

15th June 2016

Environment and Housing Management Committee

New Housing and Planning Act 2016

Report of: *Helen Gregory, Acting Head of Housing and Benefit Services*

Wards Affected: *All wards*

This report is: *Public*

1. Executive Summary

1.1 On Thursday 12 May, the Housing and Planning Act received Royal Assent. The Housing and Planning Bill was introduced in the House of Commons on 13 October 2015 by the Secretary of State for Communities and Local Government.

1.2 The key changes in the new Housing and Planning Act 2016 that will impact the Council's housing department are:

- the requirement to Sell our higher value vacant properties to fund the voluntary Right to Buy for Housing Association tenants
- the implementation of the 'Pay- to-Stay' policy which will require the Council to increase the rent to tenants earning higher incomes;
- Secure tenancies, the introduction of a new fixed 10 year tenancy agreement.

1.3 The Council will need to plan to make financial provision for these changes and make adjustments in service delivery.

1.4 The full text of the Act is available at <http://www.legislation.gov.uk>

2. Recommendations

2.1 Members of the Committee are requested to note the contents of the report.

3. Introduction and Background

Sale of Higher Value Council Homes

- 3.1 The Government has given a commitment to tenants of Housing Associations to extend the offer to purchase their home. Under the agreement the expectation is that every property sold will be replaced by a new affordable home. To fund this The Act requires Council's to pay an annual charge into a national pool. It is intended that Councils will fund this arrangement by selling their 'higher value' properties as they become vacant.
- 3.2 The DCLG have advised that the definition of 'higher value' properties has yet to be agreed.
- 3.3 At present we do not know the value of how much money the Council will need to raise. The DCLG are currently conducting detailed financial analysis into working out the formula that Local Authorities will need to adopt to calculate how much monies will need to be invested into the national pool.
- 3.4 The Council will be charged an annual levy to be paid into a national pool set up by the Government to fund the 30% RTB discount element of the sale price of the housing association properties. The maximum threshold of discount per RTB property is £77,900.00 (seventy seven thousand, nine hundred pounds) outside London.
- 3.5 It is difficult to predict what the take up from tenants will be to buy their homes. A survey conducted by Sheffield Hallam University in partnership with Housing Partners in February 2016 does however provide a potential insight to the likely uptake; the survey asked 6,700 tenants living in housing associations in England the following question "*how likely would you be to take up the opportunity to buy your current home from your landlord?*"

The results from the Survey revealed:

- 13 % of housing association tenants were assessed as being able to afford to buy their home under the assumed terms of the RTB
- Only 7% of tenants both indicated that they were likely to take up the RTB and were assessed as being able to afford to do so: this suggests an estimate of 70,000 sales across England
- There were significant regional differences in the likely take up in the RTB with the largest take up in the Midlands and the North 24% South East 6% and London 1%.

The results of the survey although not scientific data and will be subject to change with tenants circumstances and opinions; but it does provide a gauge of appetite for home ownership from tenants surveyed in February 2016.

- 3.6 It is expected the definition and formula has been agreed by Government in the autumn 2016. The DCLG will then issue a determination to the each Local Authority to agree the calculation.

Secure Tenancies

- 3.7 The changes in the Act will enable local authorities to grant longer-term tenancies of up to 10 years in certain circumstances with potential for longer tenancies for families with children. The legislation originally limited this to five years, with no concession for families with children.
- 3.8 Currently we issued 5 year fixed term tenancies to all new tenancies. This change was introduced by the Allocations policy in 2014.
- 3.9 The first batch of fixed term tenancies is not due for review until 2019; so we are unable to provide information at this stage on the renewal rate.

Introduction of Pay to Stay

- 3.10 The introduction of the Pay to stay policy requires tenants earning in excess of £30k living outside of London to pay a higher rent up to a market rent dependant on their income. For tenants living in London the income threshold is increased to £40k. Increases in rent will be tapered. For every £1.00 a tenant earns above the threshold will mean a 15p increase in rent. The income thresholds will increase annually in line with CPI.
- 3.11 The Government has not decided if Councils are able to keep the additional revenue collected or if the increase must be returned to the treasury.
- 3.12 There will be a resource cost to implementing and administering the pay to stay policy. The challenge will be identifying and validating tenant's income. The government has announced that the HMRC will work with Council's to verify tenant's incomes.
- 3.13 There maybe a risk that the costs of administering pay to stay policy outweigh the additional rent collected.

4. Issue, Options and Analysis of Options

- 4.1 The housing department will set up a taskforce to monitor the progress of and action any developments/regulations in the new Housing and Planning Act 2016 to sell higher value vacant properties to fund RTB for housing association tenants and Pay to Stay policy and to identify what system and skills gaps would need to be addressed to fulfil the new requirements.

- 4.2 The sale of higher value vacant council properties has potentially big ramifications for the HRA both in terms of reducing our stock and income.
- 4.3 Both the Pay to stay policy and the sale of higher value vacant council properties are registered on the Council risk register.
- 4.4 The housing department will work with the Finance team to begin to work through detailed analysis to forecast/impact on the HRA business plan.
- 4.5 We recommend regular update reports are submitted to Committee to enable Members to monitor progress.

5. Reference to the Corporate Plan

5.1 The Council's Corporate Plan aims to:

- Broaden the range of housing in the borough to meet the needs of Brentwood's population now and in the future and;
- Achieve a better mix of housing to meet Brentwood's needs, including a wider range of housing solutions for older people.

6. Implications

Financial Implications

Name & Title: Ramesh Prashar, Financial Services Manager

Tel & Email: 01277 312513/ramesh.prashar@brentwood.gov.uk

6.1 It is too early to be able to analyse the financial impact on the HRA. As more details are released by DCLG the HRA Business Plan will be updated to reflect the changes so that the Council can analyse the financial impact on the HRA.

Legal Implications

Name & Title: Saleem Chughtai, Legal services Manager

Tel & Email: 01277 312542/saleem.chughtai@brentwood.gov.uk

6.2 The relevant legislation and legal implications are set out in the body of this report

7. Consultation

7.1 Tenants talkback will be consulted on the changes outlined in Housing and Planning Act 2016 at the next meeting in June 2016.

8. Background Papers

8.1 None.

9. Appendices to this report

9.1 None.

Report Author Contact Details:

Name: Helen Gregory, Head of Housing and Benefit Services
Telephone: 01277 312586
E-mail: helen.gregory@brentwood.gov.uk