

**EXECUTIVE
COMMITTEE**

12th April 2011

**WORCESTERSHIRE LOCAL INVESTMENT PLAN AND AFFORDABLE
HOMES PROGRAMME FRAMEWORK**

Relevant Portfolio Holder	Cllr Brandon Clayton, Housing, Local Environment & Health
Relevant Head of Service	Angie Heighway, Head of Community Services
Key Decision	

1. SUMMARY OF PROPOSALS

- 1.1 The first part of this report brings forward for Member approval a Local Investment Plan (LIP) for Worcestershire that has been developed between Worcestershire local authorities, Registered Providers of affordable housing (previously known as RSLs) and the Homes and Communities Agency (HCA) setting out the shared priorities for housing, regeneration, economic development and supporting infrastructure.
- 1.2 The second part of the report summarises a range of proposed government reforms to the way that social housing is delivered. It sets out the importance of the Local Investment Plan in assisting Registered Providers of affordable housing to achieve a strategic fit when addressing the priorities for new supply identified by local authorities and when bidding for grant funding under the HCA's new 'Affordable Housing programme Framework'

2. RECOMMENDATIONS

The Committee is asked to RECOMMEND that

- 1) the Worcestershire Local Investment Plan be endorsed; and**

RESOLVE that

- 2) Members note the range of proposed reforms to the delivery of affordable housing and the summary of the key elements of the HCA's new Affordable Housing Delivery Framework.**

3. BACKGROUND

- 3.1 The Homes and Communities Agency (HCA) is the national housing and regeneration delivery agency for England. The HCA has aimed to connect

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- local ambition with national targets by engaging local authorities in a 'Single Conversation' on all aspects of housing and regeneration.
- 3.2 The HCA's 'Single Conversation' process was launched in early 2010 to streamline their engagement and negotiation with local partners to generate investment plans and agreements to secure the delivery of affordable housing at local level in support of national objectives.
- 3.3 The term 'Single' Conversation refers to its comprehensive coverage including the full range of housing, infrastructure, regeneration and community activities identifying the priorities set out in key local plans and is an ongoing, evolving and dynamic process.
- 3.4 To deliver the agreed vision for the area, the process is supported by a Local Investment Plan (LIP) (Appendix 1) which identifies the needs to be addressed (based on evidence from local strategies, including the Sustainable Communities Strategy, Local Development Framework and the Local Economic Assessment) and broad consultation that has helped to identify the objectives, outputs and outcomes that are expected from each partners' interventions and to assist the HCA, the LIP covers key areas for potential investment.
- 3.5 With the change of Government during 2010, the concept of a Single Conversation was dropped and the requirement to develop a Local Investment Plan became voluntary although it is the document the HCA will use to determine housing investment within an area.
- 3.6 Dialogue with the HCA indicated that it was desirable to continue to develop a Local Investment Plan that could be used to inform and support the forthcoming housing bidding round with the HCA (2011 – 15) under the new Affordable Homes Programme Framework.
- 3.7 The Worcestershire authorities jointly commissioned consultants, Regeneris Consulting and BBP Regeneration who had previous experience of developing LIPs to consult with key stakeholders and draw up the LIP. The development of the LIP was overseen by specific task and finish groups set up in the North and South, overseen by the Worcestershire Partnership Place Shaping Theme Group. Throughout the process Registered Providers (formally known as RSLs), with an interest in developing in the area, were consulted.

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4. KEY ISSUES

4.1 The Local Investment Plan has identified three key strategic priorities:

- a) Creating the conditions to sustain and generate employment;
- b) Providing the right housing for all communities;
- c) Developing Worcestershire's infrastructure.

4.2 Within these three strategic priorities there are a number of elements and these are listed below;

- a) Priority 1: Developing high growth employment sites;
- b) Priority 2: Creating and sustaining employment in Worcestershire's main centres;
- c) Priority 3: Supporting the economic sustainability of Worcestershire's towns;
- d) Priority 4: Developing housing to support high growth employment sites and main employment centres;
- e) Priority 5: Supporting housing markets in Worcestershire's towns;
- f) Priority 6: Delivering sustainable rural housing;
- g) Priority 7: Meeting special needs;
- h) Priority 8: Improving the existing housing stock;
- i) Priority 9: Strengthening the highways infrastructure;
- j) Priority 10: Improving public transport;
- k) Priority 11: Developing social, community and green infrastructure;
- l) Priority 12: Managing Worcestershire's resources.

