

THE WAY FORWARD FOR HOUSING – POLICY STATEMENT

1 SUMMARY

- 1.1 This report introduces the policy statement issued by the Government in December 2000, following consideration of responses received to the Green Paper.

2 BACKGROUND

- 2.1 In April 2000 the Green Paper “Quality and Choice: A Decent Home for All” was published. A report on the Green Paper was considered by this Committee on 27 June 2000.
- 2.2 Over 1000 responses were made to the proposals and the Government has recently published its response in the form of a policy statement setting out plans to take forward proposals in the Green Paper.
- 2.3 A summary of the key policy proposals is appended. A copy of the full policy statement has been sent placed in the Members’ Rooms.

3 DISCUSSION

- 3.1 At the time of writing this report the policy proposals have only been available to officers for a few days, so it has not been possible to produce a detailed commentary. However, some initial comments are outlined below:

Making it work locally

- 3.2 The need for local authorities to adopt a stronger strategic role for all housing in their District, linked with other important responsibilities (such as regeneration and crime and disorder) is emphasised. The Council has already recognised this and is tackling the task through the best value review of housing strategy. Housing strategies will form an important component of the new Community Strategy.
- 3.3 New guidance is being issued on housing needs and stock condition surveys. The Council has already carried out its first needs study; a budget decision on a stock condition survey is to be made as part of the budget process.
- 3.4 Joint working with other local authorities to meet local and regional needs is going to be increasingly expected. The Council has made progress on a number of joint projects, but this is an area where more work will have to be done in future.

Encouraging sustainable home ownership

- 3.5 Low cost home ownership is seen as an important option for people on lower incomes. Do It Yourself Shared Ownership (DIYSO) is to be further researched. This is good news, as the Council has supported moves to retain DIYSO, which was due to be phased out.
- 3.6 Additional funds are being made available for a starter home initiative to help key workers in high demand areas. This is an issue to be considered as part of the best value review of housing strategy.
- 3.7 There will be a broadening of the powers available to local authorities to help private sector renovation by allowing them to give grants, loans or other financial assistance, including through home improvement agencies. The Council will need to consider the detailed proposals in due course and decide its policy although Members will be aware of the constraints on the draft capital programme for next year.

Promoting a healthy private rented sector

- 3.8 Accreditation schemes for good landlords are to be encouraged. In Rochford, it is doubtful how much interest there will be, as private landlords have a buoyant market at the present time. The need to bring back empty homes and flats above shops into use is again emphasised. The development of an empty homes strategy is being considered as part of the best value review of housing strategy.
- 3.9 Proposals for licensing of houses in multiple occupation will be brought forward as soon as Parliamentary time allows. It is disappointing that this has not happened sooner, as some of the worst housing conditions nationally are in this type of accommodation. The old fitness standard for housing is to be replaced with a new housing health and safety rating system, which is likely to have staff training and operational implications.

Raising the quality of social housing

- 3.10 Additional resources are being made available to tackle some of the national backlog of repairs in social housing.
- 3.11 The need to separate strategic housing and housing management functions is emphasised. This has been the structure at Rochford for some time now.
- 3.12 The options available to local authorities to ensure stock is properly maintained are outlined, including Government support for the proposed transfer of up to 200,000 homes a year to Registered Social Landlords, if local authorities and tenants so choose.

- 3.13 Rochford's housing stock is generally of a high standard with 85% having had replacement double glazed windows and about the same percentage having gas central heating installed. The availability of additional funding in 2001/2 will enable the Council to advance the programme of essential works within the Housing Revenue Account.
- 3.14 Currently the Council has no plans to transfer its stock to a registered social landlord and tenant groups have supported our approach on this issue but this is undoubtedly an issue that will again need to be considered along with all the other options, as part of the Best Value review.

