

# WIRRAL COUNCIL

## CABINET

21<sup>ST</sup> JULY 2011

<b>SUBJECT:</b>	<b>NEW HOMES BONUS ALLOCATION 2011-2012</b>
<b>WARD/S AFFECTED:</b>	<b>ALL WARDS</b>
<b>REPORT OF:</b>	<b>KEVIN ADDERLEY</b>
<b>RESPONSIBLE PORTFOLIO HOLDER:</b>	<b>COUNCILLOR GEORGE DAVIES</b>
<b>KEY DECISION?</b>	<b>NO</b>

### 1.0 EXECUTIVE SUMMARY

1.1 This report sets out the Governments New Homes Bonus Scheme, Wirral Council's New Homes Bonus Allocation for 2011-2012 and seeks Members approval for the use of this allocation as set out in this report. The New Home Bonus was reported to Cabinet on 2<sup>nd</sup> June 2011 as part of the Government Grants 2011/12 report. The new Homes Bonus is a general grant and the Council is able to determine what it is used for therefore the proposal set out in this report is for the reward grant to be used to support bringing empty properties back into use and delivering new supply which is in line with the Councils Corporate Priorities.

### 2.0 RECOMMENDATION/S

- 2.1 That members approve the use of the New Homes Bonus Allocation 2011-2012 to support bringing empty homes back into use and the delivering of new supply as set out within this report.
- 2.2 That the capital receipt generated from the sale of the properties sold through the HOUSED programme estimated to be in the region of £0.5m is used as match funding for the bid for Housing Market Renewal Transition Fund.

### 3.0 REASON/S FOR RECOMMENDATION/S

- 3.1 To use the New Homes Bonus Allocation 2011-2012 for projects which will have a positive impact and maximise Wirral's future allocations from the New Homes Bonus.

### 4.0 BACKGROUND AND KEY ISSUES

#### New Homes Bonus Scheme

- 4.1 The New Homes Bonus scheme commenced in April 2011 and aims to give incentives to local authorities to increase housing supply, engender a more positive attitude to growth and create an environment in which new housing is more readily accepted. This is being delivered by rewarding Local Authorities with a New Homes Bonus grant, equal to the national average for the council

tax band on each additional property and paid for the following six years as an unringfenced grant.

4.2 The level of grant for each additional dwelling is linked to the national average of the council tax band to encourage local authorities to build the types of homes people want and need, in the places that people want them. This will be achieved by measuring the change in dwellings on council tax valuation lists. This approach recognises:

- increases in housing stock
- the relative value of the properties – larger family homes require more land and that homes built in areas of highest need are more expensive and tend to be in a higher council tax band and
- that local council tax levels have a variety of historic and local reasons and authorities which have been prudent should not be penalised.

4.3 Currently this would mean that the amount of grant relating to an additional council tax band D property would be about £1,439 per annum or £8,634 over six years. This would be reviewed if council taxes rise.

4.4 To ensure that affordable homes are sufficiently prioritised within supply, there is a simple and transparent enhancement of a flat rate of £350 per annum for each additional affordable home. Over six years an affordable home would realise an enhancement of £2,100.

4.5 Members should also be aware that Communities and Local Government (CLG) is recognising it will also be important to bring empty homes back into use to increase provision therefore through the allocation local authorities will be rewarded for bringing empty properties back into use through the New Homes Bonus.

4.6 The grant awarded to local authorities is payable for the following six years. The total award will therefore rise as the grant rolls forward year on year providing the net build rate is higher than the number of properties becoming empty. By year six, even at a steady rate of build, the Government expect the total national award to be over £1bn. DCLG has set aside around £200m to fully fund the scheme in 2011-12. For the following three years of the spending review (2012-13 to 2014-15) DCLG have set aside £250m per annum and funding beyond these levels will come from Formula Grant. As the first four years of funding was approved via the Comprehensive Spending Review there is some confidence that Local Authorities will receive at least four years allocations. This report sets out the intended use of the funds for the period up to 2016/17 with a provision to review any future changes made by the Government to the New Homes Bonus Scheme within that time period.

#### **Wirral's New Homes Bonus 2011-12 and subsequent six year allocation**

4.7 On 4<sup>th</sup> April 2011 the Housing Minister announced the final determinations for the New Homes Bonus for 2011-12. The amount allocated for Wirral was £260,019 and was based on a net change in stock of 280 units. This is based on the Council Tax Base returns and takes account of the effective stock less any long term empty homes in one year from the previous year. The

allocation does not include for the affordable homes flat rate element as this will be determined using 2011/12 DCLG official statistics on gross affordable housing supply which will not be released until October 2011 therefore will be determined in December 2011 and awarded in Year 2 (2012/13).