4.3 For Redditch, the proposals for housing and economic development and regeneration, identified through the draft Local Development Framework Core Strategy are picked up in priorities two and four. Meeting special needs, including housing for older people is addressed by priority seven. Priority eight highlights the needs for ongoing improvements to the existing stock, especially around HMO's and thermal comfort although recognition is given to the scale of disrepair in the private sector and the limited resources now available to support improvements. Priorities 9 – 12 cover various transport and infrastructure schemes under proposal throughout the county.

4.4 The LIP is an evolving document and it is recognised that in the short term it is a document that will inform the HCA bidding round. However, in the longer term it is the starting point for further prioritisation of Worcestershire's key employment and housing growth ambitions that require significant supporting infrastructure.

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- 4.5 The development of a Worcestershire LIP has been supported by all of the Worcestershire Councils and other key delivery partners. Its implementation will continue to be overseen by the Worcestershire Partnership's Place Shaping Group as the next steps towards scheme prioritisation are addressed. However, in the meantime the LIP will serve as a document to support RP bids to the HCA.

Affordable Homes Programme – Framework

- 4.6 The Localism Bill and the Government's consultation paper 'Local Decisions: A Fairer Future for Social Housing' proposed far reaching changes to the nature and length of tenancies offered by social landlords and, in the case of Registered Providers (RPs), to the rents charged to a proportion of their new tenants when properties become available for re-letting.
- 4.7 It is proposed that local housing authorities will be under a statutory duty to formulate and publish a 'Tenancy Strategy' as a framework for the application of the new flexibilities to tenancy terms and the proposed introduction by RPs of new 'affordable rents'. Individual social landlords will also be expected to publish policies on their specific application of tenancy and rent reform.
- 4.8 In February 2011, the DCLG and Homes and Communities Agency (HCA) published an *Affordable Homes Programme Framework* setting out a new approach to the way that social housing is to be delivered from April 2011.
- 4.9 The Affordable Homes Programme Framework requires offers from RP's (formerly known as RSLs, e.g. Redditch Coop Homes, Festival, etc.) to work with the Homes and Communities Agency (HCA) to deliver a new supply of affordable housing over the next four years - 2011 to 2015.
- 4.10 Whilst offering greater flexibility to RP's wishing to develop, the basis of this new delivery model will be to ensure providers use the potential to increase the rental stream from some of their existing stock (only when units become void for re-letting) to help reduce the amount of public funding (HCA Grant) that will be needed to deliver the supply of affordable housing.

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- 4.11 Key to this new structure is the introduction of a new '*Affordable Rent*' product which will form the principal element of the new supply offer. The new flexibilities will allow RP's to convert a proportion of their existing 'Social Rent' dwellings (currently let at around 55% - 60% of open market rent) to the new 'Affordable Rent' which can be let at up to 80% of open market rent. Existing tenants will not be affected as conversion to the new Affordable Rent product will only be an option available to a RP when stock becomes void and is re-let to a new tenant.
- 4.12 Alongside this flexibility for RPs to capitalise upon an increased rental stream, the new delivery model will seek a competitive bid from RPs who use the new flexibilities on the use of existing assets to generate additional financial capacity to support new supply. There are therefore four broad funding streams:
- a) Additional borrowing capacity by conversion of Social Rent units to Affordable Rent;
 - b) Cross subsidy through surpluses, outright sale, shared ownership sales, recycled grant and stock disposals;
 - c) Free or discounted land;
 - d) HCA Grant funding (but only where required to make a development viable).

The assumption is that the most competitive bids made by RPs will effectively combine these funding streams.

