

AWICS Housing News

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Recently, Government Ministers have given the go ahead for local councils to build 2,000 new council houses across England. This new project will cover 47 different areas in England and has been called the biggest project of its kind in over twenty years.

Councils Building New Homes and Better Lives?

Recently, Government Ministers have given the go ahead for local councils to build 2,000 new council houses across England. This new project will cover 47 different areas in England and has been called the biggest project of its kind in over twenty years.

However, a report by the public spending watchdog the Audit Commission named 'Building Better Lives' has described this as an oversight and has called for more attention to be paid to those existing homes.

In the past Councils used to manage substantial housing stocks, but since 1979 their role has declined with the introduction of right to buy, stock transfer and new social housing being provided by housing associations.

Despite this, councils are still local housing authorities with statutory duties to make sure housing needs and problems are being addressed. 'Building better lives' says that these duties now form the basis of a broader strategic housing role, meeting the future needs of the local economy, and supporting each area's Sustainable Community Strategy.

The Audit Commission has suggested that Councils focus too much on building new homes and should pay more attention to improving existing housing in their area, with one in three councils struggled to understand the housing market they had on their own doorstep.

The report suggests that councils felt pressured into focusing on building brand new housing, with 94% prioritising new and affordable housing targets in their local area agreements rather than developing those properties that are disused or in need of repair.

Despite the financial savings, environmental improvements and social benefits of doing so less than one in three councils made targets relating to their existing housing stock, such as bringing empty properties back into use.

The report said if all councils thought of housing more broadly, they could do more to combat poverty, ill-health and educational under-achievement, as well as helping to strengthen local communities.

It added that the recession made focusing on existing housing even more important, as the number of new housing developments being started has dived by two-thirds, meaning none of the national targets for building new and affordable housing, which were set in 2007, would be met.

The Audit Commission found that taking a strategic view of an area's housing could not only improve its economy, education, public health and community, but could also be a major cost saver

Michael O'Higgins, chairman of the Audit Commission who published the report, stated that:

"Councils aspire to shape the communities in their area for the better...In tougher times, it is all the more important that councils think strategically and creatively about housing and take their housing responsibilities seriously."

"This report encourages councils to do that and has good examples of councils that have made a real difference to their residents without spending large sums of money."

The Audit Commission found that taking a strategic view of an area's housing could not only improve its economy, education, public health and community, but could also be a major cost saver.

For example, the report suggested that every £1 spent on housing support for a vulnerable person saved nearly £2 in health services, tenancy failure, crime and residential care. While spending £2,000 on adaptations to help an elderly person stay in their home could save up to £6,000 a year on care.

The report also claimed that if only 5% of empty homes were brought back into use, councils could cut their annual homelessness costs by £500 billion.

However, the Audit Commission warned that without proper housing strategies in place, local areas could miss out on funding and support from the Homes and Communities Agency, which, among other things, provides funding for affordable housing for many who cannot find housing in other places.

It said three out of four housing authorities inspected since the year 2000 were rated as only fair or poor, with only one of the 139 councils inspected rated as excellent, with even well regarded councils describing their own housing performance as mixed.

The group added that few councils recognised how a housing strategy could meet objectives beyond housing. A Communities and Local Government spokeswoman said:

"Now is exactly the right time to focus on building new homes, and we reject any claims that there is too much emphasis on new house building...In a recession, this is more important than ever both to meet the country's long term housing needs, to support the construction industry and create jobs...That's why the Government has announced a £1.5 billion boost to deliver 20,000 extra affordable homes over the next two years."

Conservative shadow housing Minister Grant Shapps said:

"There is a powerful financial and environmental case for renovating rather than demolishing rundown housing stock..."

"Yet the government's flawed Pathfinder scheme is forcing councils to let rip with the wrecking ball, razing Victorian terraces and wiping out a valuable part of our local heritage."

"To tackle the record housing waiting lists under Labour, we need to build new homes, purchase empty private stock and refurbish our existing housing."

Liberal Democrat Housing Spokeswoman, Sarah Teather said:

"Labour has let down low income families. It has allowed the social housing waiting list to balloon to almost 1.8 million families while tens of thousands of social homes lie empty."

