



REPORT OF:	HOUSING & WELFARE MANAGER
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TO:	OVERVIEW & SCRUTINY COMMITTEE
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WARD (S) AFFECTED:	ALL
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SUBJECT:	HOUSING ASSOCIATION ACTIVITY & PERFORMANCE 2014/15
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RECOMMENDATIONS:

That the housing situation, affordable housing activity and performance within the borough be noted.

SUMMARY:

The Council relies on registered providers (formerly “housing associations”) to meet the need for social and affordable housing in the borough.

This report includes information about the performance of Raven Housing Trust, the largest housing provider in the borough, and provides an overview of housing development activity in the borough during the last full financial year.

STATUTORY POWERS

1. The purpose of this report is to enable the Overview and Scrutiny Committee to review the housing performance of registered providers of social and affordable housing as part of its statutory role.

INTRODUCTION

2. The Council has not directly owned or managed affordable housing since 2002 when the Council’s stock was transferred to Raven Housing Trust. The Council retains a strategic role in meeting local need, making decisions about the planning and development of new affordable housing and creating sustainable communities within the borough, all of which involves working in partnership with registered providers. It is noted that the Council relies on registered providers to house families on the Housing Register and to meet the Council’s statutory homelessness duties.
3. This report covers the following areas:
 - Summary of housing associations operating in the borough
 - Provision of new or replacement affordable housing
 - Current issues facing housing associations

- Raven Housing Trust performance (Annex 1)

HOUSING ASSOCIATIONS WITH HOMES IN THE BOROUGH

4. Housing associations own and manage over 8,000 homes in the borough, which equates to about 15% of all homes here. Approximately 80% of these are rented homes, with the remainder mostly consisting of shared-ownership properties.
5. There are about 25 housing associations and charities providing affordable housing in the borough. Excluding Raven Housing Trust, the largest registered providers only have a few hundred properties and the majority have less than 50 properties.

RAVEN HOUSING TRUST PERFORMANCE & INITIATIVES

6. Raven Housing Trust own and manage around 73% of all rented affordable housing in the borough. Taking account of leaseholders and shared ownership properties Raven own and/or manage about 10% of all properties in the borough, and their tenants make up a significant proportion of the borough's population. The Council is therefore keen to ensure that Raven manages its homes well and makes best use of its affordable housing in the borough.
7. Information on a range of performance indicators is given in Annex 1 including responses to repairs, rent arrears and relets. In June 2013 Raven were given the highest economic Governance and Viability ratings by the Homes and Community Agency.
8. As well as managing and providing homes, Raven invests in neighbourhoods and communities. It has invested in a range of initiatives and projects which offer a number of economic, social and educational benefits to local people. Examples include:
 - Community investment - in 2014/15 Raven increased expenditure on community investment primarily through Moneywise from £385,000 in 2013/14 to £452,000 in 2014/15;
 - Financial inclusion – Raven set up Moneywise in 2013 providing budgeting advice, benefits advice income maximisation, and rent arrears management. In 2013/14 the team engaged with 511 residents and this rose to 900 customers in 2014/15. As a result rent arrears have reduced by around £170,000 year on year and unclaimed benefit income has increased by around £1.8 million over the two years;
 - Merstham Start Up – a 'Dragon's Den' style project helped 17 people set up their own business and compete for £4,000 worth of funding. In this joint project Raven organised the course and Surrey Travel Smart Community Fund paid for the training and local employers donated time as 'Dragons';
 - Engaging with young people - more than 800 hours of youth activities were provided by Raven in 2014/15 and 146 new qualifications achieved.
9. The Trust continues to work closely with the Council on a range of issues including Housing Benefit issues, fraud, anti-social behaviour, crime and disorder as well as housing issues. Raven is currently working in partnership with the council's fraud team to tackle housing fraud such as sub letting or unlawfully passing social housing tenancies to others.

NOMINATIONS

10. Registered providers have both a legal duty to assist the Council with its homeless duty and local agreements that enable the Council to manage the Housing Register for waiting list applicants and transfer applicants.
11. Housing associations do not have to provide the Council with 100% of their vacant and available housing. On development sites which have delivered rented affordable housing the council has 100% nomination rights on initial lettings and retains nomination rights to 25% of relets per year which is secured through a legal agreement and nomination agreement.
12. The current arrangement with Raven Housing Trust is that the Council receives 70% of all vacancies based on an agreement in which the council manages Raven's transfer applicants on their behalf. Applicants who successfully bid or are directly matched to properties will be subject to the nomination process as detailed in the Council's Housing Register and Allocation Policy. The Council conducts all of the relevant checks and then nominates the successful applicant to the housing association. Raven has its own Housing Allocation Policy against which it assesses nominees.
13. Following a consultation in autumn 2015, Raven amended its Housing Allocation Policy. The new policy took effect from November 2015. This is now an overarching policy with detailed procedures to support it.

DEVELOPMENT OF AFFORDABLE HOUSING

14. The Council relies on housing associations and other providers to develop new or replacement affordable housing in the borough. Development activity is governed by a number of issues including:
 - general house building activity by private developers;
 - capacity of registered providers for development (borrowing, risk etc.);
 - funding from other sources;
 - funding from the Homes & Communities Agency;
 - availability of suitable sites.
15. Raven has an active building programme. In 2013/14 Raven started building 70 new homes for rental, shared ownership and temporary housing. These included: the redevelopment of Rosemary Court in Horley; the start of West Mount temporary accommodation which replaced old non-self contained temporary accommodation; Phase 1 of Purbeck Close forming part of Merstham regeneration; development of six bungalows in Merstham for older people; new sheltered housing in Redhill; and delivery of Laton Place in Redhill providing shared ownership apartments in place of an old sheltered housing scheme.
16. In 2014/15 work started on building 94 new homes. In Merstham, Raven began Phase 2 of Purbeck Close. Within Preston, on former London Borough of Merton land, Raven started the development of bungalows for older people wishing to downsize. Raven also began work on a mix of flats and houses for rent and shared ownership as part of the Preston Regeneration scheme.
17. In 2015/16 Raven expects to complete 109 new homes. These will include new homes for rent in Woodhatch, sheltered housing in Redhill, homes for rent and

shared ownership in Preston and shared ownership homes in Redhill, Banstead, Lower Kingswood, Woodmansterne and Reigate.