Providing new affordable housing

- 3.15 The Housing Corporation's Approved Development Programme budget is being significantly increased, but investment decisions are likely to be increasingly made according to national and regional priorities, which is likely to work against Rochford's interests.
- 3.16 Nationally, there will be greater opportunities for local authorities to enable the development of new social housing through the use of Local Authority Social Housing Grant. Members will recall, though, that Rochford's capital allocation for 2001/02 has been reduced. Nationally, capital resources have been reduced due to the move towards support through the Major Repairs Allowance and there is a reduction for Rochford due to capital receipts in hand.
- 3.17 Meeting rural housing needs is a strong theme, and something the Council will need to look at again through the Local Plan process.

Promoting choice through lettings in social housing

- 3.18 Rochford suspended its review of the Allocations Policy and Points System in July 2000 because of the implications of the Green Paper. Despite little support from Housing Professionals, the Government still appear to be directing Local Authorities away from points based allocations to a more choice based criteria. This will be considered as part of the best value review of housing management.

Strengthening the protection available to the homeless

- 3.19 The categories of homeless persons who are defined as being in priority need is to be extended to include 16 and 17 year olds, care leavers aged 18 – 21 and applicants who are vulnerable as a result of leaving an institutionalised background or because of domestic violence.

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- 3.20 Statutory guidance is to be issued on these changes, but they are likely to place increased pressure on the Council's already stretched resources.
- 3.21 Other legislative changes will be made which will relax some of the requirements on what accommodation can be used to house the homeless, and for how long.
- 3.22 There will be a new duty to take a far more strategic approach to homelessness than was previously generally the case. The best value review of homelessness, which is reported elsewhere on this agenda, represents a good start on that task.

New form of tenure for social housing

- 3.23 Proposals to develop a single form of tenure for all social housing tenants are to be developed and consulted on.
- 3.24 The Government propose a new form of tenure for all social housing – previously described as “commonhold”, but not mentioned again in this manner – which will strengthen the position of the tenant. Some other more flexible forms of tenure are proposed to enable social landlords to make better use of their stock. This has not been expanded upon but could take the form of formal introductory tenancies or short let licences.

Moving to a fairer system of affordable social rents

- 3.25 This is an issue which has given rise to much debate amongst housing agencies since the Green Paper was published. The Government has confirmed its intention to move to a rent system which generally reflects the desirability (and thus value) of the property and local earnings. Over a period of time there will also be convergence of local authority and registered social landlord (RSL) rents. This will mean that RSL rents will not be increased at more than ½% above inflation, and local authority rents a little above this. New guidance on social rent reforms is being issued.
- 3.26 Here the Government propose the equalisation of rents between local authorities and RSLs over a ten year period. They also suggest the adoption of fairer rent setting criteria so that account is taken of the condition and location of the subject property. This could be allied to its capital value and factorised in some way.
- 3.27 The Government state that as a result some rents will go up and others down. However, they propose a “cushion” limiting rent rises to inflation plus £2. No mention was made of limiting decreases.

Improving Housing Benefit

- 3.28 The Government reiterate their long term aim to improve and simplify the Housing Benefit Service. Rochford would support this initiative.

Tackling other forms of social exclusion

- 3.29 There are proposals on:
- tackling rough sleeping – this is not thought to be a significant issue in Rochford, although the guidance is that the Council should be seeking robust evidence, for example through a survey.
 - supporting people – changing to a more flexible and integrated system for provision of support services for vulnerable people. This will have a significant impact on some of the Council's services
 - fuel poverty – a UK strategy is to be published. The Council will be expected to play a role in delivering improvements.
 - gypsies – funding for refurbishment of sites
 - tackling crime and anti-social behaviour – using housing measures to help achieve objectives. The council has already integrated a number of crime and disorder reduction initiatives with housing strategy and this work will continue and, where possible, develop.

4 CRIME AND DISORDER IMPLICATIONS

- 4.1 Many of the policies being announced directly or indirectly impact on crime and disorder issues.

5 ENVIRONMENTAL IMPLICATIONS

- 5.1 The provision of well designed and maintained housing which is affordable to those who need it, in the right location and energy efficient are all important Local Agenda 21 issues.