#### **Proposed Use of New Homes Bonus in Wirral**

4.8 It is proposed that Wirral use the new homes bonus to contribute to enabling the supply and provision of new homes to meet need and aspiration. This will be in two ways:-

1. Through the support of activity as part of Wirral's Housing Strategy to maximise the use of existing stock by bringing empty homes back into productive use utilising a number of established initiatives.
2. Through using a proportion of the New Homes Bonus allocation as match funding to attract investment from the Homes and Communities Agency as part of the transitional arrangements for HMR. This funding is aimed at supporting activity which will alleviate the problems experienced by residents who are left isolated in areas which have been subject to significant acquisition by the Council and where clearance activity has commenced. There are a number of sites in the HMR area where residents are in this situation. The ability to attract further funding to complete the site assembly (through acquisition and clearance) in these areas will in turn both reduce the number of long term vacant properties and enable the redevelopment of the sites with significant numbers of new homes which will enhance Wirral's ability to attract future years New Homes Bonus allocations.

#### **Areas of Intervention**

- 4.9 Wirral currently has six Lower Super Output Areas (LSOAs) that over the last 12 months have consistently ranked the worst performing LSOAs for long term empty properties. See Appendix 1 to this report.
- 4.10 Three of the six areas Mariners Park Egremont, East Float Seacombe and Trinity Gardens, Oxtan, which have performed consistently poor are either the subject of separate activity which will improve their position or have performed better in the last few months due to sales of new build. Therefore it is proposed that the New Homes Bonus is targeted at the three remaining worst performing empty property hotspots that are not showing any potential signs of improvement:- The Town Hall area, Wallasey, The Central Birkenhead Area and The Argyle Street Area, Birkenhead. These areas will be the strategic focus of an accelerated enforcement approach alongside targeting the Improvement for Sale grants set out below:-

#### **Improvement for Sale Grants**

- 4.12 **Outputs** – 7 units per annum, 28 units over the four year period.
- 4.13 **Allocation** - £20,000 per property, £140,000 per annum totalling £560,000 over the four year period.

- 4.14 The Council would work alongside housing association partners to identify and target the owners of long term empty properties. Housing associations will be provided with a list of long term empty properties and contacts for owners to target for acquisition and bring back into use through refurbishment and sale as affordable housing. Within the three priority areas there are currently 112 properties that have been empty for more than 6 months. It is suggested that while housing associations may prefer to concentrate acquisitions within a single priority area, they will be encouraged to select a minimum of five properties from each LSOA to avoid any displacement issues that may arise and ensure that the lower demand areas also receive investment.
- 4.15 Although New Homes Bonus will be received for the following six years, it is proposed an initial four year allocation for the Improvement For Sale project would align with the complementary Affordable Homes Programme Framework to help housing association better align this empty property strategic approach with their affordable homes delivery plans. Improvement for Sale grants would be used as part of a comprehensive toolkit for alleviating long terms vacancy levels in priority areas including enforcement, small empty property grants and private sector leasing

#### **HOUSED Refurbishment Programme**

- 4.16 **Outputs** – 4 units in 2011/12, 3 units in 2012/13, 7 units over the two year period.
- 4.17 **Allocation** - £30,000 per annum totalling £60,000 over the two year period.
- 4.18 Merseyside Fire Safety Network (MFSN) are the charitable arm of Merseyside Fire and Rescue Service and are currently working with HM Prisons and the probation service to offer training in decorating, refurbishment skills and work experience to ex-offenders. MFSN approached the Council for a property to pilot their refurbishment services. MFSN demonstrated their skills in an empty property in Craven Street, Birkenhead which was acquired with HMRI funding and had been intended to be fully refurbished via the established HOUSED route.
- 4.19 FSN refurbished the property to the minimum statutory standard which removed Category 1 hazards and redecorated the property to a good standard. As the funding is no longer available to refurbish the seven remaining properties (originally acquired with HMRI funding) to the higher HOUSED standard it is therefore proposed that the FSN are invited to tender for the work along with other companies based on removing Category 1 hazards and painting and decorating the properties to a reasonable and safe standard so that they can be sold as affordable homes to first time buyers. This would contribute to a number of Corporate priorities, more specifically for housing this would be increasing housing supply, affordable homes and contribute to the Councils empty property targets. The sale of the properties would also generate a capital receipt in the region of £0.5m for the Council and could contribute to an increased supply for future New Homes Bonus awards.

