

Report to the Council

Committee: Cabinet

Date: 31 July 2018

Subject: Housing

Portfolio Holder: Councillor S. Stavrou

Recommending:

That the report of the Housing Portfolio Holder be noted.

MHCLG Prospectus for bids for additional HRA borrowing

The Government has issued a Prospectus to all stock-retained councils (such as our Council) and councils with arms-length management companies setting out a criteria for local authorities to bid for additional HRA borrowing approval over the next three years, from a total fund of £1billion, in order to increase their council housebuilding programmes.

The £1bn additional borrowing headroom will be apportioned between London boroughs and local authorities across the rest of the country on a 50/50 basis. Outside of London, only those councils determined as being "in areas of high affordability pressures" will be able to bid to use the additional borrowing approvals to build new rented housing. Areas of high affordability pressures have been defined by the Government as those where there is a difference of more than £50 per week between the average social rent and average private rent in their area. A list of 162 local authorities defined as being in areas of high affordability pressures are listed, which includes Epping Forest.

The deadline for submitting bids is 7 September 2018, and the Director of Communities is currently assessing the need, together with colleagues in the Housing and Finance Service, for any additional borrowing approvals to fund our Council Housebuilding Programme, following which he will advise me whether or not it will be necessary to submit a bid.

The Prospectus makes it clear that bids will be assessed by reference to, and councils will need to demonstrate, the following 3 key elements:

- Value for money - based on unit scheme costs and maximising the number of homes delivered, for example by utilising their own land or offering cross-subsidy where possible.
- Deliverability - local authorities must demonstrate that they are ready to start building in relevant years and have the capability and a track record of delivery to time and budget
- Affordability - bids will be ranked according to the areas of the highest affordability

Councils must also set out in any bid their existing HRA borrowing headroom and the extent to which such headroom is committed for other schemes in their 30-year HRA business plans. In assessing deliverability, factors taken into account will include:

- The stage of planning achieved
- The status of land ownership
- Forecast delivery in terms of numbers of units and draw down of borrowing approval; and
- The council's track record of housing delivery

Providing bids are assessed as demonstrating value for money and deliverability, they will then be ranked according to local authority areas where there are judged to be the highest affordability pressures - with the local authorities with the highest affordability pressures having priority in the allocation of additional borrowing headroom.

Council Housebuilding Programme

Since my last Portfolio Holder Report to Council, our Council Housebuilding Programme continues to make good progress. Further completions of 4 two and three bedroom houses are due for handover at the end of July at Stewards Green Road, Epping, with a further 8 one bedroom bungalows and two and three houses at Centre Avenue and Springfield, Epping. Completions of 5 further properties will take place in September and October at Parklands, Coopersale and Centre Drive, Epping.

The 51 flats and houses at Burton Road, Loughton are scheduled for handover in December 2018, with the 12 two and three bedroomed houses at Queens Road, North Weald scheduled for completion in late 2019.

I explained in my last report to Council that we have appointed ECD Architects Ltd as our Architects and Airey Millar Ltd as our Employers Agents to design, tender and manage the construction of the remaining affordable rented homes in our Programme, comprising Phases 4-6. I also explained that we had appointed a framework of four building contractors, based on a quality/price/interview (60/30/10) evaluation.

The consultants and the four framework contractors are now working together to formulate an appropriate package of sites, for which second-stage tenders will be sought from the four contractors to undertake the work.

Review of the Housing Repairs Service

In my last report to Council, I explained that with less than 2 years remaining for the current “in-sourced” Repairs Management Contract with Mears, the Council has appointed Cameron Consulting to undertake a detailed option appraisal for the future delivery of the Housing Repairs Service beyond 2020. The review is considering a range of options, from managing the works completely in-house to outsourcing the whole service.

Cameron Consulting has been making good progress with their review. They have met with myself and the Leader of Council, senior officers from across the Council, representatives from Mears and the Chair of the Epping Forest Tenants and Leaseholders Panel.

They have also facilitated a soft market testing exercise with existing repairs contractors in the market and visits to neighbouring Broxbourne Borough Council and Harlow Council to learn more about how they set up their wholly-owned subsidiaries, which is another available option.

The final Review Report should be received in August and I intend to report the findings of the review, together with my recommendations for the future delivery of the Housing Repairs Service, to the Cabinet in October – which should give our officers sufficient time to implement the agreed option before the current Repairs Management Contract expires in March 2020.

Review of the Homelessness Strategy

At its meeting on 12 June 2018, the Communities Select Committee gave detailed consideration to the 3-yearly review of the Council's Homelessness Strategy.

The new Draft Homelessness Strategy considered by the Select Committee includes the Council's approach to meeting the requirements of a number of new duties introduced under the Homelessness Reduction Act 2017, which came into force on 3rd April 2018.

