

CABINET

**HEAD OF ENVIRONMENTAL HEALTH AND
HOUSING**

15 November 2016

REPORT NO. EHH1622

KEY DECISION? NO

CAPITAL GRANTS TO REGISTERED PROVIDERS OF SOCIAL HOUSING

SUMMARY AND RECOMMENDATIONS:

This report provides members with information on grant funding for Registered Providers of Social Housing, in particular on funding for affordable/social rent properties. It sets out proposals for amending the way in which grant is used so that it maximises the number of lettings available and contributes to reducing the councils temporary accommodation costs

It is recommended that Cabinet

- Supports the principle of using the Council's resources to help meet housing needs and make best use of the social housing stock as set out in the report;
- Approves the delegation of grant award decisions of £30,000 or lower to the Head of Environmental Health and Housing in consultation with the portfolio holder for Health and Housing; and
- Approves the delegation of authority to the Head of Environmental Health and Housing in consultation with the portfolio holder for Health and Housing to agree a grant administration scheme.

1. INTRODUCTION

- 1.1 The purpose of this report is to advise members of changes to the funding regime for new affordable homes, and to recommend a change of emphasis in the purposes for which grant assistance is given to registered providers of social housing (RPs) to support our work in meeting housing need.

2. BACKGROUND

- 2.1 Under the Housing Act 1996 s22 ss3 local authorities are permitted to make grants or loans for the assistance of a registered social landlord. To qualify as capital grant the contribution the Council makes must be at least £10,000.

- 2.2 Since transfer of the Council's housing stock in 1995, a budget has been allocated to fund new affordable housing schemes in the borough and support a development programme.
- 2.3 To develop affordable housing RPs raise money from the financial markets based on the income stream from the homes they build. Because the rents from affordable housing are lower than market rents, the funding that is raised against rents does not meet the cost of providing new homes. In the past, funding from the Homes and Communities Agency was available to help bridge this gap.
- 2.4 Since the financial crisis in 2008 the Homes and Communities Agency has reduced the amount of funding available for affordable housing. This has meant that RPs have been at a disadvantage when competing with private housebuilders for sites. Delivery has principally been on s106 sites for which there is no grant support.
- 2.5 Owing to the reduction in schemes coming forward the Council's budget has gradually reduced from £1m in 2004 to £120k for 2016/17. It now only covers small contributions to schemes that, at the point of budget setting, have advanced sufficiently to be deliverable. The Council's current financial position means that funding larger affordable housing schemes would be difficult.
- 2.6 In the last year the Government has moved priority for funding to affordable homeownership initiatives. Grant will no longer be available from the Homes and Communities Agency for affordable rented housing. RPs will still be able to raise private finance and use their own reserves but most are looking to cross subsidise affordable rent by developing more shared ownership and developing for private sale. Although in Rushmoor an ongoing supply has been secured by s106 agreements on major developments, it is likely that overall the amount of affordable rented housing delivered will reduce.
- 2.7 The Council is currently dealing with a trend of rising homelessness and increasing demand for temporary accommodation. When our stock of temporary accommodation is full, the Council uses Bed and Breakfast accommodation. This can result in significant cost to the General Fund. The supply of lettings from the existing social housing stock and from new developments is essential to achieve flow through temporary accommodation into permanent housing, and reduce the need for B&B.
- 2.8 To manage the council's temporary accommodation effectively, the council, in partnership with RPs, needs to encourage and contribute to new affordable rent schemes and to making best use of the existing social housing stock to maximise the lettings available.

