

## Interim Housing Strategy Statement 2017 – Policy Context

| The Care Act 2014  |   |
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|  | <p>A fundamental component of the Care Act is the 'suitability of accommodation' in meeting the 'at home' care and support needs of older and vulnerable people. The Act acknowledges how housing can support a more integrated approach and sets out local implementation requirements, including:</p> <ul style="list-style-type: none"><li>• A general duty to promote wellbeing makes reference to suitable accommodation</li><li>• Housing not just the 'bricks and mortar', also includes housing related support or services</li><li>• Housing must be considered as part of an assessment process that may prevent, reduce or delay an adult social care need</li><li>• Information and advice should reflect housing options, as part of a universal service offer</li><li>• Care and support delivered in an integrated way with cooperation with partner bodies, including housing</li></ul>   |
|  | <p><b>Impact:</b> For the District Council, the Care Act provides the framework for partner agencies to work together to provide a more holistic approach in terms of both care and the suitability of housing. Since the Act's implementation, housing and health are working more closely together, which has resulted in the publication of the Older People's Accommodation Strategy, collaborative working on the Health &amp; Wellbeing Strategy and the review of disabled facilities grants, as well as initial discussions around a Memorandum of Understanding for Housing and Health.</p>  |
| Welfare Reform Act 2012 and The Welfare Reform & Work Act 2016 |   |
|  | <p><b>1% Rent Reduction</b></p> <p>This policy requires Registered Providers, including local authorities, to reduce social housing rents by 1% each year for four years from 1st April 2016. The Housing White Paper indicates that government will set out a new Rent Policy from 2020.</p>   |
|  | <p><b>Impact:</b> Following the introduction of self-financing for the Council's Housing Revenue Account in April 2012, the authority was in a financial position to be able to invest a significant sum in the delivery of new build affordable housing, with an approved budget of £4.5M per annum.</p> <p>The implementation of the 1% rent reduction means that the authority now has little or no resource available for investment in new build housing in the way that was previously anticipated. In order to continue to invest in new build housing, the authority is exploring a variety of alternative delivery models, as well as looking to lever in funding from assets sales, land sales and section 106 commuted sums, in addition to utilising retained right to buy receipts.</p> <p>The 1% rent reduction has had similar financial constraints for Registered Providers which has meant they have had to re-evaluate their offers to developers. We are beginning to see that overall this is affecting viability, with developers and Registered Providers requesting a review of the affordable housing contribution in terms of the percentage of</p> |

shared ownership to help subsidise the rented homes.

### **Benefit Cap**

The benefit cap is a limit on the total amount of certain benefits that a working age household can claim. The Welfare Reform & Work Act 2016 implemented further reductions to the cap of £20,000 for couples (with or without children) and £13,400 for single people.

A four year freeze on working age benefits has also been implemented as part of the 2016 Act.

### **Universal Credit**

Universal Credit is a single monthly payment for people in or out of work. It replaces some of the benefits and tax credits such as housing benefit, jobseeker's allowance income-related employment and support allowance. For South Cambridgeshire it is currently only applicable to new, single claimants but in due course will be rolled out to all applicants. In terms of housing, Universal Credit will place a greater responsibility on tenants to manage their income and ensure their rent is paid on time, unlike housing benefit which can be paid directly to the landlord.

### **Housing Benefit capped at Local Housing Allowance rate for social tenants**

This policy will restrict housing benefit for social housing tenants to a maximum rate equivalent to the Local Housing Allowance rate from April 2018. It will also limit the amount of housing benefit which can be paid to social housing tenants aged under 35 to a single room rate of benefit and may affect older people who are currently under-occupying.

Proposals to align supported accommodation to the local housing allowance rate are also being considered from April 2019 with 'top up' funding being devolved to local authorities to fund the gap to reflect the higher than average cost of offering supported housing. Details for this are currently being consulted on.

**Impact:** All the above benefit changes could lead to an increase in poverty levels as incomes are restricted. It is anticipated that this may lead to potential rent arrears as households struggle to meet all of their outgoings and ultimately to an increase in homelessness.

The impact of the welfare reforms have been monitored, including close working with the Benefits team in relation to families affected by the Benefit Cap. The unaffordability of the private rented sector in the area is apparent as the highest cause of homelessness and highlights further the need to be able to access affordable accommodation in this sector through schemes such as the Private Sector Leasing scheme.

An increase in homelessness has been identified as the highest risk to the Council. A new Homelessness Strategy will be reviewed for publication by April 2018 to help mitigate the impacts of welfare reforms. The Council has also been working closely with the Chartered Institute of Housing (CIH) to ensure its services are robust and resilient to anticipated increases in potential homelessness.

