objectives within the board's remit on housing issues which include:
 - 2.1. Councils unblock the barriers to house-building and drive the increase in housing supply the nation needs – we will continue to make the case for councils to promote affordable and social housing by using their own borrowing powers and encouraging third parties through the planning system.
 - 2.2. We will work to ensure that councils have the tools to manage the housing impacts of welfare reform.
3. The LGA's corporate campaign '*Investing in our nation's future: the first 100 days*¹' puts forward a costed route-map for an incoming government on the key issues at the top of any new government's 'to do' list. Housing plays a prominent role and the campaign proposes the following measures:
 - 3.1. Place councils on a level playing field with housing associations by excluding council housing expenditure and borrowing from counting against the UK index of public debt.
 - 3.2. Put in place meaningful incentives to encourage private developers to speed up the delivery of housing which already has planning permission.
 - 3.3. Create council-led local land trusts with powers to pool surplus public sector land for housing and make decisions about its disposal. Trusts would operate on a build now pay later model which could also be extended to private sector landowners.
 - 3.4. Announce an immediate removal of the Housing Revenue Account (HRA) borrowing cap.
 - 3.5. Incentivise councils to consider using their reserves for housing investment by allowing them to retain any savings to the housing benefit bill in housing.
 - 3.6. Scrap the Right to Buy's complex arrangements for councils to ensure that the discount is in line with the local housing market and that the receipts from sales are retained directly by the council to reinvest in replacement housing.

¹ <http://www.local.gov.uk/documents/10180/6341755/LGA+Campaign+2014+-+100+Days/8255560f-7c96-432f-bbfe-514d3734a204>

Housing supply

Issues and achievements

4. There is agreement across the political parties that we need to build more houses. The government projects that 221,000 new households will form each year in the decade to 2021, however, just 114,000 homes were built in the 12 months to June 2014². However, very high levels of house building have only ever been possible when councils have been building on a large scale. The LGA has stressed that achieving a significant increase in house building necessitates giving councils the freedom to do more to add to the efforts of the private sector and Housing Associations.
5. The government responded to our campaign by lifting the borrowing limits for the Housing Revenue Account (HRA) by £300 million 2015-17 and by returning a planned £330 million top slice of the New Homes Bonus to Local Authorities outside London. The government has also commissioned Cllr Keith House and Natalie Elphicke to undertake a review into the role of local authorities in housing supply which will report at the end of the calendar year. The Lyons Review will also consider the role of local government in delivering housing as part of its broader review. We expect the report to be published shortly.

Future Priorities

6. To lead the debate on solutions to allow councils to meet these challenges it is proposed that the Board's work on housing is focused on the following strands of work:
 - 6.1. **Develop the evidence base to demonstrate the potential impact of council led house building, both directly and in partnership.** Continue our campaign to press for the HRA borrowing cap to be removed by providing evidence of council building and value for money of building both through the housing revenue account and by accessing and leveraging other forms of finance in partnership with Housing Associations and private developers.
 - 6.2. The LGA's Improvement and Innovation board is supporting a group of interested councils to build new homes for rent on council owned land outside the HRA. A consortium approach is being used to get economies of scale in accessing finance and spread legal and other development costs. Expressions of interests have been invited. **It is proposed that this Board receives updates to enable it to input into this work as it develops.**
 - 6.3. **Press for a more transparent, swifter and more certain process to assess viability to encourage swift build out of sites with planning permission and the provision of necessary infrastructure to support new developments.** The planning system has an important role to play to support homes built swiftly and sustainably. However there is still further action to take to ensure that viability assessments are meaningful, transparent and straightforward. It is proposed that the

² Annual starts for the 12 months to June 2014 = 137,780. Annual completions for the 12 months to June 2014 = 114,440
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/345947/House_Building_Release_-_June_Qtr_2014.pdf

LGA work with the government and property industry to consider necessary joint action.

- 6.4. **Lobby for a joined up approach to the disposal of public land.** Further work to develop proposals outlined in the “100 days” document for local leadership on the disposal of all publicly owned land for housing through council led land trusts.
- 6.5. **Promote “build now, pay later” arrangements** as a more effective way of meeting infrastructure costs than traditional land sales across local government and the private sector.

Housing implications of welfare reform

Issues and achievements

7. The welfare reforms have strong housing implications. The affordable housing stock currently available in England does not meet needs and is ill equipped to respond to the demand for smaller properties generated through the reforms. This is particularly acute in high demand areas where competition for privately rented homes is fierce and prices are high.
8. The LGA work in this area has been led by the Resources Board. This work has focused on the use and allocations of Discretionary Housing Payments. We have called for a wholesale review of its use so that allocations match changing demand for support. The board may wish to consider its input into the work of the Resources Board to ensure that the housing implications of welfare reform are highlighted.

Future Priorities

9. It is proposed that the Board receives updates from the Resources Board to enable it to input into its work on welfare reform. In addition it is proposed that the Board:
 - 9.1. **Work with Housing Associations, private landlords and tenants groups to support low income tenants to access appropriate and sustainable housing** and to ensure that tenancies are sustained and supported.

Next steps

10. Members are asked to:
 - 10.1. Consider and discuss the proposed areas of focus set out at paragraphs 6 and 9.
 - 10.2. Subject to the Board’s view agree that officers should develop the proposed areas of focus into a work programme for agreement with the portfolio lead and other lead members.