

# ***Report to the Council***

**Committee:** Cabinet

**Date:** 25 September 2018

**Subject:** Housing

**Portfolio Holder:** Councillor S. Stavrou

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## **Recommending:**

**That the report of the Housing Portfolio Holder be noted.**

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## **MHCLG Prospectus for bids for additional HRA borrowing**

I reported to the last meeting that 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 is being 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" are 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 original deadline for submitting bids was 7 September 2018, but this was extended to 30<sup>th</sup> September 2018 the day before the original deadline.

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

At the meeting of the Cabinet on 6<sup>th</sup> September, the recommendations of the Council Housebuilding Cabinet Committee on the approach to be taken to the bids were agreed. The Cabinet agreed that 25 separate bids for borrowing approvals should be submitted for developments within Phases 4-6 of the Council Housebuilding Programme and the purchase of the affordable rented homes at Pyrles Lane, Loughton, totalling £8.052million. This is on the basis that the remaining costs of the £22.6million Programme will be funded by one-for-one replacement RTB receipts (£6.8million) and reserves within the HRA (£7.8million).

## **Fire at Burton Road Development Site, Loughton**

Most members will be aware that, on the morning of 17 August 2018, a fire broke out on the Council's house-building site at Burton Road, Loughton. The site, for which Mulalley is the appointed contractor, is currently under construction to provide 51 new affordable homes, made up of a mixture of houses and flats. The fire broke out on the roof of one block of flats, and was contained - so it did not spread across the whole site.

The fire looked serious and required 6 fire appliances. It took around 2-hours to put the fire out. However, the post-incident investigations, which are still on-going, have revealed minimal damage to the structure.

The Council activated its Emergency Response Plan and the Council-funded Police Officers from the Community Safety Hub were quickly on site to assist Essex Police and Essex Fire and Rescue Services to maintain public safety.

I have given below a summary of the key points regarding the level of damage to the building:

- Only Block D was affected by the fire, which comprises nineteen 2-bed flats.
- A structural engineer has visited site and has confirmed the building is sound and stable.
- Mulalley's insurance company have visited and it is possible they will commission further forensic analysis to determine the cause.
- The fire started on third floor roof. It is suggested it may have been as a result of possible failure of equipment (tar bucket) leading to ignition of the exposed roof insulation which was under construction.
- The black smoke seen on various video footage primarily came from the insulation burning. The insulation burnt because it hadn't yet been encapsulated with the finished surfaces.
- The fire was almost exclusively external and limited to the roofs of the third and fourth floors. Internal fire damage is limited to the immediate areas adjacent to some windows and doors directly fronting the fire.
- Surprisingly, there is little water damage internally, even on the top two floors. The fact that the roof waterproofing was complete and held up during the fire helped enormously. The ability of the windows and doors to keep their integrity also contributed.
- It is estimated that 99% of all plasterboard linings, partitions and ceilings held up. There is some smoke staining to the upper flats.
- It also appears that the heating, ventilation, wiring and other installations are sound.
- The steel beam adjacent to the opening in the stairwell had buckled, and will be replaced.
- There are some small isolated areas where masonry has cracked.

Whilst the fire is a set-back, the building had stood up to the fire extremely well, which does give re-assurance for when the block is built. Mulalleys are currently considering the possibility of completing the two lower floors, with the upper levels finishing later. On this basis, it may be possible to accept handover of the lower levels by February/March 2019 with the upper two levels some weeks/months later. The programme for the completion of the houses and the other block in the developments is not affected.

It should be noted that this is a design and build contract, for which the Contractor (Mulalley) is responsible. It is anticipated that the additional costs will fall on their insurance company.

## **Social Housing Green Paper**

On 14 August 2018, the Government published a Social Housing Green Paper proposing a “rebalancing of the relationship between residents and landlords”, promising a “fairer deal for social housing residents”. The Green Paper comes after a year of consultation by ministers and officials with residents following the Grenfell Tower fire, and consequently has a strong focus on empowering residents.

The Green Paper is focused around five themes:

- Ensuring safe and decent homes
- Effective and faster complaint resolutions
- Empowering residents and strengthening the Regulator
- Tackling stigma and celebrating thriving communities
- Expanding supply and supporting home ownership.

The key proposals of the Green Paper are as follows:

- Potential introduction of performance indicators and league tables for councils and housing associations, which could be linked to how grants for new housebuilding are distributed
- A quicker process for tenants’ complaints and more tenant support to access redress
- Strengthening the Regulator of Social Housing, so that it can focus on issues that matter most to tenants and has “sharper teeth” to intervene when needed
- Cessation of the Government’s proposed policy to introduce mandatory fixed-term tenancies for councils and housing associations, and continuation of the current policy to give housing providers choice around using fixed term tenancies – as members will know, this Council has adopted the use of 10-year fixed term tenancies for a number of years.
- Support of new home ownership options, e.g. opportunities for shared ownership residents to staircase in smaller increments
- Cessation of the Government’s proposed policy to require councils to sell “higher value homes” as they became vacant, which was originally proposed to fund the extension of the Right to Buy for housing associations.

The consultation on the Green Paper is open until 6 November. The Communities Select Committee is due to consider the Council’s response to the Green Paper on 24<sup>th</sup> September 2018.

## **Consultation on use of receipts from Right to Buy sales**

The MHCLG is also consulting on the reform of the arrangements for the use of receipts from Right to Buy sales, which was also published on 14<sup>th</sup> August 2018.

The consultation paper proposes:

- To allow local authorities to hold receipts they currently retain for up to 5 years; future receipts would continue to have to be used within 3 years;
- To increase the cap on the use of receipts from 30% to 50% of build costs for homes for social rent in “high demand” areas;
- To allow local authorities to “top-up” insufficient Right to Buy receipts with funding from the Affordable Homes Programme of up to 30% of build costs for affordable rent or, in “high demand” areas, 50% of build costs for social rent;
- To set an upper limit based on average build costs on the price of dwellings acquired using receipts;
- To allow authorities to use receipts to provide homes for shared ownership;
- To allow authorities to gift General Fund land to the HRA for use for new housing provided it has been held in the General Fund for a number of years;

- To allow a short window of three months during which local authorities could return receipts without incurring interest;
- To replace the current target of one-for-one replacement of “additional” homes sold under the Right to Buy with a wider measure covering net additions to the social housing stock held by both local authorities and housing associations.

The consultation is open until 9 October 2018. The Communities Select Committee is also due to consider the Council’s response to the consultation paper on 24<sup>th</sup> September 2018.

### **Adoption of Essex-wide Amenity Standards for Houses in Multiple Occupation (HMOs)**

Local authorities are responsible for ensuring that houses in multiple occupation (HMOs) are safe to live in and are properly managed. An HMO includes shared houses (typically occupied by students or young professionals) and bedsit style accommodation - where the occupiers include unrelated individuals or families and where there is some sharing of facilities, for example washing, toilet and bathroom facilities.

Councils are allowed to set their own amenity standards for HMOs and, although never formally adopted by this Council, the Council utilises the Essex HMO Amenity Standards. These were produced by a county-wide group of Environmental Health Practitioners and are applied across most authorities in Essex.

However the Amenity Standards were last reviewed in 2012 and required updating, to take account of changes to legislation that now prescribe minimum standards for room sizes in licensable HMOs. Therefore, following an officer review by 13 participating Essex councils and a full consultation with landlords, tenants and relevant outside organisations, the new Essex HMO Amenity Standards have been produced and were formally adopted by the Cabinet on 6th September.