6 RESOURCE IMPLICATIONS

- 6.1 These are difficult to quantify for some of the policy initiatives being announced, until the detail is published.
- 6.2 Some new Government resources have been made available nationally, but the resources available locally for housing initiatives will be influenced by national and regional priorities, local need and local strategic decisions. To date, this has meant that Rochford's resource allocations have tended to be on the low side.

APPENDIX

Summary

1. This document sets out our policies to achieve the Government's aim to offer everyone the opportunity of a decent home and so promote social cohesion, well-being and self-dependence. It follows up the Housing Green Paper, 'Quality and Choice: A Decent Home for All', published in April 2000.
2. The Green Paper invited views on our strategy for housing in England. Subsequently, in July, we announced a substantial increase in housing investment which will enable us to deliver our strategy. By 2003/04 annual capital investment in housing will be £4 billion, compared with just over £1.5 billion planned spending in 1997/98.
3. The main themes of the Green Paper were quality and choice. Quality through better homes and better services. Choice through people being given greater involvement in, and control over, their housing. Across all types of housing, owned or rented, private or public, our policies are intended to deliver improvements in quality and a fairer system which together allow people to make real choices about their homes, which support people moving into work and self-dependence, and which protect the vulnerable.
4. The Green Paper and this statement are integral parts of our wider agenda to revitalise urban and rural areas and tackle social exclusion. They need to be read alongside a number of other policy statements that have been published this year, notably: the Urban and Rural White Papers; the National Strategy for Neighbourhood Renewal; and the Planning Policy Guidance note for housing (PPG3).
5. The key proposals in the Green Paper were:
 - a stronger, more strategic role for local authorities, across all housing in their area, public and private;
 - additional measures to support sustainable home ownership, including a Starter Home Initiative for key workers, extra support for home owners moving from welfare to work and more flexible forms of assistance for private housing renovation;
 - measures to raise the standards of private rented housing, encourage new investment and tackle problems at the bottom end of the sector;
 - a range of investment and management measures to bring all social housing up to a decent standard by 2010 and tackle fuel poverty among social housing tenants;
 - measures to deliver new affordable housing in line with local needs;
 - reforms to lettings policies for social housing to promote a more customer-focused approach;
 - increased protection of unintentionally homeless people in priority need;
 - a review of tenure arrangements for social housing, retaining security for long term social tenants;

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- reforms to establish a fairer system of rents for tenants of local authorities and registered social landlords;
 - measures to streamline and simplify the administration of Housing Benefit, tackle fraud and improve work incentives; and
 - steps to tackle other forms of social exclusion, including rough sleeping, fuel poverty and anti-social behaviour.
6. We set out here our housing policies in the light of the Green Paper and the consultation responses. And we describe how we intend to implement our policies.
7. The Green Paper was welcomed by an overwhelming majority of the 1,099 respondents. There has been a lively debate on some of the proposals and much valuable comment and constructive criticism. We have sought to take account of this in formulating our policies. Some proposals have been modified to reflect concerns expressed during the consultation period. The following chapters of this document set out in more detail the way in which we are moving forward. Our key measures are summarised below:

Making it work locally

8. The Green Paper stressed how important it is that local delivery of housing policies is tailored to local circumstances. These vary widely between different areas, reflecting the diversity of our communities and the level of demand for housing. We placed a particular emphasis on the need for local authorities to take a stronger strategic role in housing, meeting needs across all types of housing and integrating housing policy with wider social, economic and environmental policies. This policy statement sets the national framework within which local authorities should work.
9. Four specific measures which we are taking forward to enhance the strategic role are:
- increasing local authorities' resources and giving them greater flexibility to adopt policies that meet the needs of their communities across all types of housing;
 - providing guidance to enable local authorities to carry out proper needs assessments and stock condition surveys to underpin their housing strategies;
 - developing closer partnership working between the Housing Corporation and local authorities, in particular ensuring that investment in new social housing meets local priorities; and
 - encouraging collaboration between neighbouring local authorities to ensure that problems are tackled effectively and not shifted from place to place, including the problems of low demand housing.
10. A number of our proposals for greater quality and choice in private and social housing will contribute to these improvements.

