



Japan Local Government Centre, London

Monthly Report for September 2009 (England) – Housing

The Department for Communities and Local Government has unveiled a series of interventions in the social housing sector aimed at both providing more affordable housing and kickstarting a construction industry hit by the recent downturn. The first is a programme of government funding to 47 local authorities consisting of £127m (which will be match-funded by the authorities themselves, taking it to £250m in total) which will enable the construction of 2,021 new homes in these areas. The new funding is part of the *Building Britain's Future* strategy outlined by the government this summer and 51 local authorities submitted bids for the funds. The Homes and Communities Agency (HCA) will now work with the four unsuccessful authorities to strengthen their bids (which were not considered value for money) in anticipation of bidding for the next round.

80% of the new homes will be built to go beyond current construction standards for lower carbon emissions and energy bills. It is predicted that the move will create 5,000 jobs in the construction industry. Sir Bob Kerlake, Chief Executive of the HCA, said: *"The reaction to this funding programme by local authorities has been outstanding and proves that councils are geared up, confident and enthusiastic about developing their own homes. Local Authority New Build is another important stimulus to the housing market, empowering councils and allowing them to call the shots when it comes to local housing needs."*

The second is a scheduled funding allocation to 43 social housing providers in 97 local authorities across England under the HCA's National Affordable Housing Programme. The government estimates that taken together the 3,400 new affordable homes (80% for low rent and 20% for first time buyers) will create 10,000 more jobs in the construction industry. Finally, the government has also announced the first of several planned interventions in the construction industry in order to enable 10 stalled housing developments to be finished, including a number with affordable homes included. The £10m 'Kickstart' funding will allow for the construction of 740 new homes, including one development with homes set aside for women fleeing domestic violence. Communities and Local Government Secretary John Denham said: *"We are using the power of government investment to build the homes that people need, help get people into jobs and help Britain through the recession."*

However, according to the government's own Audit Commission's September 2009 report, *Building better lives*, councils feel too much pressure to concentrate on new build to meet housing targets and do not take into account how to manage their *Any opinions expressed in this report are solely those of the author and do not necessarily represent those of JLGCC or CLAIR.*

existing stock better, including empty homes, in order to achieve them. The report found that 94 per cent of areas have prioritised new and/or affordable housing targets in their local area agreements, but fewer than a third prioritised targets relating to their existing housing stock, despite the financial savings, environmental improvements and social benefits of doing so. The report suggests that government reduce the confusing number of recent housing initiatives and clarify their objectives, eligibility and scope. In its September 2009 report *Protecting the public purse: local government fighting fraud*, the commission also found that many councils were oblivious to the existence of tenancy fraud, meaning that up to 50,000 social housing properties might be fraudulently occupied, at a time when social housing need is predicted to rise to two million by 2011. Steve Bundred, Audit Commission Chief Executive said: *"It has never been more important that councils fight fraud. Every pound lost to cheats is a pound that can't be used for people in real need."*

The need for more social housing in rural areas was highlighted this month by the National Housing Federation, which represents social landlords, when it claimed that rural primary schools were closing at a rate of one a month owing to people moving from rural areas to urban areas in search of cheaper housing. The federation claims that 62 schools closed between 2004 and 2008, with 200 more closing by 2014 if the government did not ensure the provision of more affordable housing in rural areas. The federation's Director Ruth Davison said: *"We've already seen village shops and pubs close in record numbers, and if the schools close too, community life in many rural areas will be wiped out."*

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