- 4.13 The new delivery model will mean that the HCA's former 'scheme by scheme' appraisal process will end and providers will be expected to set out their proposals for a four year programme covering how they will manage their existing assets and capacity, and in particular how they will use the flexibility to convert some of their current stock to 'Affordable Rent', alongside HCA funding, to generate significant volumes of new supply.
- 4.14 When considering proposals, the HCA will consider the strategic fit and overall value for money. RPs will be encouraged to work closely with local authorities throughout the 2011 -15 development programme period to deliver against local needs and priorities. The HCA's local development teams will play a key role in brokering and enabling relationships between providers and local authorities to ensure that local priorities are delivered. Members will therefore recognise that the Local Investment Plan (LIP) is a key tool in enabling this to happen.

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5. FINANCIAL IMPLICATIONS

- 5.1 The Local Investment Plan is a mechanism for drawing in financial resources and focusing resources on schemes of strategic importance.
- 5.2 The Registered Provider bids to the HCA will be expected to include commitment of any resources the RP's and any other public or private bodies can make e.g. free or discounted land, local authority grant or the use of S106 contributions.

6. LEGAL IMPLICATIONS

The Housing elements of the LIP will form the basis of the packages that Registered Providers put together to the HCA to deliver housing over the next four years. These packages will be subject to legal agreement between the RP's and HCA but Local Authorities are expected to participate in consultation around these.

7. POLICY IMPLICATIONS

None identified.

8. COUNCIL OBJECTIVES

Enterprising Communities – The LIP priorities are related to housing, economic and infrastructure priorities.

9. RISK MANAGEMENT INCLUDING HEALTH & SAFETY CONSIDERATIONS

The LIP is a Worcestershire wide document, there are no risks associated with endorsing it. However, failure to endorse it could place the Council at a disadvantage going forward in terms of securing internal investment opportunities and investment from the HCA for affordable housing.

10. CUSTOMER IMPLICATIONS

The actions set out within the document are designed to enhance the Council's response to the identified housing needs of the community and to assist Registered Providers and the HCA to invest in affordable housing that accords with the needs and priorities identified.

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11. EQUALITIES AND DIVERSITY IMPLICATIONS

It has not been considered necessary to carry out an impact assessment on the LIP.

12. VALUE FOR MONEY IMPLICATIONS, PROCUREMENT AND ASSET MANAGEMENT

The LIP will assist and encourage RP's to make best use of existing resources and guide their proposed investment and that of the HCA to most accurately reflect the needs and priorities of the County.

13. CLIMATE CHANGE, CARBON IMPLICATIONS AND BIODIVERSITY

Addressed within LIP Priorities 8 and 11.

14. HUMAN RESOURCES IMPLICATIONS

None identified.

15. GOVERNANCE/PERFORMANCE MANAGEMENT IMPLICATIONS

The LIP will assist in driving NI 155 Delivery of Affordable Housing.

16. COMMUNITY SAFETY IMPLICATIONS INCLUDING SECTION 17 OF CRIME AND DISORDER ACT 1998

None identified.

17. HEALTH INEQUALITIES IMPLICATIONS

Specifically addressed by LIP priorities 7, 8 and 11.

18. LESSONS LEARNT

Early engagement and agreement of priorities with RPs and with the HCA through the development of the LIP is clearly viewed as a positive support to the investment process.

19. COMMUNITY AND STAKEHOLDER ENGAGEMENT

Registered providers, County Council and District Council Officers from housing, regeneration, planning, economic development teams.

REDDITCH BOROUGH COUNCIL

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20. OTHERS CONSULTED ON THE REPORT

Portfolio Holder	
Chief Executive	
Executive Director (S151 Officer)	
Deputy Chief Executive/Executive Director – Leisure, Environment and Community Services	
Executive Director – Planning & Regeneration, Regulatory and Housing Services	
Director of Policy, Performance and Partnerships	
Head of Service	
Head of Resources	
Head of Legal, Equalities & Democratic Services	
Corporate Procurement Team	

21. WARDS AFFECTED

All Wards.

22. APPENDICES

Appendix 1 - Worcestershire Local Investment Plan (LIP).

23. BACKGROUND PAPERS

DCLG / HCA - Affordable Homes Programme - Framework.

24. KEY

AUTHOR OF REPORT

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