

STROUD DISTRICT COUNCIL
STRATEGY AND RESOURCES COMMITTEE

**AGENDA
ITEM NO**

13 JUNE 2017

12

Report Title	HOMES FOR RENT
Purpose of Report	<p>The Council wishes to provide more rented homes for the district and has approved a four year expenditure profile in its Capital Programme 2017-21 under the heading Homes for Rent.</p> <p>In making this decision, it was acknowledged this would require decision-making about the nature of the programme.</p> <p>The political landscape around the delivery of new housing, and affordable housing in particular, is currently a rapidly changing one. This report sets out the proposed next steps.</p>
Decision(s)	<p>The Committee RESOLVES: To approve the activity programme set out at 4.1 in the report and to consider a further report on the nature and scale of a delivery programme for Homes for Rent at its meeting in October.</p>
Consultation and Feedback	<p>At a joint seminar on 6th April, officers presented a wide range of options to members of the Housing Review Panel and the Investment & Development Panel. Subsequent Panel meetings (10th and 11th April) continued to discuss options.</p> <p>An officer meeting with the Homes & Communities Agency took place on the 16th May and a meeting with Registered Providers took place on the 25th May.</p>
Financial Implications and Risk Assessment	<p>The Homes for Rent budget offers a number of options within the General Fund, each of which would need a robust business case to ensure financial viability before progressing.</p> <p>Approval of an increase in borrowing capacity in the HRA could, subject to financial viability of new build schemes, allow for further development in the HRA.</p> <p>Lucy Clothier Principal Accountant Tel: 01453 754343 Email: lucy.clothier@stroud.gov.uk</p>

Legal Implications	It is permissible to use General Fund resources to provide social housing, such having been the subject of legal advice in 2014 – 2016. The relevant powers, which vary according to which legal vehicle is used to develop, own and manage the new housing units, are subject to various restrictions (e.g. State Aid, Secretary of State approval, borrowing cap rules etc.). Once the available external options to which this report refers have been investigated, the most advantageous vehicle(s) which will be used to develop, own and manage the units can be resolved. K Trickey, Legal Services Manager Email: karen.trickey@stroud.gov.uk
Report Author	David Hagg Chief Executive Tel: 01453 754290 Email: david.hagg@stroud.gov.uk Leonie Lockwood Business Development Manager Tel: 01453 754153 Email: leonie.lockwood@stroud.gov.uk Pippa Stroud Implementation Manager Tel: 01453 754099 Email: pippa.stroud@stroud.gov.uk
Options	The range of investment options was set out at the joint seminar and are not repeated in this report. Based on discussions at the seminar and at subsequent Panel meetings, members indicated that there should be a focus on specific housing needs and that the opportunity to draw in capital funding from partners should be explored.
Performance Management Follow Up	Dependant on the detailed programme that has yet to be agreed.
Background Papers	Homes for Rent (version 1) Spectrum of Housing Options Officer presentations made to the Joint Seminar

1. THE CONTEXT FOR A 'HOMES FOR RENT' PROGRAMME

1.1 The District's housing situation impacts on the local economy as well as the environment, health and well being of citizens.

- the need for affordable housing is substantial – estimated to be 425 new units per annum. Effectively, all the new homes built each year in the District would need to be affordable to meet this need. Of the 430 new homes built in 2015/16, 117 were affordable (27%)
- there are 2,117 households on the housing register, with around 440 new lettings of affordable housing each year.
- rent levels in the private sector are increasing faster than wage levels, resulting in more households having to look for affordable accommodation outside the District – this is particularly true of young people

- the average wage to house price ratio is almost 1:10 (well above the national ratio of 1:8), meaning fewer people are able to get onto the home ownership ladder and therefore seek rented accommodation
- standards of private rented accommodation are generally lower than those provided by registered providers of affordable housing.
- discussions with local employers have highlighted housing costs as a major factor affecting the local labour market
- some elements of the affordable housing market e.g. extra care, are not available in the District
- during 2016/17 there was a 30% increase in homeless applications

2. INVESTMENT AVAILABLE FOR THE HOMES FOR RENT PROGRAMME

- 2.1 As the Council has reached its borrowing cap in the Housing Revenue Account, a sum of £8m has been agreed within the General Fund's Capital Programme over 2017-21. In addition to this investment, it is hoped that other partners will be willing to make substantial capital investments.
- 2.2 Discussions have taken place with senior colleagues in the Homes & Communities Agency (HCA) about the availability of Government funding. The HCA has several funding streams that may be appropriate, albeit there are conditions associated with HCA funding.
- 2.3 Discussions also took place with senior representatives of 10 Registered Providers (RPs). The Council already has a positive and successful working relationship with these registered providers and they were encouraged to invest alongside the Council on key sites throughout the District. The RPs have agreed to meet in June with a view to setting up a Stroud District Strategic Partnership. Using a consortium approach, this would help increase the supply of affordable homes.
- 2.4 Both this committee and the Housing Committee have previously been made aware of the potential loss of right to buy receipts out of the District back to central government. The Council can use unapplied capital receipts from Right to Buy sales to help finance schemes brought forward by registered providers.
- 2.5 Overall, the aim is to use our £8m and land opportunities to attract 'match funding' from partners over the 4 years.

3. THE CURRENT POLICY CONTEXT

- 3.1 The political landscape around the delivery of new housing, particularly affordable housing is changing. There currently seems to be support across the major political parties for HRA borrowing caps to be reviewed and perhaps lifted. Councils like SDC that have a strong delivery track record and with sites that are readily available may benefit from a change in national policy.
- 3.2 The Council has previously lobbied Government Ministers for this and also presented the case through the Local Government Association and the District Councils Network. The HRA is able to access subsidy for affordable rented

housing through the use of Right to Buy receipts or through HCA funding, which a Housing Company, wholly owned by the Council, cannot.

- 3.3 If the HRA borrowing cap were to be lifted there are several readily available opportunities to deliver more affordable housing on the sites currently identified for redevelopment as part of the Sheltered Modernisation Project. The Council is able to draw on the successful, award winning council house build programme in terms of experience, expertise and capabilities.
- 3.4 Options for the provision of new specialist accommodation for vulnerable households, including temporary accommodation for homeless families, will be further explored with registered providers. The Council would only go forward with the project if a suitable organisation (charity, trust, registered provider) is identified with the ability to fund the running costs without recourse to the Council. The Council would pay for any use of the accommodation by homeless people.
- 3.5 Throughout the District there are opportunities for community based initiatives. Using the Community Housing Fund allocation and the Self Build grant provided to the Council , efforts will be made to develop small scale schemes by community land trusts, housing co-ops and 'self build' individuals.

4. NEXT STEPS

- 4.1 It is important that the momentum of the work already undertaken is maintained. Regardless of the outcome of the general election, the following activity programme will be undertaken:

June 2017

- Establish a Stroud District Strategic Partnership amongst registered providers
- Arrange HCA visit to key strategic sites
- Progress discussions with Registered Providers, charities and trusts about a foyer/shared housing/home in multiple occupation scheme as outlined in 3.6 above.

July 2017

- Review outcome of RP strategic meeting
- Approach DCLG Ministers with a proposal for lifting the HRA borrowing cap