The new provisions include:

- The period that a person can be considered to be threatened with homelessness, or it is likely that they will become homeless, is extended from 28 days to 56 days
- An applicant is threatened with homelessness at the point the Section 21 Notice (which is the standard notice period provided by private landlords to tenants and is recognised as the single biggest cause of homelessness), has been served as opposed to at the end of the notice period, also preventing councils to advise applicants to remain in occupation beyond expiry
- Placing an emphasis on services preventing homelessness from occurring and strengthening the duties on local authorities to provide advice, securing accommodation and other help available
- Ensuring services meet the needs of groups at particular risk to reflect their complex needs and vulnerabilities
- A duty to carry out an assessment of an applicant's case, notifying the applicant of the assessment in writing and the provision of a Personalised Housing Plan in order to provide effective support
- The applicant's Right to a Review of their assessment
- The ending of the homelessness duty if the applicant "is unreasonably refusing to co-operate"
- The requirement to secure accommodation (under the new "Relief Duty") for at least 6 months for all applicants who the authority is satisfied are eligible for assistance

The comments of the Communities Select Committee have been incorporated into the Draft Strategy and the Council has now commenced an 8 week consultation exercise with all partner agencies, including Town and Parish Councils. I will then consider the results of the consultation when I come to approve and adopt the final version in September 2018.

Additional Flexible Homelessness Support Grant

I explained in my last report to Council that, in order to combat the problem of homelessness and to assist in meeting with the requirements of the new duties introduced under the Homelessness Reduction Act 2017 (referred to in the previous item above), the Council has received a Flexible Homelessness Support Grant from the Government which was required to be ring fenced for homelessness services. The Grant comprised £277,000 in 2017/2018 and £313,000 in 2018/2019. The Cabinet has previously agreed that the Grant should be used on the following initiatives:

- To place up to 9 single homeless applicants (or parent and child applicants) at the Zinc Arts accommodation in Ongar, in order to meet the "top-up" funding representing the difference between the agreed rent levels and the relevant Local Housing Allowance. This will assist in reducing the numbers of applicants being placed in costly bed and breakfast accommodation
- To fund the Management Fees for Genesis Housing Association, who have provided private rented accommodation to the Council's homeless applicants for many years in order to prevent homelessness

- To provide landlord incentive payments, in partnership with Genesis Housing Association, in order to increase the number of units available, paid on the basis that the property is secured for the Council's homeless applicant for a minimum period of 2 years
- To appoint an additional temporary part-time Deputy Hostel Manager at the Council's Homeless Persons' Hostel Norway House in order to assist with the increasing numbers living at the Hostel and the introduction of the modular accommodation at the site for single homeless applicants
- To fund an external company to provide specialist services to rough sleepers in the District
- Following the withdrawal of funding by Essex County Council, to fund the required support at the Railway Meadow, the Young Parents Scheme Railway in Ongar to allow the much needed service to continue
- To provide additional rental and damage deposit guarantee loans
- To re-introduce the Preventing Repossession Fund, to provide small loans to assist those threatened with homelessness to overcome "income shock" and help them to remain in their current accommodation.

I am pleased to report that we have now received notification from the Government that the Flexible Homelessness Support Grant funding will be extended by a further year to 2019/20, when the Council will receive a further £358,000. Due to the success of the Council's homelessness prevention initiatives, which is confirmed by the fact that around 90% of all homelessness presentations are prevented, I intend to make a Portfolio Holder Decision that the Grant be used in the same way as currently for a further year, with the slight increase in funding being used for additional rental and damage deposit guarantee and preventing repossession loans,

Extension of licensing for Houses in Multiple Occupation (HMOs)

Until now, mandatory licensing of HMOs has applied only to the larger shared properties of 3 storeys or more with five or more people. As part of the Government's objective to deal with rogue landlords, mandatory HMO licensing has now been extended to include all HMOs of any storey. Landlords of HMOs that are included within the new criteria have until October 2018 to apply to the Council for a licence, after which they will be committing an offence for operating without a licence.

The exact number of additional properties that will fall within the new scope for HMO licensing is not known and although it is difficult to predict accurately, a desktop review and street survey by officers estimates that an additional 30-40 properties will require licences.

A review of the Council's procedures and charges for HMO licensing has been carried out, taking into account the additional number of properties (and therefore officer time) and the range of property sizes involved. I have approved a new fee structure that takes account of the costs to the Council in administering the scheme, using a risk-based approach towards property standards and management that rewards good landlords with well-run properties and encourages compliance.

The fees charged for the administration of the HMO Licensing Scheme are designed to be cost neutral. Based on the predicted number of additional properties involved, this is likely to equate to additional income to the Council of between £4,860 and £6,470 per annum, which will be used to resource the additional work carried out by the Private Sector Housing Team within their existing staffing resources.