

Review of the Local Authority role in Housing Supply

Call for Evidence

Executive Summary

Overview

You are invited to contribute ideas, evidence, and case studies to the independent review into local authorities' role in housing supply, jointly led by Natalie Elphicke and Keith House.

The review is considering how all local housing authorities are using their powers and flexibilities to deliver new social housing, and what more they could do, in collaboration with housing associations, house builders, residents and businesses, to build more new homes and what role they can play in helping to meet the housing needs of their local population.

This open call for evidence will run for just over eight weeks from 25 March until 23 May.

Why are we calling for evidence?

We want to take a fresh approach to thinking how local authorities can increase housing in their area, be it in the owner occupation, social housing or private rented sector.

By inviting ideas, evidence and case studies from a wide audience we want to identify novel and innovative approaches that could help local authorities to support increased housing. We also want to identify perceived barriers and challenge 'myths' that may stand in the way of housing developments.

We are keen to learn from the experiences of pioneering councils and their partners, identifying what's worked, and what hasn't. We also want to hear from community and tenant groups, care and specialist providers, the finance and investor markets and their advisors, and fund managers about innovative finance mechanisms that could help to increase the supply of housing as well as approaches to meet diverse housing needs, including community led schemes, stepped/ community ownership and supported services. We want to ensure that our emerging thinking is based on practical approaches that really work; and will want to explore whether fresh ideas and approaches could be replicated widely across the local authority sector.

We are not seeking proposals that would increase Government borrowing, or changes to Government's national accounting framework. Nor are we looking for requests for funding. These are not within the terms of reference for our Review.

We are looking for evidence and ideas, as follows:

- ideas in responses to the questions posed through the online survey;
- case studies to demonstrate how local authorities are shaping, leading, or enabling housing development; or how innovative finance models or partnering

arrangements have facilitated developments. To be submitted via email to Lahousingreview@communities.gsi.gov.uk

- additional supplementary evidence to be submitted via email to Lahousingreview@communities.gsi.gov.uk.

Further information about the call for evidence, including the preferred format for ideas, case studies and evidence is available below.

What happens next?

All the evidence and information submitted will be considered, and will help to contribute to emerging findings and issues about how local authorities could increase housing supply.

To assist us in collecting the widest and most relevant evidence during our Review, we will be inviting membership and professional organisations to work with us and arrange roundtables and workshops. These will reflect a range of perspectives relevant to our Review, from tenants and specialised housing & care organisations through to mortgage providers. The contributions of these assisting organisations will be acknowledged in our final Report.

To assist us in assessing the information, evidence and recommendations, we will be asking individual experts and specialists to work with us from time to time. These expert advisors will reflect a range of industry specialisms relevant to the Review and their contribution will be acknowledged in our final Report.

We aim to publish our emerging findings and initial ideas for how local authorities can support housing developments within 3 months of the close of the call for evidence.

The Call for Evidence

Review of the Local Authority Role in Housing Supply

In the Autumn Statement, Government announced that there would be an independent review into the role of local authorities in housing supply.

The focus is on considering how councils can help to meet housing needs, whilst ensuring value for money and fiscal discipline.

The review includes both stock holding councils and non-stock holding councils, and considers their role in increasing supply for their communities across all tenures.

Its aim is to support stability in the local authority housing sector, and it must not produce any recommendations that breach Government's fiscal consolidation plans or require changes to Government's national accounting framework.

The review will report by the end of 2014, jointly to the Chief Secretary to the Treasury and the Secretary of State for Communities and Local Government.

Key themes in the call for evidence

To help you submit ideas, evidence and case studies, this call for evidence has been structured around the following core themes:

1. Local authority build

Since April 2012, stock owning local authorities have had flexibility to increase housing supply. Under the Housing Revenue Account self-financing system, such authorities can keep their rental income and manage their housing stock in the most effective way. Additionally, they may also use finance and surplus revenue to directly fund capital work have borrowing approval which could be used to raise private finance to support the building of more local authority homes.

Many councils welcomed these flexibilities when they were introduced. We are therefore keen to hear about councils' experiences in using the self-financing system, for example in planning for future council housing and in securing additional borrowing to fund new housing.

Question 1: What are the experiences of stock owning councils in using the flexibility under the Housing Revenue Account to build new council homes? What challenges were encountered and how were they overcome? What further changes might be introduced to encourage stock owning councils to use their flexibilities to build council homes?

Question 2: To what extent are non-stock owning councils interested in building

council houses? What challenges might be preventing non stock owning councils from building council homes?

2. Councils supporting housing supply

All councils – those that own stock and those that do not - should be planning to meet the current and future housing needs of their local population, and have a range of levers to help them do so. For example, as part of their enabling role, they can bring together partners to help tackle housing needs across all tenures. Additionally, local authorities may have surplus or redundant assets/ land that might support new housing developments. We want to hear about innovative ways in which councils – both stock holding and non-stock holding – could support housing supply.

Question 3: How could Government support local authorities that want to do more to deliver new housing? Are there challenges that could be made easier?

Question 4: To what extent are councils actively valuing, assessing stock condition/ cost, or otherwise managing their asset portfolio to support new developments?

