

## **HOUSING INVESTMENT IN THE REGIONS - CONSULTATION**

### **1 SUMMARY**

- 1.1 The Council has been invited to comment on the proposed regional split of funds for housing investment by local authorities and housing associations, allocated through the Regional Housing Pot.

### **2 BACKGROUND**

- 2.1 The Sustainable Communities Plan introduced new arrangements for the allocation of mainstream funding to support housing investment by local authorities and housing associations. Under the new arrangements allocations are increasingly being directed to address regional priorities, based on advice from Regional Housing Boards.
- 2.2 The Office of the Deputy Prime Minister (ODPM) is consulting on proposals for the distribution of funds, the totals for which were agreed in the 2004 Spending Review.
- 2.3 Following the publication of the Sustainable Communities Plan a number of separate funding streams for local authorities (the Housing Investment Programme) and housing associations (the Approved Development Programme, the Starter Home Initiative and the Challenge Fund managed by the Housing Corporation) were combined into a single funding stream - the Regional Housing Pot (RHP).
- 2.4 Regional Housing Boards were established in 2003 to advise Ministers on how this funding should be allocated within each region to meet the strategic housing priorities set out in Regional Housing Strategies.
- 2.5 Most of the funding within the RHP was split between the regions for 2004/05 and 2005/06 on a formulaic basis, using indices of housing need, stock condition, regional costs, etc. There is now a need to determine the approach for the period 2006/08.

### **3 PROPOSALS**

- 3.1 ODPM have considered alternatives to a formulaic approach, including inviting bids or making allocations on a discretionary basis linked to performance and/or specific outcomes.
- 3.2 Ministers currently consider that sticking with a formula-based approach is best because it is transparent and gives earlier certainty over future resources.

- 3.3 It is proposed that a single new formula be constructed to replace the multiple ones previously used to determine allocations. This new formula is intended to be simpler to understand and more clearly linked to national housing objectives and targets. It would be used to allocate funding between the nine English regions with funding within the region being determined on the advice of the Regional Housing Boards.
- 3.4 The national priorities that the new formula would help to deliver are:
- provision of additional affordable housing (social rented and low cost house ownership);
  - meeting the decent homes targets;
  - tackling disadvantage through the regeneration of areas suffering from multiple deprivation.
- 3.5 The new formula is to be applied from 2007/08, with allocations for 2006/07 based on a phased move from the 2005/06 allocations, which will give a smoother transition. No region will get a reduced allocation and based on current data the broad impact of the new formula is as set out below:

	2005/06	2006/07	2007/08	% Change 2005/06 to 2007/08
North East	86	86	86	-
Yorks and Humber	144	147	156	8
East Midlands	116	122	140	21
<b>East of England</b>	<b>167</b>	<b>190</b>	<b>255</b>	<b>52</b>
London	1,071	1,111	1,220	13
South East	367	380	415	13
South West	137	150	196	42
West Midlands	182	185	194	7
North West	250	250	250	-
<b>Total</b>	<b>2,519</b>	<b>2,625</b>	<b>2,912</b>	<b>15</b>

#### 4 COMMENT

- 4.1 The revised formula calculation for the distribution of funding between the regions is preferable to a bidding process or a methodology based on discretionary allocations linked to delivery, which will not give early and predictable indications of future funding.
- 4.2 Clearly, the East of England will receive the largest increase of all the regions if the formula is adopted, which has the potential to benefit the District. That said, it is the East of England which will be the subject of much targeted regeneration over the next 15 – 20 years, as outlined in the Regional Spatial Strategy e.g. Thames Gateway, M11 corridor, Milton Keynes etc.

## 5 RISK IMPLICATIONS

### 5.1 Strategic Risk

Housing funding is increasingly being allocated to meet regional and sub-regional priorities. The Council's own strategic housing priorities link well with those of the Thames Gateway South Essex sub-region. It is important that funding is maximised for the sub-region to help in developing services and homes to meet housing needs.

### 5.2 Resource Risks

The East of England needs to secure adequate resources for housing.

## 6 RECOMMENDATION

### 6.1 It is proposed that the Committee **RESOLVES**

That, subject to Member's comments, the proposal to allocate regional housing funding on a formulaic basis be supported.

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### Background Papers:-

None

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