"The Treasury has raided council tenants' rent and the Decent Homes budget, denying councils the money they desperately need to improve local housing."

Guy Wakeley, (chief executive of social housing repairs and maintenance provider Morrison), said:

"While there is undoubtedly a need for new social housing, it is very disappointing that 94 per cent of councils are prioritising this over improving existing housing stock."

"The recession is putting increased pressures on the social housing sector and one of the quickest ways to help relieve this would be a renewed focus on putting empty homes back into use."

"The importance of improving and maintaining existing social housing stock cannot be underestimated. We have seen first hand the benefit that improvements to existing stock can bring, both in terms of the positive impact on communities and the difference it can make to individual's lives."

"The Treasury has raided council tenants' rent and the Decent Homes budget, denying councils the money they desperately need to improve local housing."

Housing Markets in Northwest England

The recession continues to affect housing markets despite some signs that the decline in house values is levelling off. Affordability remains a problem with the ratio between house prices and incomes still historically high and access to mortgages constrained by the banking crisis.

As a result Housing Associations continue to have difficulty in putting together funding for new affordable housing. This is particularly because of the limited opportunities to use market housing to cross subsidise affordable housing and the reluctance of the banks to lend on the favourable terms that were available until 2008.

The Homes and Communities Agency has committed £22million in the first quarter of this year to deliver affordable homes in the North West, resulting in the completion of nearly 600 new homes and the start on site of many more. This builds on last year's record investment of £194.5million that went towards completing 3,256 new homes and starting a further 3,243. Funding comes from the Homes and Communities Agency's National Affordable Housing Programme that is providing high quality affordable homes in sustainable communities.

The National Affordable Housing Programme has supported several key North West developments throughout the start of 2009/10, including:

- In Cheshire, Upton Dene, a former hospital site, is being developed to provide 200 new homes in an area where affordability has long been a major concern for the local community.
- The Homes and Communities Agency has stepped in to provide new funding of £3.9million to secure eighty affordable homes and maintain the momentum of the development, ensuring that local people are able to access vital new homes.
- In Ribble Valley, 27 units for Low Cost Home Ownership and twelve units for rent were funded where there is high demand for both social rent units and Low Cost Home Ownership. This scheme is on the main road into Clitheroe, one of the two market towns in Ribble Valley, and was made possible with £2million funding from the National Affordable Housing Programme.

Deborah McLaughlin, North West Regional Director of the HCA, said:

"Last year's record was a fantastic achievement, to be able to provide so many new homes in the current economic climate has made a real difference to many communities in our region. We are aiming to exceed it significantly this year and it's even more important that we work closely with partners and local authorities to ensure we do."

"These schemes clearly demonstrate the importance of the Homes & Communities Agency support in creating vibrant and sustainable communities across the North West, where people choose, and can afford, to live."

Last year's record was a fantastic achievement, to be able to provide so many new homes in the current economic climate has made a real difference so many communities in our region

The Taylor Review of the Rural Economy and Affordable Housing

The government has responded to the Taylor review of the rural economy and affordable housing.

The government agrees with Taylor that a community could decide to leave a brown field site and direct new development elsewhere through their local development framework. The government also agrees that a review of the Homes and Communities Agency's targets is required to ensure that it is still relevant in a rural setting. The government supports a good practice project to enable the Homes and Communities Agency to provide encouragement and support to poorly performing local authorities to improve their performance in rural housing. The government enthusiastically supports the suggestion that local authorities should engage with their rural communities to decide on exception sites for residential development, the government also backs the suggestion that local authorities should be active in enabling residential development.

They also agree that Community Land Trusts can play a larger role in affordable housing, but add that a clear definition is already available in the 2008 Housing and Regeneration Act. The government has other information to consider from consultations conducted in 2008 before any changes to the operation of Community Land Trusts are made.

They have made it clear that local authorities have the ability to set site size thresholds to lower than 15 if they choose to, local authorities can also use rural exception site policies.

The government does not believe that the approach suggested by Mr Taylor to second homes is the most prudent. This recommendation was to use planning powers to restrict the change of use for a home from a main dwelling to a second or holiday home. The government criticises this particular recommendation, stating that:

"There are more innovative ways of providing the affordable homes rural communities need without interfering with the legitimate rights of second home owners."

