

Briefing note – recent announcements on housing

Housing Overview and Scrutiny Committee

December 19th 2017

Introduction

Following a request from the Chair of the Housing Overview and Scrutiny Committee, this short briefing note has been produced at short notice for distribution Committee's December meeting. A full report on the same subject will be prepared in the normal way for a subsequent meeting.

1. Context

The reason for bringing a summary report of this type to the Committee at an early stage is the importance of national policy announcements on the housing situation in Thurrock. A report was provided to the Committee earlier this year on the Housing White Paper - '*Fixing Our Broken Housing Market*' (Feb 2017) – and members noted the potential impact in Thurrock of the government's evolving approach to housing policy.

This report summarises some further developments, both in the Chancellor of Exchequer's budget statement on November 24th and some subsequent announcements, which will also have a direct impact on housing in Thurrock and how the Council will address the range of challenges ahead.

2. Governance and responsibility

The Homes and Communities Agency (HCA) has been re-named Homes England, and given responsibility for a £1.1 billion Land Assembly fund to work alongside private developers to unlock supply on 'strategic sites'

Housing Associations have been re-classified as 'private non-financial corporations' by the Office for National Statistics on the basis that they are not under public control – this has the effect of removing their borrowing (currently approx. £70 billion p.a.) from the government's balance sheet, and is seen as an encouragement to deliver more homes through a more stable investment environment.

3. Housing supply – general

The Budget summarised the government's aim as '*to fix the dysfunctional housing market, and restore the dream of home ownership for a new generation*' The government's aspiration in this context is to ensure that new housing delivery rises to 300,000 new homes p.a. by the end of this Parliament in 2022.

The government's summary of actions to achieve this (*'Stimulating Housing Supply – Government initiatives...[HOC library December 2017]*) states that *'the majority of building will be carried out by the private sector..to this end, much government effort to stimulate house-building is focussed on planning measures'*

These measures and other initiatives to stimulate private delivery include;

- The abolition of stamp duty for first-time buyers for homes under £300k
- Exploring options with industry to create £8 billion worth of loan guarantees to support housebuilding, including SME's and private rented housing
- An additional £10 billion of funding for the Help To Buy equity loan scheme, extending the scheme to 2021 – this will help an estimated further 135,000 first-time buyers borrow 40% of their mortgage costs from the scheme (with a 'payment holiday' of 5 years)
- £204 million funding for innovation in the construction sector
- Consultation on a range of changes to the planning regime to strengthen delivery, including: ensuring the removal of allocated land from Local Plans where there is no prospect of a planning application; approving the granting of permission for non-Green Belt sites outside the plan, where discounted and affordable housing is included; making it easier to convert other property types such as commercial to residential; setting minimum densities for developments around town centres and transport hubs; and strengthening the Housing Delivery Test proposed in the White Paper to increase councils' powers where sites with permission are not being built out.

A government review was also established, led by Oliver Letwin MP, to look at the reasons why the number of planning permissions runs so far ahead of actual supply. An interim report will appear before the 2018 Spring Statement.

4. Affordable housing

The Budget included an announcement of to £1 billion in additional borrowing capacity for councils through the Housing Revenue Account. This will be allocated through a bidding process and will cover the period to 2021-22, with the first allocations made in 2019/20. Full details are awaited – the borrowing is said to be for additional affordable housing to be built by councils in *'areas of high affordability pressure'*, but bidding criteria and the definition to be applied will follow.

The Shared Ownership and Affordable Homes Programme is bolstered by a further £2 billion, which it is estimated will fund an additional 25,000 affordable homes by 2021 (this increase has been funded by reductions in the allocations for *'accelerated construction'* and *'starter homes'*)

An increase of £2.7 billion was also announced to the Housing Infrastructure Fund, bringing to £5 billion overall this funding to deliver the infrastructure needed to support new homes

5. Regeneration

The Budget included £400 million in loan funding for estate regeneration, *'to transform run-down neighbourhoods and provide new homes in high-demand areas'*. Full details of the criteria and mechanisms to access these loan facilities will follow.

6. Private renting

A consultation was announced on how to address some of the barriers to longer tenancies being granted by private landlords, in order to encourage more stability in the sector.

Councils were also given the power to charge a 100% Council Tax premium on empty homes in the private sector to encourage landlords to let out their properties.

7. Homelessness and rough sleeping

In relation to rough sleeping the budget announced the formation of a Homelessness Reduction Task Force to lead on its commitment to halve the number of rough sleepers by 2022 and eliminate rough sleeping completely by 2022.

The Chancellor also announced a) £20 million for 'help to rent' schemes to assist people at risk of homelessness to access and sustain tenancies in the private sector, and b) £28 million for three Housing First pilots in the Midlands and the North (Thurrock already operates a Housing First model, and has been asked to contribute to the process of establishing the pilots)

8. Benefits inc. Universal Credit

Significant changes to the Universal Credit system were announced following extensive public commentary in the run-up to the Budget. The main adjustments are;

- The ending of the seven-day period not covered for new claims
- Reduction in the waiting period before a first payment from six weeks to five
- Extension of advance repayment period from 6 to 12 months
- An increase in the amount that can be advanced (50% to 100% of first payment)
- Exemption from UC for families in temporary accommodation
- Increased opportunity for private landlords to be paid directly
- Payment of two week's Housing Benefit for all claimants moving onto UC

The move to 'full service' UC in Thurrock has had a significant impact for the Council as a landlord with over 300 tenants moving onto UC since late October. There have been only a few equivalent cases identified in the private sector to date. The impact of the above changes, estimated to cost £300 million p.a. nationally, will be to reduce the disruptive effects of the roll-out on our residents.

9. Next steps in Thurrock

As shown above the announcements cover a wide range of policy areas and a mix of mechanisms, from wide-ranging policy reviews through funding streams where details have yet to be provided to some benefit measures for immediate implementation. Work is underway to tease out the implications for services in Thurrock of all of the changes which have been announced. We will also ensure that we remain updated on bidding criteria etc. as they are announced, and take all the steps needed to maximise Thurrock's opportunities to benefit from new and additional funding.

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