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Encouraging sustainable home ownership

11. We support sustainable home ownership. This means a framework where owners can afford the commitments of ownership in the long term. The biggest contribution we can make is to create a strong and stable economy, avoiding the boom and bust of the past. In the Housing Green Paper we described existing proposals to improve the home buying and selling process, to introduce a new tenure, commonhold, and reform of leasehold and proposed a new home ownership scheme, the Starter Home Initiative. We also proposed reforms to the ways in which we support home owners who lose their jobs and how we provide assistance for the renovation of private sector housing.
12. We have developed these proposals since the Green Paper was published and will:
 - press ahead with a range of initiatives to improve the home buying and selling process, including legislation in 2000/01 to require sellers to prepare a seller's information pack before their homes are marketed;
 - legislate to introduce commonhold and reform leasehold;
 - introduce the Starter Home Initiative in 2001, to help around 10,000 key workers, particularly teachers, nurses and the police, to buy their own homes in high price, high demand areas. We are today inviting organisations to bid for a share of the £250 million subsidy available over the next three years;
 - help unemployed home owners to move into work through improvements to benefit support for mortgages, paying extra support for a limited period after a person takes up employment. This extra support will be available from April 2001; and
 - give greater discretion to local authorities to enable them to support the renovation and improvement of private sector housing in a better targeted, more strategic way. Authorities will be given greater flexibility to use grants and loans to support home repair, and more effective powers to turn round areas of low demand and unpopular housing.

Promoting a healthy private rented sector

13. Our Housing Green Paper contained a number of proposals to raise the standards of reputable private landlords, encourage new investment and tackle problems at the bottom end of the sector.
14. The key measures we are taking forward to improve standards are:
 - helping well-intentioned landlords to improve their expertise through voluntary accreditation schemes and other best practice initiatives;
 - legislating as soon as Parliamentary time allows to introduce a compulsory licensing system for Houses in Multiple Occupation and consulting on proposals for selective licensing of private landlords in areas of low demand. We will also work up, for consultation, options for Housing Benefit measures which could be linked to our licensing proposals.

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- continuing to consider whether there are any tax measures which could make long-term investment in private rented housing a more attractive proposition; and
- introducing a new health and safety rating scale for assessing the condition of homes in all tenures.

Raising the quality of social housing

15. The Housing Green Paper set out our strategy to improve the quality of social housing and our commitment to bring all social housing up to a decent standard within ten years. In July we announced extra resources both for local authorities to invest in their stock where they choose to retain it and for other options.
16. In taking these proposals forward, we will:
 - bring all social housing up to a decent standard by 2010. We have set a Public Service Agreement target to improve a third of the homes that don't meet that standard by March 2004;
 - ensure that local authorities adopt a more business-like approach to housing management and investment through a new financial framework with a new Major Repairs Allowance of £1.6 billion from 2001/02 to cover the cost of maintaining council housing in sound condition, and through the application of the recommendations of the Construction Task Force in 'Rethinking Construction';
 - support the transfer of up to 200,000 homes each year from local authorities to registered social landlords, where proposals are supported by tenants;
 - encourage the creation of new arms-length management arrangements for local authority housing. In 2002/03 and 2003/04 authorities which have established such arrangements will be given extra scope to borrow for investment where there is a proven record of excellence in management and a clear business plan for the stock. Up to £460 million is being made available for this scheme;
 - promote new Private Finance Initiative schemes for local authority housing worth an extra £600 million in 2002/03 and 2003/04; and
 - ensure the consistent and rigorous application of Best Value and Tenant Participation Compact principles across all social housing.

Providing new affordable housing

17. The Housing Green Paper set out our aim to deliver new affordable housing where it is needed and in a form that is sustainable. Our proposals for achieving this included a strategic use of the Housing Corporation's Approved Development Programme (ADP) as well as effective use of planning powers. In taking our proposals forward we will:
 - increase investment in affordable housing through the ADP to over £1.2 billion by 2003/04, almost double current levels. This funding is in addition to money for affordable housing provided by local authorities and through the Starter Home Initiative;

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- distribute funds from the Housing Corporation's ADP more in line with the priorities in regional housing statements and local housing strategies, so that investment matches local needs;
- apply the Construction Task Force's recommendations and other new construction techniques to Housing Corporation-funded developments to ensure greater efficiency, better design and higher quality; and
- produce best practice guidance for local authorities to encourage more effective use of planning powers for the provision of affordable housing within new private developments.

