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REPORT OF HOUSING COMMITTEE

(Meeting held 28 June 1999)

1. HOUSING STRATEGY 2000/2005 (REPORT A) (MINUTE NO 8).

The Committee has considered and approved the draft Housing Strategy for 2000/2005, which has been produced in accordance with the Government's guidelines and in close consultation with all Stakeholders. The Strategy forms an integral part of the Housing Investment Programme (HIP), which determines the size of the Council's Housing Capital Programme in the forthcoming year.

The Housing Strategy describes and analyses local housing conditions and assesses solutions and proposals for action. It also provides the framework for the bid for a capital allocation.

The five year Vision Document and the Annual Plan were appended to Report A to the Housing Committee on 28 June and these, together with detailed statistical and performance data, are available in the Members' Room.

The Government's guidance on this year's HIP bidding round has confirmed that resources will continue to be distributed 50% on the basis of housing need and 50% depending on the performance of each housing authority. The guidance makes no reference to Councils building homes rather than developing new homes in partnership with Housing Associations. Councils are clearly able to build homes if they choose, and it is unlikely that the Government would penalise the Council if it adopted such a strategy. However, a new Housing Association house may be developed with a public subsidy of approximately £28,000, while the same council house would require a public subsidy of approximately £70,000. A further disadvantage of the Council itself building homes is that a council house could be sold through the Right to Buy at a substantial discount whereas, if Housing Association homes are sold through the Right to Acquire, the Housing Association receives the full value and can then replace the home. In addition the majority of Housing Association homes developed in rural areas are protected from the Right to Acquire. The advantage of developing council homes is that the rent levels are usually slightly lower than Housing Association homes.

In accordance with the Government's guidelines, consultation with interested parties has taken place on the preparation of the Strategy. A presentation was made to the New Forest Housing Forum, which included working groups which looked at issues associated with older people, single people, home energy conservation and Local Agenda 21, empty homes and sustainable homes. The Strategy has also been considered by a variety of interest groups including the Supported Housing Forum and the Housing Association Liaison Meeting. During and following the consultation exercise, a number of suggestions were made and these have been taken into account in the development of the strategy.

A number of suggestions for amendments to the strategy were identified by the Housing Committee. The Committee has approved the strategy, subject to the incorporation of these amendments and subject to a final approval by the Chairman and Vice-Chairman of the Housing Committee before submission to the Government Office for the South East.

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2. HOUSING INVESTMENT PROGRAMME 1998/99 & 1999/2000 (REPORT B) (MINUTE NO 9).

The Committee considered actual spending on the Housing Investment Programme (HIP) in 1998/99 and the latest estimate for 1999/2000. For 1998/99, members approved an increase of £26,000 in the level of the Housing Revenue Account (HRA) revenue contribution, to finance expenditure on capitalised repairs and the Tenants' Cash Incentive Scheme. In addition, to maximise housing capital resources, £12,000 of expenditure was funded from the General Fund revenue contribution.

Having reviewed the existing 1999/2000 programme and the additional spending power now available, members approved additional expenditure of £112,000 on Social Housing Grant. It was agreed that regular monitoring of the capital programme would be maintained.

3. HOUSING INVESTMENT PROGRAMME 1999/2000 (REPORT C) (MINUTE NO 10).

The Committee considered the Housing Investment Programme (HIP) for submission to the Department of the Environment, Transport and the Regions (DETR) and approved a priority list of capital schemes for 2000/01. The size of the Council's Housing Capital programme is constrained by the resources and spending power available to fund the programme. For 2000/01 it is estimated that internal resources will generate spending power of £0.98m, being £0.5m revenue contribution from the Housing Revenue Account to fund repairs and improvements to Council homes and £0.48m usable capital receipts from the sale of Council homes and land. The balance of resources is allocated by the DETR.

The Authority's submission sets out a required need to spend £7m. However, resources to support this requirement will not be received. The DETR has requested submission of plans based on three alternative levels of spending power (namely -10%, 0% and +10% from the 1999/2000 allocation, plus internal resources). At these levels the capital programme would be £3.307m, £3.565m and £3.824m respectively.

Comments from Tenants' Associations and Stakeholders were taken into consideration in the preparation of the submission.

4. HOUSING ALLOCATIONS POLICY (REPORT E) (MINUTE NO 12).

The Committee has considered and approved a number of minor changes to the allocations policy to bring the policy up to date and to make it easier to administer and manage the New Forest Housing Register.

The most significant change in the new policy is that to offer applicants increased areas of choice. Excluding villages designated as local connection areas, applicants are currently offered 8 areas of choice. The new policy offers 17 areas of choice. This brings the following advantages:-

- (i) Increased choice for the applicant.

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- (ii) Fewer requests for transfers as a result of applicants being satisfied with their offer of accommodation.
- (iii) Fewer dissatisfied applicants, resulting in fewer refusals of offers of accommodation, fewer deferrals on the register and a reduction in the periods their properties remain vacant.
- (iv) More precise data on housing needs within the District which will help better to inform the Housing Development Team on targeting future development resources.

Other changes are of a minor nature.

The proposed changes to the areas of choice will have financial implications. Each of the 1,700 applicants will need to be contacted and asked to reselect their areas of choice. This data will need to be input onto the computerised Housing Register and manual records update. As the workload cannot be contained within the Housing Needs Team, a temporary data inputter would need to be recruited for a period of approximately 6 weeks at an estimated cost of £1,500. This cost could be met from within existing budgets. Changes to customer leaflets and application forms will also need to be made but again these can be met from existing resources.

The Tenants' and Residents' Joint Committee were consulted on the proposed changes and their suggestions have been incorporated into the new policy.

