

Report to Community Overview and Scrutiny Panel

Agenda
Item:

A.3

Meeting Date: 14 January 2016
Portfolio: Economy, Enterprise and Housing
Key Decision: No
Within Policy and Budget Framework: Yes
Public / Private: Public

Title: HOUSING ASSOCIATION UPDATE
Report of: The Director of Economic Development
Report Number: ED 43/15

Purpose / Summary: As there have recently been a number of significant changes in the Housing Association sector representatives from Impact and Two Castles have been invited as well as Riverside Cumbria to generate a wider debate. Riverside Cumbria have prepared the report, commenting on a range of current topics, including the impact on their service delivery as a result of Right to Buy, rent cuts, 'Pay to Stay', Universal Credit and how they work together to ensure high quality services to current and potential tenants. They will also provide an update on their immediate and on-going response to the recent floods.

Recommendations: Members of Community Overview and Scrutiny Panel are invited to ask questions of the representatives from Riverside, Impact and Two Castles and comment on the contents of the report prepared by Riverside.

Tracking

Executive:	
Overview and Scrutiny:	
Council:	

1. UPDATE FROM RIVERSIDE'S DIRECTOR FOR CUMBRIA

1.1 The 2015 Floods

Further to the floods of the weekend the 5th and 6th December 2015, 19 of Riversides properties were completely flooded resulting in the tenants being temporarily rehoused and a further 30 properties suffering from water penetration but did not required the households to move out. Riverside has approximately 6000 properties in Carlisle so the situation could have been significantly worse.

Of the tenants who had to move out ten were insured and have private arrangements in place with their insurers. However, for the nine tenants without insurance, Riverside has ensured that suitable alternative accommodation has been found and that these properties are suitably equipped. Riverside's Assisted Living Team will be working with these households to ensure they have access to any appropriate disaster recovery funds to ensure their immediate and medium term needs can be met.

It is estimated that the repairs to the affected properties will take between six to twelve months and will cost in excess of £1m

Riverside would like to thank all of the statutory and voluntary agencies who worked tirelessly during the flood weekend and in the following weeks to reduce the economic and human impact of the floods on the people and communities affected.

Riverside are currently undertaking a stock review exercise to identify which properties have flooded during this last decade of floods which will feed in to a full discussion about targeted stock disposals to reduce the financial liability for the organisation.

1.2 The 2015 Summer Budget

As Members will be aware, the Chancellor, in his 2015 Summer Budget, proposed several policy changes which would impact on every registered provided in the country. However, two of the most significant are:-

1. The -1% rent reduction for the next four years.
2. Extending the right to buy scheme to Housing Association tenants.

1.3 Rent Reduction

The -1% rent reduction, starting in April 2016, will have a massive impact on Riverside as an organisation. The housing sector had previously agreed with Government a rent formula of CPI + 1% over ten years. Moving to a -1% position for the next four years equates to an actual 17% rent cut and a 9.5% reduction in projected turnover over four years, which for Riverside means that the organisation has to strip out £99m of costs from the business. Carlisle's contribution towards this amount is approximately £9m.

Riverside is committed to delivering and maintaining excellent front line customer services whether this is via its Call Centre, through the office at English Gate Plaza or directly on its estates. However it is clear that the sector, and Riverside, will have to respond to the impact of this loss of income.

Riverside is currently undertaking an exercise which will reshape the organisation during the next three years. This will impact on which services continue to be developed and where they are delivered from. Riverside is committed to Carlisle but fundamental changes

will be needed to respond to the rent reform. However, Riverside will remain fully committed to its vision of Transforming Lives and Revitalising Neighbourhoods.

One of the impacts of the rent reduction, across the sector, will be the impact on developing new properties. Due to falling grant rates each new scheme has to stack up financially over a 30 year business plan. The rent reduction means that fewer schemes, especially ones with high land and development costs will not be able to be developed without further financial assistance. Riverside is entering into discussions with all of its local authority partners to push for larger scheme developments which offer economies of scale and allow for the costs to be apportioned across a wider number of units.

1.4 The Extended Right to Buy

The Chancellor announced the extended right to buy which would have given all housing association tenants in England and Wales the opportunity to purchase their homes under a similar scheme to the one in place for council housing tenants since 1980. Following the transfer of Carlisle City Council's housing stock to Riverside in 2002 all transferring tenants retained a 'preserved' right to buy but any subsequent tenants who entered into new tenancies with Riverside were unable to exercise the right to buy.

Following the announcement that this extension of the right to buy would become statutory it was profiled that approximately a further 3000 tenants in Riverside Cumbria would be able to purchase their homes, which in reality would possibly have led to Riverside losing 500 homes in Carlisle. The government proposals were that each sale would be supported by a one for one replacement. However, in reality this would have been challenging to have achieved.

The National Housing Federation, supported by Riverside, lobbied government to make the extended right to buy scheme a voluntary scheme to allow more control of which properties to sell and where.

In November 2015 The Chancellor announced that housing association tenants will be able to register for a pilot of the Voluntary Right to Buy scheme (RTB) that will enable them to buy their home with the help of a Government funded discount.

Initially this will be limited to five housing associations, including Riverside, with homes in 24 local authorities in London, the South of England, East Anglia and the North West.

The scheme will be available to tenants of L&Q, Riverside, Saffron, Sovereign and TVHA housing associations.

Riverside will be offering the voluntary Right to Buy scheme to a limited number of tenants who meet the following criteria:

- They are a Riverside tenant
- They live in the following local authority areas, Liverpool, Wirral, Halton, Sefton, St Helens or Knowsley
- They have been a housing association or public sector tenant for at least 10 years.

Now that the voluntary agreement is in place it is essential that we work closely with Government, the regulator and the National Housing Federation, to test the design of the scheme. The critical thing that the Government has promised to pay the costs of administration and transaction and we will receive 100% compensation for the discount of point of sale. This will enable us to plan to build new homes to replace the one we sell.

This pilot puts Riverside in a great place to influence how the scheme develops to achieve the best outcome for tenants and housing associations.

Tenants in Carlisle will not be able to exercise their right to buy until the pilot schemes have concluded and have been evaluated.

1.5 Additional Summer Budget Implications

Many of the proposals set out in the Summer Budget will now be making their way through parliament as part of the following:-

1. The Cities and Devolution Bill
2. The Welfare Reform and Work Bill
3. The Housing and Planning Bill

Riverside are working with all of its key partners, including Carlisle City Council to understand the impact of this legislative framework to work out the impact on its tenants, communities and finances.

However, as previously stated Riverside are committed to working with Carlisle City Council to remain as a core business partner to deliver better community outcomes for all of our customers and constituents. However, the status quo cannot be retained and a further report will be presented to a future Community Oversight and Scrutiny Panel meeting to detail the ongoing implications of the Summer Budget.

2. PROPOSALS

2.1 N/A

3. CONSULTATION

3.1 N/A

4. CONCLUSION AND REASONS FOR RECOMMENDATIONS

4.1 N/A

5. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

5.1 The joint working between Carlisle City Council and the Council's Housing Association partners contributes to the Carlisle Plan priorities of developing effective partnerships and addressing Carlisle's housing needs.

Contact Officer: **Jeremy Hewitson**

Ext: **7519**

Appendices **No**

attached to report:

Note: in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers:

- **None**

CORPORATE IMPLICATIONS/RISKS:

Chief Executive's -

Community Engagement –

Economic Development –

Governance –

Local Environment –

Resources -