3. DETAILS OF THE PROPOSAL

General

- 3.1 It is proposed that the Council uses its ability to provide grants in a more targeted and strategic way to meet housing needs and make best use of the social housing stock. Examples of the way in which grant could be used are set out in paragraphs 3.2 – 3.6
- 3.2 To contribute to the provision of specific types of housing:
 - Affordable rent properties.
 - smaller properties designed for under occupiers to create chain lettings.
 - Wheelchair adapted accommodation.
 - Four bed homes at lower rents for working, low income families or families affected by the benefit cap.
- 3.3 To contribute to bringing empty properties back into use to meet a social housing need
- 3.4 To contribute to the purchase of street properties to meet a specific housing need
- 3.5 To provide “top ups” to Disabled Facilities Grants to help people remain in their existing home or move to more suitable housing
- 3.6 Other initiatives where spending a capital sum is the most cost effective way of meeting a housing need or generating lettings e.g. extensions or loft conversions to help overcrowded households.
- 3.7 In order to support its ability to provide grant as a contribution to new build schemes and to provide some flexible funding to meet housing need; and maximise lettings a capital bid will be prepared for the Council’s forthcoming budget process for members to consider. On the evidence of previous years is unlikely that a budget of more than £200,000 will be requested.
- 3.8 This budget could be financed/supplemented by commuted sums which are financial payments from developers taken in place of on site affordable homes, usually where the form of development makes the units offered unsuitable for affordable housing.
- 3.9 It is proposed that powers are delegated to the Head of Environmental Health and Housing in consultation with the portfolio holder for Health and Housing to approve spend of £30,000 or below, on any one grant. Spend over £30,000 will be referred to Cabinet for approval.
- 3.10 Grant applications will need to be able to demonstrate that they can help achieve one or more of the following outcomes: meeting a housing need,

maximising the number of lettings, helping people move on from temporary accommodation or reducing costs to the council

3.11 Grants will only be available for properties in Rushmoor or properties to which only Rushmoor has nomination rights.

3.12 Should a housing proposal come forward that offers benefits to the Council but exceeds the budget, it will be evaluated taking account of prevailing financial conditions before Cabinet is asked to make a decision on whether to fund.

Administration of the budget

3.13 The procedures for administration of the council's capital grant for affordable housing were set up in 2004 and now need review. Delegated Authority is sought for the Head of Environmental Health and Housing to agree procedures in consultation with the Cabinet Portfolio Holder for Health and Housing. The procedures to cover:

- Adjustments to the scheme of delegation
- Eligibility of Registered Providers to apply for grant.
- Grant conditions
- Payment of grant and verification required.
- Audit of outcomes

3.14 **Alternative Options**

None

3.15 **Consultation**

None

4. IMPLICATIONS (of proposed course of action)

Risks

4.1 There is a risk that the amount of grant available is not sufficient to make significant difference to the move on that can be achieved from temporary accommodation. Outcomes will need to be carefully monitored.

Legal Implications

4.2 None

Financial and Resource Implications

4.3 A bid for resources to pay for grants will be evaluated through the Council's budget process.

4.4 Any commuted sums collected from developers in lieu of providing affordable housing on site will be ring fenced for affordable housing and could be used to replace/supplement the capital budget. Details of how

the sources of capital financing are used in combination will become part of the budget setting process.

Equalities Impact Implications

- 4.4 This proposal will not have a differential impact due to racial identity, gender, age, disability, sexual orientation or religion or belief.

Other

- 4.5 None

5. CONCLUSIONS

- 5.1 The demand for housing from homeless households is rising and the financial resources for social / affordable rented housing are now significantly reduced. In this context the Council needs to be able to respond flexibly and quickly to situations where there is potential for capital spending to unlock housing situations and generate lettings to meet housing need. This has the potential to help minimise the use of Bed and Breakfast, reducing the cost to the Council of meeting its statutory duties for Homelessness.

BACKGROUND DOCUMENTS:

Housing Act 1996

Housing Strategy and Enabling file RBC Capital Grant: contract and procedures

CONTACT DETAILS:

Report Author – Sally Ravenhill. sally.ravenhill@rushmoor.gov.uk 012152 398630

Head of Service – Qamer Yasin. qamer.yasin@rushmoor.gov.uk 01252 398640