The Committee has considered a number of issues relating to the register and requested a series of reports in order to monitor these situations and to ensure that members are kept updated on the current trends.

5. REVIEW OF THE RENT ARREARS RECOVERY PROCEDURE (REPORT F) (MINUTE NO 13).

Following a request from Housing Policy and Performance Review and Client Sub-Committee, the Committee has considered proposals to implement a pilot scheme, involving more home visits, to improve performance on the recovery of rent arrears.

Responsibility for rent arrears rests with the Housing Management Contractor. The contract specification sets out the procedures for recovery of rent arrears and also sets a number of targets, which enable performance against the specification to be monitored.

For a number of months, despite the Housing Management Contractor following the requirements of the contract specification, some targets have failed to be achieved.

New Forest District Council has a good record on recovering rent arrears when compared with other Hampshire Councils who still own their own housing stock. Nevertheless, the Committee considers it important for the situation to be continually reviewed and the most effective methods and procedures used to ensure that rent arrears stay at manageable levels. Although the Housing Management Contractor is clearly carrying out the work on rent arrears recovery in accordance with the Housing Management Contract specifications, the trend is for increases in both the total number of tenants in rent arrears and the total amount of money owed.

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The Committee has examined possible reasons for these increases and has considered a variety of measures used by other Councils and Housing Associations to improve their performance on rent arrears. The Committee favoured a scheme involving more home visits to remedy the problem, while recognising that such a scheme might help to reduce the level of rent arrears, but incur additional costs which might outweigh benefits. The Committee has therefore agreed that a pilot scheme be set up in one area, so that the benefits can be measured against an area where visits are not taking place.

The performance of the pilot scheme will be reported to members 6 months after its implementation. The Committee may then decide whether the scheme should be extended. A full review of the Council's rent arrears procedure will also be carried out over this period.

The costs of a new temporary post to provide staff resources for the 6 month pilot would be approximately £12,000. The Housing Management Contractor is currently forecasting a profit in the current financial year and the Business Services Contracts Committee has agreed to the costs of running the pilot being funded from this profit. Whilst there may be additional rental income if the pilot scheme is successful, this cannot be quantified at this stage but will be reported to the Committee when the pilot is assessed.

The Tenants' Contract Monitoring Committee has supported the proposed initiative.

6. SUPPLY AND MAINTENANCE OF IT SYSTEMS FOR CENTRAL CONTROL AT WINFRID HOUSE, TOTTON (REPORT G) (MINUTE NO 14).

The Committee has confirmed the action of the Director of Community Services in waiving the Council's Standing Orders to ensure that I.T. equipment at the Council's Central Control at Winfrid House is year 2000 compliant and to secure the maintenance contract for a further five years. The waiver was approved on the basis that there would not be genuine competition should other contractors be asked to maintain equipment originally supplied by Tunstall Telecom and ensure Year 2000 compliance of the existing equipment. The Tunstall PNC System is well regarded by the users at Winfrid House.

7. BUYING BACK FORMER COUNCIL FLATS AND HOUSES (REPORT I) (MINUTE NO 3).

Members have considered a scheme introduced by the Government to encourage local authorities to buy back flats or houses that they have sold. The main objective of the scheme is to encourage Councils to assist owners of former Council properties who are experiencing difficulties. The Scheme gives Councils wide discretion to decide eligibility criteria and terms of repurchase.

Housing Authorities already have power under the Housing Act 1985 to buy housing, but it is this Council's policy not to use this power as better value for money can be obtained by allocating Social Housing Grant to partner Housing Associations.

The new scheme allows a proportion of the cost of buying back housing to be met from capital receipts from council house sales. Only expenditure above a threshold of £50,000 per annum counts towards the incentive. The new scheme is intended to

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assist local authorities in addressing issues where, for example, owners of flats are in serious arrears with service charges, older owners of houses or flats cannot cope with the cost of looking after their homes, structural problems in former council homes or in neighboring council homes or instances where owners cannot afford to meet their housing costs and cannot resell because they cannot find a buyer or a buyer cannot get a mortgage.

Of the 3,602 properties sold by this Council since the introduction of the Right to Buy, it is estimated that 110 are of non-standard construction. Of this number, around 20% are classified under the Housing Defect legislation.

In the last year there have been only 3 requests to repurchase. The reasons for these requests have been that the owners wish to sell but prospective purchasers are unable to obtain a mortgage. Whilst the number of such requests is minimal, the Committee accepts that this may be due to the understanding that the Council is unable to help.

The Committee has considered three options for the repurchase of properties of non-standard construction on the assumption that any capital expenditure required would be taken from the Social Housing Grant budget. This would reduce the number of houses that could be provided to households in need.

The financial implications of each option were explored. The costs would vary according to the volume and nature of the properties being repurchased and the terms of the repurchase. The Housing Capital Programme, General Fund and Housing Revenue Account would all be affected.

Having considered the matter in detail, the Committee has decided not to change its existing policy of not repurchasing former Council properties. This decision was based on the following:

- (i) Any repurchase scheme was likely to increase the number of requests for the Council to repurchase properties.
- (ii) While the position of home owners who are experiencing difficulties is a cause for concern, these must be balanced against the needs of other people in the District who have no home of their own.
- (iii) As the new financial incentive only applies to authorities spending over £50,000 per year, it will be of most benefit to Councils with large repurchase programmes and might be of no benefit to this Council.

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- (iv) Any resources used to repurchase properties will mean a diversion of resources away from other priorities in the Housing Capital Programme and will lead to an increase in net revenue expenditure. A possible consequence might be a reduction in the Housing Association Development Programme, leading to an increase in the number households who have to live in temporary accommodation.

Councillor Mrs D Wilson
CHAIRMAN

(ctteemtg/cttee/HC280699/report)