

RIBBLE VALLEY BOROUGH COUNCIL REPORT TO HEALTH & HOUSING COMMITTEE

Agenda Item No.

meeting date: 24 MARCH 2011
title: CHANGES TO FUTURE OF SOCIAL HOUSING AND IMPLICATIONS
FOR RIBBLE VALLEY
submitted by: CHIEF EXECUTIVE
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1 PURPOSE

1.1 To inform Committee of the government's radical programme to reform both delivery and funding of social housing.

1.2 Relevance to the Council's ambitions and priorities

- Council Ambitions – to meet the identified housing need in the borough.
- Community Objectives – housing.
- Corporate Priorities – housing.
- Other Considerations – N/A

2 BACKGROUND

2.1 The government has embarked on a programme to undertake a fundamental reform of social housing.

- With the intention to strike a balance between the needs of new and existing tenants.
- To ensure that the support which social housing provides is focused on those who need it most for as long as they need it.
- Give local authorities and housing associations new powers so they have more flexible use of social housing in a way which meets the needs of the individual households in their area.

2.2 Legislation will need to be changed to be able to deliver many of these reforms and these will be contained within the Localism Bill. This report gives a brief summary of the reforms and more details are available in a policy document which is downloaded from the Department of Communities and Local Government's website: www.communities.gov.uk.

3 THE REFORMS

3.1 Tenancies

The lifetime tenancies of existing housing association tenants will not change. For new tenants Registered Providers (RP's) will have the freedom to grant fixed term tenancies. These fixed term tenancies will be at social rent levels and provide another option for landlords and tenants, alongside the new fixed term affordable rent

tenancies. Landlords will not have to grant new fixed term tenancies and will be able to continue to give lifetime tenancies in some cases. Fixed term tenancies will have the same rights as lifetime tenants, such as right to repair and right to buy/acquire. The fixed term tenancies will have a minimum period of at least two years but no maximum time period, so landlords can provide a length of tenancy that takes into account the needs of the individual tenant and the local community.

All landlords will need to publish their own policy on tenancies in the light of these new rules and tenants views. Their decisions on whether to renew a tenancy at the end of a fixed term will need to be in line with that policy. What happens at the end of fixed term tenancies is important. Many tenants will need to stay in social housing either in their current home or another suitable property. Others will be able to move on to low cost home ownership or private rented housing. Landlords will need to discuss the various housing options with their tenants well before the end of the fixed term and help tenants move on to different accommodation where it is appropriate.

3.2 Succession

The rules on succession are also changing. For all new tenants lifetime and fixed term in future the staff or partner of the tenant will have the automatic legal right to succeed, as long as the tenant himself is not a successor. However, landlords will be able to give additional succession rights in the tenancy agreement if they choose. The changes to succession will not affect existing secure tenants who stay in their current home or move using the social home swap scheme.

3.3 Affordable Rents

A new affordable rent tenancy will be offered by housing associations to all new tenants of social housing from April 2011. Affordable rent properties offer short term tenancies at a higher rent than social rent, with landlords able to set rent anywhere between current social rent levels and up to 80% of local market rents.

Providers will be able to let a property at the affordable rent (inclusive of services charges) of up to 80% of the gross market rent which reflects the property size and location. The maximum rent level for affordable rent will be calculated according to the individual characteristics of the property. Landlords are required to assess the gross market rent that the individual property would achieve and set the individual rent inclusive of service charges at up to 80% of that level.

The guidance to RP suggests that there may be specific circumstances where it is appropriate to set rents at less than 80% of market rents where a rent at 80% of market rent would exceed the relevant Local Housing Allowance (LHA) cap. Local authorities will continue to play the same role in nominations. Tenants of affordable rent properties will be able to get housing benefit if they are eligible.

3.4 Allocations

Councils will be able to set the rules which decide who qualifies to go on a housing waiting list. At the moment they have to keep open waiting lists, which means that people can get on to council waiting lists whether they are in need of social housing or not. The rules which determine who should get priority for social housing will continue to be set by central government, by means of statutory reasonable preference categories. This is to ensure that the priority of social housing continues to go to the most vulnerable in society and those who need it most.

3.5 Mobility

The government is introducing a nationwide social home swap scheme so that all social housing tenants wishing to move have the best chance of finding a suitable match.

3.6 Homelessness

Councils will be able to bring the homelessness duty on to people homeless through no fault of their own and in priority need to an end with the offer of suitable private rented housing. At the moment we can only do this if the person formally agrees. Homeless households can effectively insist on being offered social housing. This significantly restricts the number of social homes that could be made available to others in need on the waiting list. The tenancy offered will have to be for at least 12 months and if the person becomes homeless again within two years through no fault of their own, the council would have a duty to secure accommodation for them again. Councils will still be able to offer social housing to meet the homelessness duty if they choose.

However, in Ribble Valley the private rented sector is not affordable to homeless households unless an affordable rent has been secured through grant conditions.

3.7 Funding of the Affordable Homes Programmes 2011-2015

Alongside the new product, a new delivery model has also been introduced. Full details of the changes can be found at www.homesandcommunities.co.uk. The spending review brought significant reduction in the HCA affordable housing programme with £4.5 billion for 2011-2015 compared with £5 billion per annum in the past five years. The National Affordable Housing Programme (NAHP) grant that has supported schemes in the borough has finished once the current schemes have completed. There is a shift from regionally proportioned allocations to a national programme.

The key feature to the change is that the funding for RP affordable housing delivery is not through grant, but a potential rental income streams through delivery of the affordable rent product combined with the opportunity to cross-subsidise from disposal of units and market sales.

The timetable for the 2011-2015 Affordable Homes Programme has a deadline for submission of offer, of 3 May 2011. RPs are being asked to provide a flat rate per unit and the number of units to be delivered.

3.8 Impact for Ribble Valley

These are significant changes as to how social housing is delivered and the real concern is the affordability of the affordable rent product. How many households in the borough will be able to afford the new affordable rent at 80% from market rent? Since the consultation document was released, we have met with all partner associations. They are all keen to look at development in the borough, however, the much reduced grant available means affordable housing will have to be secured through the Section 106 negotiations and therefore we are looking at less development of affordable housing in the future. Only two products will be developed and available in the future – shared ownership and affordable rent. The fixed term tenancies will remove the reliance on social housing for life, although applying this in

Ribble Valley will leave households with limited move on choice of accommodation once their fixed term tenancy expires.

The local authority is required to agree district tenure strategy, which all RPs will have to take into consideration.

RP funds will flow across boundaries, so capital receipts from property sales and converting existing social rent to affordable rent is at the control of the RP. Where this additional capital is spent is at the control of the RP.

4 RISK ASSESSMENT

4.1 The approval of this report may have the following implications

- Resources – RP may request contribution from the Council to support delivery. The HCA has identified the New Homes Bonus as a funding stream for future delivery.
- Technical, Environmental and Legal – staff time required to consult on and prepare the district tenure strategy.
- Political – may be concerns about who the affordable rent product is aimed at.
- Reputation – important that the ambition of the Council is not compromised through this change in tenure.

5 **RECOMMENDED THAT COMMITTEE**

5.1 Request a housing workshop session is delivered to discuss all aspects of the recent changes and the implications for the current and future tenants and households in housing need in the borough.

To agree Members views on: Affordable rent product
Fixed term tenancies
RVBC's offer to assist affordable housing delivery

5.2 That Members accept the information and note the changes to affordable housing delivery and that these changes will apply when considering new scheme proposals.

CHIEF EXECUTIVE

For further information please ask for Rachael Stott, extension 4567.