

Council - 20th May 2013

Notice of Motion – Social Housing

1 Introduction

The following notice has been submitted from Councillors Oliver, S. Coughlan, Ditta, Nazir and Jeavons:

"This Council notes

- the recent Treasury Select Committee report (Budget 2013) comments in relation to the government's Help to Buy housing scheme
- the shortfall in new social housing being built since the extension of the Right to Buy legislation in the 1980 Housing Act.

And therefore calls upon both the Conservative and Liberal Democrat coalition Government and the opposition Labour Party:

- to recognise the lead role which can and should be played by local authorities to co-ordinate and help finance this longstanding and increasing shortfall in the availability of and access to affordable housing
- to commit to greater public investment in the construction of social and affordable housing in the borough of Walsall, both for rent and for market sale, so as to provide homes for our citizens and to give a real boost to the local economy."

2 Background information

2.1 *Help to Buy*

In March 2013 the Government announced £3.6bn investment into the Help to Buy scheme, which is an equity loan scheme that makes new build homes available to purchasers struggling to buy. The key points are:

- Government Help to Buy funding is now available to assist all buyers purchase a new home by end March 2016. The maximum property price for Help to Buy is £600,000.
- Help to Buy demand will be consumer-led (within available funding) - available on all newbuild where developers have signed up for the scheme
- Providers can make sales to eligible purchasers from April 2013 to the end of March 2016 (within available funding).

- New home purchasers will be able to access an equity loan of up to 20% (minimum 10%) of the purchase price. There is no cap on the buyer's household income.
- Help to Buy home purchasers will be required to raise funding, (a mortgage plus any deposit where available) of at least 80% of the purchase price
- Help to Buy purchasers will not pay a fee on the Homes and Communities Agency (HCA) equity loan for the first five years. From the beginning of year six an annual fee of 1.75% will be levied on the equity loan payable in monthly instalments. The annual fee of 1.75% of the market value of the property at the time of sale will be uplifted by RPI + 1% p.a.
- The loan must be repaid when the property is sold or mortgage redeemed - this will be the relevant % (ie typically 20%) and therefore could be higher or lower dependant on whether the property is sold in a rising or falling market.

2.2 Social housing build rates in Walsall

The table below shows the approximate number of social homes built / planned in Walsall from 2000 to 2015, split by the HCA funding periods. The majority of this housing is social rent, and latterly affordable rent, but does include an element of shared ownership (part rent / part buy).

In addition, these figures include a small element of affordable housing achieved through the planning system, commonly know as Section 106 housing. The need for this housing is guided through Walsall's Affordable Housing Supplementary Planning Document (SPD). The SPD is currently being reviewed, with proposals that future affordable housing developer obligations are met through payment of a commuted sum, in lieu of on site affordable housing provision. These commuted sums will then be used to fund affordable housing on strategically important sites.

Table 1 Social House building rates

Year	HCA funded	Section 106	Total
2000/02	100	0	100
2002/04	100	0	100
2004/06	50	0	50
2006/08	440	46	486
2008/11	1000	140	1140
2011/15	950	13	963
Total	2640	199	2839

Housing need

The Housing Needs and Demand Study Update (Fordham 2010) stated the number of affordable properties required each year is 1005. This is in excess of the average 240 affordable homes annual build rate (2011/15)

2.3 National housing assistance programmes

The local authority does not receive any ringfenced funding for housing provision. However, Walsall has been successful in attracting national funding into the Borough through the schemes listed below. The Local Authority (LA) takes a proactive role in engaging with Registered Providers (RPs) and housing developers to maximise the provision of housing, and particularly affordable housing in Walsall. These relationships, coupled with the availability of land in Walsall and a flexible planning approach, is forecast to deliver 963 new affordable homes over the 2011/15 period.

All of the housing specific programmes are funded by relevant government departments on a national basis, and administered by the HCA on a regional / national basis. The LA role in these programmes is as a consultee, to provide information and confirm support of the schemes to the HCA. This Council takes a much more proactive approach as described above. To bid for any of these programmes, organisations need to have achieved Partner Status with the HCA. This can include Registered Providers (RPs), private housing developers and Local Authorities.

- Affordable Homes Programme 2011/15 - £1.8bn grant funding for the provision of affordable rent (and shared ownership) homes - details included in Table 1. It is estimated that approximately £100m external grant funding will have been invested in affordable housing in Walsall between 2000 to 2015.
- Affordable Homes Guarantee Programme - expand the provision of both purpose built private rented and affordable housing by providing up to £10bn debt guaranteed to enable cheaper borrowing. In conjunction with this a further £450m grant funding is available for the development of affordable homes - closing date 21st May 2013.
- Build To Rent - increased to £1bn in latest budget - loans and equity funding to unlock stalled housing sites which will provide private rented housing. A total of 126 homes in Moxley, Pleck and Pheasey have been shortlisted.
- Get Britain Building Fund - £570m of loans and equity funding to unlock stalled open market housing sites (which can include an element of affordable) Norfolk Place. A total of 140 homes in Leamore and Bloxwich have received funding through this programme. An additional 100 homes have been shortlisted
- Care and Support Fund - up to £300m primarily grant funds to cover specialist housing for older people and for adults with disabilities or mental health problems - 1 bid for Waterfront South, results to be announced

2.4 New Homes Bonus

In February 2011 the government announced details of the New Homes Bonus. This is a non ringfenced fund which is paid to local authorities based on the number of new homes built or long term (6 month) empty homes borough back into use. The level of payment is based on matching the council tax raised on these properties for a period of 6 years. As noted, these funds are not ringfenced and have been used in

a variety of housing or non housing related activity by different LAs across the country

Walsall Cabinet (July 2011, September 2011 and February 2012) approved that the 1st 2 years funding (2011/13) is split across 6 principles as noted in Table 2, showing the majority of funding allocated to stimulating new homes provision.

Table 2

NHB priority	NHB Funding allocation (2011/13)
New Homes provision - Stalled Housing sites	£1,743,506
Bringing Empty Properties back into use	£500,000
Economic Regeneration	£500,000
Development Plan Documents	£175,000
Supporting strategic acquisitions and development funding	£0
Providing for Gypsies and Travellers	£0
Total	£2,918,506

The Council developed an innovative scheme to use the fund to kickstart stalled housing sites, offering loan assistance where possible to ensure the set up of a recyclable fund to support future housing provision. Walsall's response to stalled housing sites was developed prior to the national Get Britain Building Fund.

So far 8 schemes have been allocated funding to provide 322 homes as shown in Table 3. These schemes will generate total investment of £30m into Walsall. In addition a further scheme has been allocated £160k grant funding to enhance the environmental sustainability of 63 new homes, as an exemplar pilot scheme.

Table 3

Scheme	Committed	Number of homes
Waterfront South	£167k grant	82
Field Road	£95k loan	18
Reeves Street	£150k loan	11
Romney Way	£175k loan	12
Bentley Road North	£175k loan	85
Pinfold Street	£320k loan	22
Curtin Drive	£100k grant	20
Harrowby Road	£125k grant	72
Total	£1,307k	322

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Head of Housing

03 May 2013