18. Thames Valley Housing Association also made a significant contribution to delivering affordable housing in the borough in 2014/15 with the completion of Russell Square, Horley. This scheme delivered 75 shared ownership units and 15 affordable rented homes. Thames Valley will also be delivering 11 homes for rent and shared ownership in Smallfield, Horley in 2015/16.
19. The table below shows the breakdown of all new dwellings completed in the Borough in the past five years:

Year	Private	Social/Affordable Rent	Shared Ownership	Total
2010/11	285	94	60	439
2011/12	403	37	15	455
2012/13	395	33	41	469
2013/14	360	44	58	462
2014/15	420	41	101	562

CURRENT ISSUES FOR REGISTERED PROVIDERS

20. The Government announcement in the summer Budget to end an agreed 10 year inflation linked rent settlement and replace with an annual 1% rent reduction over each of the next four years from April 2016 has impacted significantly on social landlords. The expected financial impact has prompted many to redraw business plans, consider service cuts and redundancies.
21. The announcement of the extended Right to Buy in the Housing & Planning Bill marks a big change for all social housing providers. The extended Right to Buy will be a voluntary rather than mandatory scheme with exempted properties likely to include homes delivered through section 106 agreements and specialist housing. Tenants living in exempted homes are likely to be offered a portable discount to buy an alternative home. The extension of the Right to Buy to housing association tenants is now being phased in through five pilot schemes. The pilot is limited to 600 sales and is only open to tenants who have lived in social housing for 10 years which is much longer than the threshold required for council tenants. The main scheme will follow the pilot in April 2016.
22. Pay to Stay was announced as part of the draft Housing & Planning Bill 2015. The scheme is aimed at charging tenants earning £30,000 outside of London and £40,000 in London, up to market rents. Originally intended to be compulsory for all social landlords, the government announced in December that the scheme will remain compulsory for councils but will be voluntary for housing associations, although there is a strong expectation that housing associations will operate it.
23. Changes under Welfare Reform have already directly impacted registered providers, in particular from 2013 with the introduction of under occupation in the social sector (also known as 'bedroom tax' or 'spare room subsidy') and the Benefits Cap. To date these changes have affected a relatively low volume of tenants in the borough, but

for those tenants affected the effects have been significant. With effect from April 2016 the benefits cap will reduce further from £26,000 to £20,000. It will affect many more borough residents and present a further challenge to housing providers, the Council and other agencies.

24. Restricted 1% increases to benefits rates, such as Jobseekers Allowance and Local Housing Allowance and the requirement to pay Council Tax, have resulted in more tenants struggling to pay rent or falling into arrears. This has resulted in a greater dependency on claiming Discretionary Housing Payments.
25. Universal Credit is to be rolled out nationally from February 2015. In Surrey the initial roll out will only be for single claimants without children from February 2016, with other claimants becoming affected between May 2016 and December 2019. Payment of Universal Credit will be to the tenant, whereas presently in most cases Housing Benefit payments are paid directly to the registered providers. There will be an increased risk of rent arrears and late payments, and additional resources will be needed to manage and support this group of tenants.

EQUALITIES IMPLICATIONS

26. There are no equalities implications for the Council. However, registered providers are required to assess the impact of their services on different types of service users in order to eliminate discrimination.

POLICY FRAMEWORK

27. The Five Year Plan 2015-2020 identifies the priority areas for the Council's work grouped around three themes. Two of the themes, 'People' and 'Place', particularly support the work of housing association partners. Within these themes the Five Year Plan prioritises supporting residents into employment, particularly those in vulnerable families and young people, working with our partners to provide great services for older people to help them stay independent and improving safety with our partners. The Core Strategy and other related documents also outline the need for additional affordable housing and making best use of the existing stock.

CONCLUSIONS

28. Registered Providers are key partners in managing, making best use of and developing new affordable housing. In some parts of the borough registered providers manage a significant proportion of homes in the local community. A close and positive relationship between the Council and registered providers, particularly Raven, will assist in the achievement of our objectives and can only be advantageous to borough residents.

Background Papers:

Reigate & Banstead Tenancy Strategy

http://www.reigate-banstead.gov.uk/info/20040/housing/550/housing_strategies

Raven Housing Trust – Value for Money Review 2014/15

<http://www.ravenht.org.uk/resources.php?action=category&categoryid=8>

Annex 1 – Raven Housing Trust performance information

Key Performance Indicators – *source: Raven Housing Trust Value for Money Review 2014-15*

Performance Indicator	2014/15	2013/14
Tenants satisfied with repair work carried out	91%	91.55%
Average cost of responsive repairs for each home	£697.54	£670
Investment in major repairs average per home	£1,497	£1,664
Average re-let time for standard general needs homes	16 days	19days
Average void cost	£1780	£1885
Number of relets	492	420
Rent arrears of current tenants	3.76%	4.11%
Dwellings failing to meet the decent homes standard	0.00	0.00
Tenant satisfaction with value for money	82%	80.9%
Percentage of calls answered by customer service centre	97%	-