The Future of Council Homes

Andy Thompson
(Head of Housing & Property Services – Warwick District Council)
Council housing is part of our lives...
...and we do **need** it...
...but what’s the future?
It all looked so **certain**...

- Self financing Housing Revenue Accounts
- Building new homes again
- Long term rent policy
- Local choices for tenancies
- Local choices for who lives in a council house
...but nothing stays the same

• Rent reductions for four years
• Pay to Stay for higher income households
• Funding Right to Buy for housing associations
• Changes to social security
• Tenancy options reduced?
Why the changes?

• Home ownership
• More homes
• Balancing the books
Home ownership

“We’re buying into the dream of home ownership.”
More homes
Balancing the books
What could it mean for you?

Hey - Sometimes change is a good thing!
Rent reductions

- Down by 1% per year for four years
  which means
- Revise business plans
- Consider the balance between new build, repairs, estate services
- Squeeze costs out
- Back to basics?
Pay to Stay

- April 2017 is ‘D-Day’
- How will landlords find out what people earn?
- Could affect 340,000 households
- Couple each earning National Living Wage could be paying market rent

BUT

- Maybe a sliding scale to avoid a ‘cliff edge’
Pay to Stay

• Incomes vs local accommodation costs?
• Moral hazards?
• Fluctuating incomes?
• Tenant-landlord relationships?
• Encourage Right to Buy?
Extending **Right to Buy**

- Same rights for housing association AND council tenants
- Government wants this to be at little or no cost
  
  **BUT**

- Housing associations want to be compensated for the discounts
## Funding Right to Buy

<table>
<thead>
<tr>
<th>Region</th>
<th>1 bedroom</th>
<th>2 bedroom</th>
<th>3 bedroom</th>
<th>4 bedrooms</th>
<th>5 or more bedrooms</th>
</tr>
</thead>
<tbody>
<tr>
<td>North East</td>
<td>£80,000</td>
<td>£125,000</td>
<td>£155,000</td>
<td>£250,000</td>
<td>£310,000</td>
</tr>
<tr>
<td>North West</td>
<td>£90,000</td>
<td>£130,000</td>
<td>£160,000</td>
<td>£270,000</td>
<td>£430,000</td>
</tr>
<tr>
<td>Yorkshire and the Humber</td>
<td>£85,000</td>
<td>£130,000</td>
<td>£165,000</td>
<td>£265,000</td>
<td>£375,000</td>
</tr>
<tr>
<td>East Midlands</td>
<td>£105,000</td>
<td>£145,000</td>
<td>£175,000</td>
<td>£320,000</td>
<td>£430,000</td>
</tr>
<tr>
<td>West Midlands</td>
<td>£100,000</td>
<td>£145,000</td>
<td>£180,000</td>
<td>£305,000</td>
<td>£415,000</td>
</tr>
<tr>
<td>East</td>
<td>£155,000</td>
<td>£220,000</td>
<td>£265,000</td>
<td>£440,000</td>
<td>£635,000</td>
</tr>
<tr>
<td>London</td>
<td>£340,000</td>
<td>£400,000</td>
<td>£490,000</td>
<td>£790,000</td>
<td>£1,205,000</td>
</tr>
<tr>
<td>South East</td>
<td>£165,000</td>
<td>£250,000</td>
<td>£320,000</td>
<td>£495,000</td>
<td>£755,000</td>
</tr>
<tr>
<td>South West</td>
<td>£135,000</td>
<td>£200,000</td>
<td>£260,000</td>
<td>£375,000</td>
<td>£535,000</td>
</tr>
</tbody>
</table>
Funding Right to Buy

• Not clear how this will be done
• Could be a ‘bill’ for each council
  BUT
• Likely to include sale of ‘high value’ council assets – such as homes
  AND
• Not clear how ‘high value’ will be defined
Replacing Right to Buy homes

• Government wants councils and housing associations to replace any homes sold
  BUT
• May not be possible in high cost areas
  AND
• May not be rented housing
Social security changes

• Benefit cap reduced
• Working age benefits frozen
• Reduced housing benefit for 18 to 21 year olds
• Tax credits reduced

BUT

• National Minimum Wage to rise to £9/hr by 2020
Social security changes

- Universal Credit – the elephant in the room
- Direct payments – a risk to getting the cash in
- Reduced allowances
- Sanctions for workers who receive Universal Credit
Tenancy choices

• Likely to end secure tenancies
  SO
• Greater turnover of homes
  BUT
• Less stable communities
• Reduced commitment to home and neighbourhood
• Extra costs for councils
Having your say

• No consultation planned
• Mandate is the Conservative Election Manifesto
  SO
• Play the hand we have been dealt
And for our next trick...

• Legal Challenge?
• Stock transfer?
• New types of new homes?
• Mergers and sharing services?
• Managing turnover?
What next?

• Work and Welfare Reform Bill now before Parliament
• Housing Bill in October
  BUT
• Not everything will happen at once
  SO
• Time to prepare
The Future of **Council Homes**

Andy Thompson (Head of Housing & Property services – Warwick District Council)