Promoting choice through lettings in social housing

18. In the Housing Green Paper we said that social landlords should provide a more customer focused service. We proposed reforms to lettings policies which would offer choice, tackle social exclusion, help create sustainable communities and encourage the effective use and management of social housing.
19. We will do this by:
 - legislating in 2000/01 to facilitate choice-based lettings policies;
 - providing £11 million over the next three years to fund pilot lettings schemes that are customer-focused and choice-based; and
 - promoting choice based lettings schemes more generally.

Strengthening the protection available to the homeless

20. The Housing Green Paper set out our proposals to improve the protection for priority need groups who become homeless through no fault of their own. We intend to proceed with these proposals.
21. Our key measures are:
 - legislating in 2000/01, placing a stronger duty on local housing authorities to accommodate people who are homeless through no fault of their own and who are in priority need;
 - extending by order the groups of vulnerable homeless people who have a priority need for accommodation (such as care leavers and others with an institutionalised background, the victims of domestic violence and 16 & 17 year-olds);
 - legislating in 2000/01, to give housing authorities the power to provide accommodation for people who are homeless through no fault of their own but do not have priority need, where sufficient housing is available; and

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- legislating in 2000/01, to require housing authorities to conduct a homelessness review, prepare a homelessness strategy, and take measures to prevent homelessness, as part of their housing strategy.
22. Together with our legislative measures to improve lettings schemes, these measures will provide a comprehensive, properly integrated framework for offering settled housing to homeless people and others in housing need.

New forms of tenure for social housing

23. The Housing Green Paper confirmed our belief that the security of tenure enjoyed by social housing tenants should not be reduced. We proposed to look at the benefits of, and options for, a new single form of tenure for the social rented sector and also at creating new flexibilities for landlords to make better use of their stock. Of those who commented on our proposals for a review the majority supported the case for a single form of tenure. We will consider these proposals further but do not propose any significant change to the Right To Buy.

Moving to a fairer system of affordable social rents

24. The Housing Green Paper set out our aim of bringing greater fairness and coherence to the structure of social rents. We also gave a commitment to keep social rents at affordable levels, well below rent levels in the private sector. A more coherent pattern of rents would support our wider aims to give tenants more choice and more of a say over the homes in which they live.
25. There was broad agreement that the current structure of rents is incoherent and desperately in need of reform. But it has proved less easy to secure consensus on the means to the end.
26. We have developed an approach which bases a property's rent on its size, its value compared to other social properties and the earnings in the surrounding area. In future, people who live in properties which are smaller, in poorer condition, or in less attractive locations should have lower rents than those in more advantageous circumstances. There should not be arbitrary differences in rents between similar properties in similar areas.
27. The new approach will be put in place over a ten-year period. Some tenants will see their rents go down. There will be rises for others, but any rises will not exceed £2 a week in any year above normal inflation-linked increases. Landlords will have some flexibility over how changes are implemented and we will expect them to consult their tenants. Housing Benefit will continue to meet in full the eligible rents of tenants on income support or Job Seeker's Allowance.
28. These reforms will help to create a social sector where rents are fair. We are looking to landlords to ensure that, in partnership with their tenants, our policy to develop a fairer and more reasonable pattern of rents is successfully delivered in detail at the local level.
29. We also want to achieve the right balance between the average rents charged by local authorities and registered social landlords. Achieving this balance will require local

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authority rents to rise slightly faster than the rate of inflation over the next ten years or so but still at a slower rate than in recent years. This will coincide with the continued improvement of the condition of local authority stock to ensure that all unsatisfactory council housing is brought up to a decent standard within ten years.