The government has responded to the Taylor review of the rural economy and affordable housing

Adrian Waite

New Housing Targets

We acknowledge the need for more homes but at around three times present construction rates, these figures are hopelessly unachievable. They cannot be disregarded, however, because if pursued they could still cause immense harm to the countryside, without making any difference to the nation's need for affordable housing

In July 2009, revised housing targets were issued that have been criticised by the Campaign to Protect Rural England at national level as being 'unrealistic and unsustainable'. In their latest advice to Government, the National Housing and Planning Advice Unit called for up to 290,500 new homes to be built each year in England. The Campaign to Protect Rural England's concerns include:

- A failure by the National Housing and Planning Advice Unit to understand that we cannot build our way out of the housing affordability problem – the economics of housing is far more complicated than simply believing that if we set higher housing targets, more will be built and house prices will fall
- A failure to understand the crucial role that the planning system plays in delivering development in the wider public interest while conserving the landscape, natural resources and environmental quality
- A failure to recognise that housing supply problems stem from unstable, unsustainable finance arrangements in the development industry, and have little to do with the planning system.

Kate Gordon, the Campaign to Protect Rural England's Senior Planning Officer said:

"We acknowledge the need for more homes but at around three times present construction rates, these figures are hopelessly unachievable. They cannot be disregarded, however, because if pursued they could still cause immense harm to the countryside, without making any difference to the nation's need for affordable housing."

"Local councils could be faced with no choice but to allocate greenfield land for housing development to meet these high targets. Developers would then 'cherry pick' undeveloped land, which is more profitable and easier to develop than brownfield locations. A worst case scenario would be that developers abandon urban areas completely and focus their efforts on building in the countryside."

"We will continue to raise these concerns with Ministers. Our housing industry is in crisis, with construction at its lowest level for many years. It is common knowledge that the UK has an affordability and housing supply problem. Rather than come up with practical solutions, the Government's housing advisers' seem to have completely missed the point."

Adrian Waite

Questions and Answers: Is Tenant Empowerment Programme Funding available for whole stock transfers?

Question:

Our council has asked for more information before deciding whether to support our request for stock transfer. We hope to apply for Tenant Empowerment Programme funding. Can you clarify whether this is available for whole stock transfers? And are there any answers yet to whether overhanging debt is being paid off?

Answer:

The Tenant Empowerment Programme (TEP) enables local authority and housing association tenants and residents to access independent advice, training and information to challenge, influence or control how housing services are delivered to their communities.

The government believes that when tenants get involved in managing their own housing, satisfaction levels generally improve and so does the feeling of community spirit.

There are currently seven routes, exploring various levels of tenant control:

1. Local Management Agreement
2. The 'Right to Manage' route for local authority tenants.
3. The voluntary route for local authority tenants
4. The voluntary route for housing association tenants
5. Tenant-led Stock Options for local authority tenants
6. Neighbourhood Arrangements
7. No route chosen

The tenant-led stock options route for local authority tenants is presumably the route that is of interest here. This route lets tenants look at options for managing and owning homes in their local area. It might involve setting up a new, community-led housing association or co-operative to own and manage the homes transferred from a council.

Tenant Empowerment Programme grants are available for some of these routes including the tenant-led stock options for local authority tenants route.

Tenant-led stock option (TLSO) grants help local authority tenant groups to explore their options for ownership of homes in the local area, and if feasible, to choose an ownership option. The ownership options open to tenant groups include setting up a:

- New Registered Social Landlord (RSL) with tenants on the majority of the board
- Tenant-led Arms Length Management Organisation (ALMO) – although there is no longer any additional funding available for new arms length management organisations
- Private Finance Initiative (PFI)

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Tenant-led Stock Option grant can fund:

- Advice from a specialist Lead Advisor and other specialists
- Training and capacity building
- Preparing consultation materials

To be eligible, groups must:

- Be taking the lead on this approach, not the landlord
- Be properly constituted and representative of the local community
- Have a majority of tenants / leaseholders on the management committee
- Be clearly independent of the local authority
- Represent a clearly defined area
- Have a track record of productive partnership with the local authority
- Have clear reasons for exploring Tenant-led Stock Options.