## The Homelessness Reduction Bill 2016-17

This Bill is currently on its second reading in the House of Lords as it passes through Parliament. The Bill aims to amend the Housing Act 1996 to make provision about measures for reducing homelessness. It proposes to require all local authorities to intervene at an earlier stage with households who are at risk of homelessness, provide more detailed advice on housing options and make it easier for applicants to appeal a decision against them.

Key proposals within the Bill include:

- Extending the period an applicant is “threatened with homelessness” (from 28 days to 56 days).
- Amending the definition of homelessness to apply to households served with a notice seeking possession where the landlord intends to apply for possession and the council does not ask the applicant to remain in the accommodation.
- Strengthened advice and information duty.
- New duty to assess and agree a personalised plan.
- New ‘prevention’ duty in cases of threatened homelessness.
- New ‘relief’ duty to help to secure accommodation regardless of priority need.
- Allows councils to give notice to applicants whom they consider to have deliberately and unreasonably refused to cooperate with the above duties or to take any step set out in the personalised plan

**Impact:** The Council has been a participant of a Select Committee to help shape and influence the Bill as it passes through Parliament.

In preparation of the Bill and to ensure the Council is best positioned to help mitigate the impacts of welfare reform, the Chartered Institute of Housing have undertaken a review of homelessness in the District, the findings of which will support the review of the Homelessness Strategy. In summary it identified that the Council is well placed to respond to the provisions of the Homelessness Reduction Bill, but will need to continue to gauge the implications of the implementation of the Bill and assess and plan for the impact on current service provision.

## The Housing & Planning Act 2016

### **Starter Homes**

The Act sets out a new form of affordable housing to help promote home-ownership. Starter Homes are new-build homes which are available for sale to first time buyers aged between 23-40 at up to 80% of the open market value, capped at £250,000. The Housing White Paper has further clarified that Starter Homes should be available to households with incomes of less than £80,000 (in line with shared ownership qualification) and that there will be a 15 year repayment period relating to the discount. It further states that there will be a general duty on Councils to promote the supply of Starter Homes but has withdrawn proposals for a mandatory requirement of Starter Homes. Further government legislation is awaited on the detail.

**Impact:** The Council welcomes the changes to Starter Homes proposed in the Housing

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|  | <p>White Paper to target the model at those unable to afford a home in the private market, with a repayment clause. The removal of the mandatory requirement gives the Council the flexibility to include Starter Homes within a range of products to meet locally identified housing need.</p> <p>As part of the announcement for Starter Homes, the government identified the new town at Northstowe as one of five pilot schemes to directly commission Starter Homes. In December 2016 the Council agreed that 40% of Phase 2 would be Starter Homes (1400 homes) with an additional 10% (350 homes) as affordable rent. Flexibility has been written into the planning agreement to review the delivery of Starter Homes, working in partnership with the Homes &amp; Communities Agency.</p>   |
|  | <p><b>Self Build and Custom Housebuilding</b></p> <p>All local authorities must maintain a register of people seeking land for self-build and custom housebuilding. The Housing &amp; Planning Act 2016 also requires local authorities to grant sufficient development permissions on serviced plots of land to meet the demand evidenced by the register. The White Paper further supports the delivery of homes through self build and custom build, as well as supporting small to medium developers.</p>  |
|  | <p><b>Impact:</b> South Cambridgeshire District Council is a vanguard for promoting self-build and custom housebuilding. It has an established register, with over 600 people interested in either self-build or custom build and is in the process of promoting its services to other local authorities to manage their registers. Work is also progressing well in preparing parcels of HRA land that could provide self-build opportunities, releasing capital receipts for reinvestment by the HRA to deliver new Council homes elsewhere in the District. The Authority has held successful conferences for self-builders and provides a support network to help applicants through the process from land identification to construction.</p> <p>As part of the vanguard, the Council are also exploring the potential for modular construction and are looking to pilot a scheme in the District over the coming year.</p> |
|  | <p><b>Extension of the Right to Buy for Registered Providers</b></p> <p>Following a deal struck between the government and the National Housing Federation, whereby Registered Providers will extend the right to buy to their tenants on a voluntary basis, the Act enables the government to make payments to associations to compensate them for the cost of the discounts on offer.</p>  |
|  | <p><b>Impact:</b> The roll out of the voluntary Right to Buy scheme for Registered Providers has been put on hold whilst a further pilot is undertaken. It is anticipated that the pilot will run during 2017/18 and will test two critical elements of the scheme relating to 'one for one' replacement and portable discounts to enable tenants to purchase an alternative property to the one that they live in.</p> <p>Further details are awaited from government on the region in which the pilot will take place and the eligibility criteria for tenants.</p>  |
|  | <p><b>Sale of High Value Council Homes</b></p>   |