30. In summary, the key elements of our rents policy are:

- keeping social rents below market levels and based on size, relative property values and local earnings;
- ensuring that no tenant's rent increases by more than £2 per week per year above the normal inflation-linked increases;
- that overall rent increases for registered social landlords should be no more than ¼% above inflation in any year from 2002/03; and
- achieving a coherent structure for social rents within ten years, but giving social landlords some flexibility over detailed implementation.

Improving Housing Benefit

31. Housing Benefit has an important role both in terms of our welfare to work and social exclusion agenda and our wider housing objectives. We have listened and have concluded that there is a need for action on two main fronts:

- to raise standards in administration – by raising standards across the board, but also helping struggling authorities improve; and
- to simplify the system – by reforming the Single Room Rent and exploring scope for simplifying both the claims process and the 4 parallel schemes that are currently in place.

32. Action on both these fronts will promote better administration and better work incentives.

33. Our key measures are:

- raising standards in Housing Benefit administration and promoting work incentives, working with local authorities;
- setting up our expert team to help struggling local authorities tackle immediate problems, along with action to improve the situation of registered social landlords;
- developing and implementing a new performance management framework to raise standards across the board and link local authority performance to funding;
- promoting work incentives for young people through reform of the Single Room Rent;
- making Housing Benefit both easier to administer and easier to claim by streamlining and simplifying the process for making claims, and ensuring the rules are compatible with Tax Credits;

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- simplifying Housing Benefit by further exploring simplification of the 4 transitional protection schemes.
34. In addition, we are giving further consideration to options for reforming housing support over the long-term. For example, we will look in more detail at the issues raised by respondents commenting on a scheme with a flat-rate element, as well as listen to ideas raised during our consultation on the Pension Credit.

Tackling other forms of housing-related social exclusion

35. The Housing Green Paper emphasised the important part that decent homes can play in promoting social cohesion. Chapter 12 of the Green Paper set out our policies for tackling a range of housing-related forms of social exclusion.
36. In taking our proposals and policies forward, we will continue to support vulnerable members of society and others who may be socially excluded. We want to ensure that everyone has the opportunity of a decent home and the support they need to achieve the quality of life that most enjoy.
37. The key policies set out in this statement to tackle other forms of social exclusion are:
- our ambitious programme to reduce the numbers of people sleeping rough by two-thirds between 1998 & 2002, implementing the strategy of the Rough Sleepers Unit, 'Coming in from the Cold';
 - our new Supporting People programme, to improve the quality, range and flexibility of support services to vulnerable people, with £138 million of implementation funding and £137 million for new services under our Safer Communities Supported Housing Fund;
 - our strategy to tackle fuel poverty through the new Home Energy Efficiency Scheme and other programmes;
 - our new programme to improve the quality of Gypsy sites; and
 - our national drive to tackle anti-social behaviour, taking forward the recommendations of Policy Action Team 8 which was set up as part of the Social Exclusion Unit's work on neighbourhood renewal.

Implementation

38. This statement sets out a comprehensive package of policies for housing in England. Together with the additional resources we are making available they will lead to a major improvement in the quality of life for many people in this country. We will keep track of how well we are delivering improvements by setting targets, as appropriate, against which performance can be assessed, and developing an evaluation programme for our policies. We look to those in the private, public and voluntary sectors to join us over the next decade and beyond in implementing these policies and ensuring that everyone has the opportunity – and choice – of a decent home.

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7 LEGAL IMPLICATIONS

- 7.1 Many of the policies being announced have legal implications. Some relax existing controls; others extend statutory duties.
- 7.2 The Homes Bill is due to be considered by Parliament soon, which will give effect to a number of the policy changes relating to homelessness and allocation of Council housing included in the policy statement.

8 RECOMMENDATION

- 8.1 Proposed, that this Committee **RESOLVES**

That, where appropriate, further reports be made on the implications for the District of these policy proposals, as details become available and that these issues be examined as part of the best value housing reviews. (HHHCC, HRHM, HFS)

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Background Papers:

The Way Forward for Housing: DETR December 2000

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