

Briefing Note: **The Impact of Proposed Housing Policy Changes on Winchester City Council**

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A number of recent policy proposals included in the latest Budget will obviously have a direct impact on the City Council's Housing related services. Whilst the actual impact cannot be properly assessed until the detail of the policies and how they will be applied is known, this paper discusses some potential issues and concerns and highlights areas that the City Council would want any final Policy detail to reflect.

Right to Buy/High Value Sales

Of the 5,000 homes managed by the City Council, it is estimated that 1,200 may be valued above the suggested thresholds for the South East region (table of suggested thresholds is included at the end of the paper)..

Whilst this includes a very small number of large very high value properties, the majority are actually smaller homes, with many being sheltered or older persons bungalows.

With an average of 300 to 350 re-lets each year, the policy could see an estimated 70 sales each year. However, it will be almost impossible to predict actual numbers as the Council has little control on which properties become vacant.

Right to Buy sales currently average 15-20 per annum.

Key Issues:

Older Persons Housing - Many rural bungalows are above the threshold, as are city centre sheltered flats. Older persons housing is currently exempt from the Right to Buy.

Rural Family Housing - In some villages, all 3 bed homes fall above the threshold. Some measure to ensure at least some social housing provision is retained in rural villages is essential.

Temporary Accommodation - Several Hostel beds used for Homelessness provision fall above thresholds. Turnover of these units are very high but any sales would compromise the Council's ability to address/prevent homelessness in the city.

New Build - The City Council is now developing an average of 30 new homes every year. An early tenancy change could force a sale long before any financial return is generated. If New Builds are not excluded from the policy, this is likely to result in only small homes in cheaper areas being developed.

Redistribution - Whilst accepting the housing market is very much a regional one, Housing need in the Winchester district is very high. Will Registered Providers invest their receipts locally? With no Council stock in most Hampshire areas – will City Council sales support replacements on a regional basis or even across much wider areas, resulting in a reduction in housing locally?

Suggested Considerations/Controls/Exemptions for High Value Sales Policy:

- That the following categories of stock be excluded from High Value Sales policy:
 - Older Persons and Sheltered designated properties that are current exempt from the Right to Buy
 - Existing stock specifically adapted for significantly disabled tenants
 - Temporary accommodation/hostels
 - New build properties built after April 2012
- That a cap or limit be applied on the number of sales in any one area, particularly rural villages
- That local authorities be able to retain sufficient receipts to clear all debt relating to the asset, cover reasonable sales admin costs and to fund re-supply of a new property in a cheaper area.
- That receipts that local authorities retain to fund re-supply be at least equal to those passed to registered providers to cover RTB losses.
- That all values to be based on actual sales, not a formula approach based on average re-let assumptions.

Rent Reduction

Since the introduction of self financing, local authorities are now well placed to actively contribute to developing affordable housing, particularly on smaller sites. In Winchester, the City Council is now bringing forward a number of small sites at a significantly faster pace than local housing associations. This very positive development will certainly be impacted as a result of the 1% rent reduction.

From April 2016, the City Council's Housing Business Plan will see a reduction in income of £1m per annum, increasing to £5m per annum by 2019. This will equate to £175m over life of the business plan. Restructuring debt and borrowing will help to address this but development will no doubt be less than planned in the short term.

The reduction is obviously positive news for tenants and for the national welfare bill. However, along with the impact of high value sales, it will result in reduced new development. Measures that could assist with this include:

- Allowing authorities to “trade” or make use of un-used debt caps from other authorities.
- Introducing specific grant/capital programmes to support small scale development programmes (similar to the recent additional borrowing permissions awarded through the Local Growth Fund). A “continuous market engagement” approach to help with schemes that have planning and a degree of certainty in place could help programmes stalled in the short term through the rent reduction changes.
- Permitting at least a proportion of affordable rent provision through “off balance sheet” delivery vehicles advocated in the House Elphicke report. This would support the development of mixed communities.
- Increasing the amount an authority can retain from Right to Buy receipts to help fund 1 for 1 replacements. For authorities operating at or near their debt cap, the ability to cross subsidise such schemes (other than with free land) is very limited.

Pay to Stay/Ending Lifetime Tenancies

The City Council is sympathetic towards the principle of ensuring that subsidised housing is available for those in housing need. High earning tenants clearly have options to access other markets. Tenants under-occupying large homes as a result

of family changes are positively encouraged to downsize by the City Council but current rules cannot enforce this.

Both schemes may well result in significant additional administrative burdens. No information is currently held on high earning tenants, although it is estimated numbers in Winchester are very low. Measures that would assist with these policies include:

- Legislative change to allow the enforcement of down-sizing within reasonable time limits.
- Direct access to HMRC data in relation to tenants earnings rather than relying on tenant declarations to their landlord

Welfare Reform Changes

The City Council is still assessing the potential impact of the latest changes in relation to working tax credits, benefit caps and universal credits. With the introduction of universal credits only starting in September in this area, it will take time for the full impact to be assessed although the City Council is well placed to support its tenants through this change.

The key measure that would assist with this is:

- The continuation and short term increase in the Discretionary Housing Payment scheme

Contact Details:

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Table of Suggested High Value Thresholds by region:

'High-value' council homes

	One-bedroom	Two-bedroom	Three-bedroom	Four-bedroom	Five or more bedrooms
North east	£80,000	£125,000	£155,000	£250,000	£310,000
North west	£90,000	£130,000	£160,000	£270,000	£430,000
Yorkshire & the Humber	£85,000	£130,000	£165,000	£265,000	£375,000
East Midlands	£105,000	£145,000	£175,000	£320,000	£430,000
West Midlands	£100,000	£145,000	£180,000	£305,000	£415,000
East	£155,000	£220,000	£265,000	£440,000	£635,000
London	£340,000	£400,000	£490,000	£790,000	£1,205,000
South east	£165,000	£250,000	£320,000	£495,000	£755,000
South west	£135,000	£200,000	£260,000	£375,000	£535,000