- 4.20 It is proposed that Wirral's £260,019 annual New Homes Bonus (NHB) allocation should be used in the two ways identified in 4.8 of this report and summarised in the table below which combined with the enhanced strategic targeting of empty properties undertaken by the Housing Standards Team will contribute in bringing back into use 655 units, achieve 10 acquisitions and the demolition of 40 units over the six year award period to enable site assembly for redevelopment. The £940,000 set aside from the New Homes Bonus award will be used as match funding for the Housing Market Renewal Transition Fund bid which has been submitted to the Homes and Communities Agency subject to approval of Cabinet.

### **Summary of Proposed NHB Allocation 2011/12-2016/17**

	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>TOTAL</b>
<b>NHB allocation</b>	<b>£260k</b>	<b>£260K</b>	<b>£260k</b>	<b>£260k</b>	<b>£260k</b>	<b>£260k</b>	<b>£1.560M</b>
IFS	£140k	£140k	£140k	£140k	£0	£0	<b>£560K</b>
HOUSED Programme	£30k	£30k	£0	£0	£0	£0	<b>£60K</b>
Transition Fund	£90k	£90k	£120k	£120k	£260k	£260k	<b>£940K</b>

## **5.0 RELEVANT RISKS**

- 5.1 Not utilising the new homes bonus allocation to support bringing empty properties back into use and delivering new supply will result in an increased risk of not taking full advantage of future New Homes Bonus Allocations. Failure to identify funding for the seven properties already acquired in the Craven Street Group Repair Programme will result in the original refurbishment programme not being delivered and may result in a failure to maximise the capital receipts which can be achieved by the sale of the dwellings once refurbished. Failure to use the New Homes Bonus to support the clearance of vacant properties will result in them remaining a financial burden to the Council in terms of Council Tax obligations.
- 5.2 Whilst the new Homes bonus award for 2011/12 is for a six year period, only the funding for the first four years has been approved as part of the Comprehensive Spending Review. In light of this the allocation will be reviewed if any future changes are made by the Government to the New Homes Bonus scheme within the time period 2015-17.

## **6.0 OTHER OPTIONS CONSIDERED**

- 6.1 There were no other options considered.

## **7.0 CONSULTATION**

- 7.1 Consultation has taken place with both the Homes and Communities Agency and Communities for Local Government over HMR Transition and the Affordable Homes Programme Framework. There is expectation from both Government agencies that New Homes Bonus will be utilised to support the transition in HMR areas and support the delivery of new supply, including tackling empty properties and delivering affordable homes.

## **8.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS**

8.1 The proposals for the HOUSED Programme will potentially offer opportunities for work to be undertaken by both voluntary and charitable status organisations.

## **9.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS**

9.1 The proposals outlined in Section 4 of this report will compliment the investment which has already been undertaken as part of the Housing Market Renewal Programme and will enable some schemes to be completed. The sale of the seven properties under the HOUSED Programme will result in approximately a £0.5m capital receipt which it is intended will be recycled and used to support future clearance and redevelopment activity.

9.2 The proposals identified in this report will be carried out utilising existing staff that have the experience to successfully deliver these programmes.

## **10.0 LEGAL IMPLICATIONS**

10.1 There are no legal implications arising from this report.

## **11.0 EQUALITIES IMPLICATIONS**

11.1 The Governments consultation paper has been subject to an equalities impact assessment which has been carried out with a range of interested parties. The proposals under the New Homes Bonus scheme is considered to be fair and that there are no equalities issues arising with regards to the proposals outlined by Central Government.

11.2 Equality Impact Assessment (EIA)

- |                                       |     |
|---------------------------------------|-----|
| (a) Is an EIA required?               | No  |
| (b) If 'yes', has one been completed? | N/A |

## **12.0 CARBON REDUCTION IMPLICATIONS**

12.1 The proposals outlined within this report look to improve standards within empty properties and tackle poor quality housing and enable new housing supply to be delivered. Properties will be refurbished to a standard that will improve the energy rating of properties and reduce carbon usage.

## **13.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS**

13.1 The use of the New Homes Bonus will be within the existing planning system. Local planning authorities will continue to be bound by their obligations under planning law and, in particular, the new homes bonus is not intended to encourage housing development which would otherwise be inappropriate in planning terms.

13.2 The use of the New Homes Bonus Allocation to bring empty properties back into use and remove unwanted vacant properties will have a positive effect in those local communities where these properties are having an adverse effect on local neighbourhoods and communities.

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**APPENDICES**

None

**REFERENCE MATERIAL**

New Homes Bonus Allocation Letter from Communities and Local Government

**SUBJECT HISTORY (last 3 years)**

Council Meeting	Date
None	