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|   | <p>The Act sets out the intention that local authorities who have retained ownership of their stock must sell higher value homes as they become vacant. The intention is to use the receipts from these sales to fund the extension of the right to buy to housing association tenants</p>   |
|   | <p><b>Impact:</b> The details for the implementation of this policy are awaited, such as the definition of higher value homes. It is anticipated that the Council will be required to pay a levy to government based on a formulaic approach of previous vacancies. The government have announced that they will not be seeking a financial contribution in 2017/18 and although the regulations are not yet available, it is still anticipated that the authority will have some discretion over which assets it disposes of, in order to meet the levy.</p> <p>For financial planning purposes, an initial assumption that approximately 1.8% of the housing stock will need to be sold each year has been made, which is representative of just under 100 properties per annum at the outset. This assumption may need to be significantly amended as further information is made available, as it is based upon early estimates of what might constitute high value, in the absence of any detail at this stage. It is currently proposed that the Council will start to retain void properties from October 2017 in preparation of the charge.</p> <p>Work has already been commissioned through independent consultants to explore alternative options to help mitigate the impacts from the potential sale of higher value council properties. This work will be continued once the detailed regulations are known.</p> |
|   | <p><b>Fixed Term Tenancies</b></p> <p>Within the Act there is a requirement that all new local authority tenancies must be granted for a fixed term of between two and ten years. Regulations for implementation are anticipated later in the year.</p>  |
|   | <p><b>Impact:</b> The Council already offers 10 year fixed term tenancies to the majority of new tenants, with some exceptions such as those aged 65+ or disabled. Until the regulations are published, it is unclear as to the extent this may affect current working practices and/or new tenants.</p> <p>The Council has been working with government as part of a working group to help formulate new legislation.</p>   |
| <p><b>Written Ministerial Statement</b></p> |  |
|   | <p><b>Affordable Housing Threshold</b></p> <p>Following the order of the Court of Appeal dated 13 May 2016, relating to the ministerial statement dated 28 November, contributions for affordable housing and tariff style planning obligations should not be sought from development of 10 units or less (and which have a maximum combined gross floor space of no more than 1,000 square meters).</p>   |
|   | <p><b>Impact:</b> The emerging Local Plan identifies a lower threshold of 3 units for an affordable</p>  |

housing contribution. As part of the Local Plan examination the Council is challenging the implementation of a higher threshold. It considers that greater weight should be afforded to local circumstances for the need of affordable housing in the District and the continued viability of schemes even with the lower threshold of 3 units. If the Council is unsuccessful in its challenge, the impact of the policy will be a loss of affordable housing, especially in some of our smaller rural villages. We estimate that the application of the national threshold of 10 would have resulted in the loss of 95 affordable dwellings across the district over the period 2011/2012 to 2014/2015 (4 years) through on-site provision or commuted sums.

#### The Housing White Paper - 'Fixing our broken housing market'

This paper sets out the government's ambitions for boosting housing supply. It provides further clarification on some of the elements within the Housing & Planning Act 2016, such as Starter Homes, and consults on further proposals to be amended within the National Planning Policy Framework.

**Impact:** This is a consultative document with a key focus on delivery of homes by way of proposed changes to the planning system through the National Planning Policy Framework. For Housing, it provides further clarity on Starter Homes and looks to change the definition of Affordable Housing, to include alternative models, such as Starter Homes and Affordable Private Rented Housing.

The Council will be considering a response to the proposals as part of the consultation process which closes on 2<sup>nd</sup> May 2017.

#### Planning and Affordable Housing for Build to Rent

This paper was published alongside the housing white paper and seeks views on planning and affordable housing policies intended to speed up the development of large-scale, purpose-built privately rented housing – an emerging housing sector known as 'Build to Rent'.

**Impact:** There is a lack of supply of private rented accommodation in the District that is affordable to those on low incomes and/or on benefits. Attracting institutional investors into the private rented sector that will increase the supply and provide longer term tenancies should help to address this need.

However, we will need to understand the implications in terms of placing greater emphasis on Build to Rent through planning policy and encouraging an alternative approach to affordable housing for Affordable Private Rent. The Council will be considering a response to the proposals as part of the consultation process which closes on 1<sup>st</sup> May 2017.