Question 5: How are councils using their own land to support house building by themselves or with others? What more might be done to bring surplus/ redundant land back into use?

3. Local authority skills and capacity

To support housing developments, all local authorities need to have strong and effective leadership, as well as appetite and commitment to take tough decisions. Additionally, councils need to have the skills and capacity to ensure that their, and their communities', interests are fully recognised, and that housing developments are effectively planned, financed, managed and linked to wider community services. We are interested in hearing about the approaches taken by councils to utilise the necessary skills and capacity. We are interested in hearing from community/ tenant and other bodies and individuals about how their housing and community needs have been recognised and included by councils. Recognising that larger scale developments involve multiple partners, as well as a range of skills, we are interested in ideas for how local authorities might harness skills and capacity across development partners.

Question 6: How are councils using their capacity and skills to support locally-led larger development? How are councils assessing housing needs and working to include the needs and wants of communities when considering housing developments? How might councils tap into the skills or capacity from development partners, particularly in larger scale developments?

4. Innovative finance

We know that many local authorities are working with partners to explore potential opportunities for using innovative finance mechanisms to develop housing. We also know that there is increased use of special purpose vehicles, joint venture vehicles, and local asset backed vehicles to lever-in private investment to new housing developments. Recognising the potential long-term investment returns, institutional investment, such as pension funds, is another potential source of investment. We want to hear about the innovative financing mechanisms that councils have used, as well as their experiences in doing so. We are also interested in hearing about other innovative financial mechanisms that could help local authorities to lever-in additional funding to support housing development.

Question 7: What innovative finance mechanisms have councils used to support housing developments? How were risks identified and shared, and challenges overcome in utilising innovative finance models? What other factors would need to be in place to ensure success?

Question 8: What innovative finance mechanisms are used in funding private sector housing development? To what extent could these mechanisms be replicated or extended/ improved to help secure investment for local authority-led housing developments? What could Government do to better support such innovation?

5. Costs and efficiency in developing social housing

Housing developments must secure value for money for councils and their partners. In considering the costs of housing developments, it is important to consider the total cost - including cost of land, infrastructure and construction. We are interested in evidence about how the cost of local authority-led housing development compares with cost of private sector housing developments. We are also interested in ideas for reducing the cost of local authority-led developments, as well as ways of increasing value for money and whether, and how, local authorities are driving efficiency improvements in both their management and development of social housing, in order to free up more resources to support new housing development.

Question 9: How have local authorities improved the efficiency of their management and development of social housing? How does the cost of local authority and private sector-led housing development compare? How is value for money assessed for housing developments? How might councils reduce the costs of and improve value for money in housing developments?

6. Local authority assets

Government has consulted on revisions to the Transparency Code, proposing that a duty is placed on all councils to publish data on the location of public land and building assets, excluding social housing. It intends to publish a revised Transparency Code shortly that will require local authorities to publish data on land and assets. Making available data on

local authority assets, including housing and land, will help communities and developers identify vacant and disused plots of land that could be used for housing development. Additionally, the Autumn Statement included a commitment to ensure that all councils are transparent in the value and size of their housing assets. Some of the best authorities already make their data publically available.

Question 10: How easy have you found it to locate details about local authorities' housing/ land assets? Did this help to support housing development?

General information

Topic of this call for evidence	Review of the role of local housing authorities in housing supply
Scope	This call for evidence seeks ideas, evidence, and good practice into how local authorities can help to increase housing supply in order to meet local housing need.
Geographic scope	The review only covers the role of local authorities in England. However, we would be interested to hear about innovative approaches and good practice from other countries, especially Scotland, Wales and Ireland.
Duration	This consultation will run for just over eight weeks from 25 March until 23 May 2014.
Enquiries	LAreview@communities.gsi.gov.uk
How to respond	<p>You can respond to the survey online at https://www.surveymonkey.com/s/RXC3PGM</p> <p>(a) . You do not need to reply to all 10 questions if you not wish to. Instead you can reply to just those questions that apply to you, or where you have ideas/ evidence/ information;</p> <p>(b) Case studies showing how councils are leading and enabling housing developments, or using innovative finance models or partnering arrangements to facilitate housing developments. Our preferred format is for a short summary of the case study (maximum 60 words) with a photo and hyperlink to a longer case study (maximum 500 words). Case studies should be submitted via email, as we intend to upload them separately.</p> <p>(c) Additional evidence to illustrate your replies to the questions, or your case study, for example excel spreadsheets or financial modeling can be submitted via email or post (see below).</p> <p>Email - We would be prefer evidence and case studies to be submitted in email form to: LAreview@communities.gsi.gov.uk</p> <p>Post – You can submit evidence to: Review of local authorities’ role, Department for Communities and Local Government, Zone 1/E2, Eland House, Bressenden Place, London, SW1E 5DU</p>
Disclosure	Please assume that all ideas, evidence and case studies will be shared with the public, unless a strong case is made for material to be kept confidential.
Further ways to become involved	Please continue to follow the review via this website and via our twitter hashtag #lahr14.
After the call for evidence:	All evidence and case studies will be analysed and taken into account in shaping emerging ideas and findings, within 3 months of the closure of the call for evidence.