Where there is 'overhanging debt' in a stock transfer the government continues to be willing to write off debt, although they are no longer willing to provide funding for a 'dowry' where the housing stock has a negative tenanted market value

There is no minimum or maximum number of properties, although all proposals must be technically and financially feasible and are subject to budget being available. All applications must come with a letter of support from the local authority.

Only tenant-led groups representing council tenants (including leaseholders) who are working with a Lead Advisor may apply for Tenant-led Stock Option grant. There are a number of organisations that are registered as Lead Advisors including 'AWICS Limited' of which I am Managing Director.

Tenant Empowerment Programme Grants are therefore available for whole stock transfers.

Where there is 'overhanging debt' in a stock transfer the government continues to be willing to write off debt, although they are no longer willing to provide funding for a 'dowry' where the housing stock has a negative tenanted market value.

However, the recent consultation paper on reforming housing revenue account finances proposes that, in future, stock transfers will only be able to proceed on the same basis as stock retention. This presumably means that a stock transfer housing association would be expected to invest only at the level of the decent homes standard plus some limited enhancements rather than at the level of the full stock condition survey plus tenant aspirations as has usually been the case in the past. This would have the effect of increasing tenanted market value, reducing overhanging debt and reducing the attractiveness of stock transfer to tenants.

Adrian Waite

Questions and Answers: Tenant Led Stock Transfer

Question

I represent the tenant's forum and we would like some funding to help with our stock transfer proposals. We and the council did an options appraisal, which finished in January, and we have been delayed in pursuing this because of the boundary committee's decision on unitary authority and now the Housing Revenue Account review consultation.

We want to go ahead with stock transfer, but fear we are running out of time. As I understand it, nothing has yet changed regarding write off of council debts at transfer, and the transfer program is still open, at least until the consultation has ended. We are frustrated that we cannot get a response from the various organisations we have contacted, in particular the Homes and Communities Agency who should have answers to our two questions:

1. Can we get on the transfer list?
2. Is council debt overhang still being paid?

We need some funding to appoint an approved person to help with our knowledge and application for funding and our offer document.

Answer

I was the Independent Tenants' Advisor at Fenland District Council during their housing stock options appraisal and housing stock transfer to Roddons Housing Association. Stock transfers are a complex and lengthy process at the best of times and tenants can find this frustrating. I am not sure why your Council felt it necessary to delay the process because of potential local government reorganisation and the housing revenue account financing review. Sedgefield District Council, for example, pressed ahead with a stock transfer on 31st March 2009 despite the fact that the authority was being merged with the County Council on the following day and the government's response to the review of housing revenue account financing had yet to be announced.

Communities & Local Government have issued advice to local authorities on how to manage a housing stock transfer and this includes advice on how tenants should be supported through the process. This includes advice that they should appoint an Independent Tenants' Advisor, what the role of the Independent Tenants' Advisor should be and that they should be funded by the Council but appointed by and accountable to tenants.

At present the stock transfer programme is still open and a number of local authorities are actively pursuing a stock transfer. The government is still prepared to write off debt but is not prepared to fund transfers with a negative value. However, I understand that your Council's housing stock has a positive valuation so there should not be a problem.

The recent consultation paper on reform of the housing revenue account proposes a 'level playing field' between stock retention and stock transfer. If the government goes through with its proposals this may change the balance of arguments within the housing stock options appraisal. However, the consultation paper makes clear that stock transfer will remain an option that tenants can choose.

Communities & Local Government have issued advice to local authorities on how to manage a housing stock transfer and this includes advice on how tenants should be supported through the process

The Government has recently made an announcement on the future of housing stock transfers that makes it less likely that future transfers will take place in addition to those that are already on the programme.

I would therefore suggest that the Council and their tenants briefly revisit their stock options appraisal to confirm that stock transfer is still their preferred option in the light of the consultation paper and the recent announcement. If stock transfer is still the preferred option I would suggest that they enter into a dialogue with the regional government office on possibly starting the stock transfer process including appointing an Independent Tenants' Advisor.

Adrian Waite

AWICS Regional Seminars on Housing 2010

AWICS has announced its programme of regional seminars on housing matters for 2010. They are as follows:

All You Want to Know about Local Authority Housing Finance in England 2010

This popular series provides an introduction and overview of local authority housing finance in England. The 2010 series is fully updated and seminars will be held in every region of England.

- London: Wednesday 17th February 2010 – Novotel Hotel, Waterloo
- West Midlands: Tuesday 2nd March 2010 – Novotel Centre, Coventry
- Northwest: Tuesday 23rd March 2010- Thistle Hotel, Haydock
- Southwest: Wednesday 14th April 2010 – Angel Hotel, Chippenham
- Northeast: Thursday 6th May 2010 – New Northumbria Hotel, Newcastle-on-Tyne
- Cumbria: Wednesday 23rd June 2010 – Stone Cross Manor Hotel, Kendal
- South: Thursday 1st July 2010 – Novotel Central Hotel, Southampton
- East: Tuesday 28th September 2010 – Gonville Hotel, Cambridge
- East Midlands: Tuesday 19th October 2010 – Walton's Hotel, Nottingham
- Yorkshire & Humber: Tuesday 9th November 2010 – Headingley Rugby Lodge, Leeds
- London: Thursday 9th December 2010 – Ibis Hotel, Euston

Further information and a booking form are available on our [website](#).

All You Want to Know about Housing Association Finance in England 2010

This popular series provides an introduction and overview of housing association finance in England. The 2010 series is fully updated.

- London: Tuesday 20th April 2010 – Ibis Hotel, Euston
- North: Tuesday 8th June 2010 – Headingley Rugby Lodge, Leeds
- Midlands: Tuesday 26th October 2010 – Novotel Centre, Coventry

Further information and a booking form are available on our [website](#).

All You Want to Know about Budgets and Financial Management 2010

This popular series provides an introduction and overview of budgets and financial management in the public sector that is especially suitable for non-financial people.

- London: Thursday 13th May 2010 – Ibis Hotel, Euston
- North: Wednesday 9th June 2010 – Headingley Rugby Lodge, Leeds
- Midlands: Tuesday 30th November 2010 – Novotel Centre, Coventry

For further information and a booking form please contact enquiries@awics.co.uk

All You Want to Know about Local Authority Housing Finance in Scotland 2010

This popular series provides an introduction and overview of local authority housing finance in Scotland. The 2010 series is fully updated.

- Tuesday 25th May 2010 – Best Western Park Hotel, Falkirk

For further information and a booking form please contact enquiries@awics.co.uk

All You Want to Know about Local Authority Housing Finance in Wales 2010

This popular series provides an introduction and overview of local authority housing finance in Wales. The 2010 series is fully updated.

- Tuesday 29th June 2010 – Novotel Centre, Cardiff

For further information and a booking form please contact enquiries@awics.co.uk

Developments in Local Authority Housing Finance in England 2010

This popular series provides an in-depth analysis of developments in local authority housing finance in England (including the government's proposals for self-financing) and is suitable for people who already have a basic knowledge of how housing finance works.

- London: Wednesday 7th July 2010 – Novotel Hotel, Waterloo
- Midlands: Wednesday 27th October 2010 – Novotel Centre, Coventry
- North: Wednesday 1st December 2010 – Headingley Rugby Lodge, Leeds

For further information and a booking form please contact enquiries@awics.co.uk

All You Want to Know about Welsh Housing Association Finance 2010

This popular series provides an introduction and overview of housing association finance in Wales. The 2010 series is fully updated.

- Tuesday 5th October 2010 – Novotel Centre, Cardiff

For further information and a booking form please contact enquiries@awics.co.uk

All You Want to Know about Scottish Housing Association Finance 2010

This popular series provides an introduction and overview of housing association finance in Scotland. The 2010 series is fully updated.

- Tuesday 2nd November 2010 – Best Western Park Hotel, Falkirk

For further information and a booking form please contact enquiries@awics.co.uk

Other Services

In addition to our in house and regional seminars AWICS also provide a range of other services including:

- Management Consultancy including:
 - Business and Best Value Reviews
 - Advice on Procurement
 - Housing Finance
 - Business Planning
 - Housing Stock Options Appraisals
 - Housing Association Finance
 - Performance Management
- Independent Tenants' Advice
- Publications

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