

Regional Housing Strategies and recommendations for housing capital allocations

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Introduction

1. This note provides guidance to Regional Housing Boards (RHBs) on the Regional Housing Strategies (RHSs) and on the recommendations on funding allocations that they are due to put to Ministers in May 2005. These submissions are to be produced by the Boards as currently constituted. The ODPM will be consulting shortly on the Barker Review's recommendation that the RHBs and Regional Planning Bodies should be merged. Changes will take place in 2005, after these submissions have been made.

Role of the Regional Housing Boards

2. The RHBs were established following the publication of the Sustainable Communities Plan in February 2003 in recognition that:
 - many aspects of housing need to be planned on a regional or sub-regional basis as housing markets cross local authority boundaries;
 - to deliver sustainable communities and make the best use of scarce resources, housing needs to be joined up with land use planning, economic development, transport and the planning of other services;
 - formulaic allocations are unlikely to make the best use of available resources: a better use of resources is likely to be produced by using regional knowledge informed by a proper analysis of housing needs in the region.
3. The RHBs have two main roles:
 - a) preparation of RHSs; and,
 - b) advising Ministers on how the region's allocation of funding for housing capital works (the Regional Housing Pot) should be spent.

Both roles support the overall objective of ensuring that housing makes the biggest possible contribution to the creation and maintenance of sustainable communities. They also have a part to play in fostering partnering and encouraging effective use of resources.

Developing Regional Housing Strategies

(a) Duration

4. The Regional Housing Strategy needs to be very closely aligned to the Regional Planning Guidance / Regional Spatial Strategy and should cover the same timespan as this. It is also important when updating the Strategies to move to alignment with the planning cycle. The recommendations on allocations should set out a proposed two year programme for delivery of the longer term objectives of the Strategy.

(b) All tenures

5. Regional Housing Strategies should cover all tenures, not just social housing. Non-traditional housing such as Gypsy and Traveller sites should also be covered. They should assess the role of each sector and how it might be encouraged to develop, including private rented housing and the intermediate sector.
6. The Strategy needs to consider options for addressing identified needs, including low cost home ownership schemes; e.g. the extent to which shortages of social housing can be addressed through low cost home ownership schemes (e.g. through equity loans) - which help existing social tenants or others into home ownership - rather than through new build, and the scope for assisting moves out of areas of housing pressure through the Housing Employment Mobility Scheme or the Cash Incentive Scheme.

(c) Sub-regional housing strategies

7. Housing markets do not respect local authority boundaries nor do regions act as single housing markets. It is therefore essential that RHBs identify sub-regional housing markets and work with the local authorities and other stakeholders in each sub-region to develop sub-regional strategies. These should complement each other and together form the Regional Housing Strategy.

(d) Needs assessments

8. RHBs should work particularly closely with Regional Planning Bodies in this area as the same assessment of needs should underpin both the RHB and the Regional Spatial Strategy.
9. To help in the identification of markets and their assessment ODPM would recommend that RHBs consider the Housing Market Assessment Manual, which can be found on the ODPM website - www.odpm.gov.uk/communities.

(e) National priorities

10. Regional Housing Strategies should support the delivery national housing priorities including ODPM's PSAs 5 and 7.

PSA 5 - Achieve a better balance between housing availability and the demand for housing in all English regions while protecting valuable countryside around our towns, cities and in the green belt - and the sustainability of existing towns and cities - through specific measures to be set out in the Service Delivery Agreements.

PSA 7 - By 2010 bring all social housing into decent condition with most of this improvement taking place in deprived areas, and increase the proportion of private housing in decent condition occupied by vulnerable groups.

(f) Homelessness

11. Tackling homelessness is a key component of PSA5. RHSs should seek to minimise the number of households in temporary accommodation both by taking account of strategies to prevent homelessness and through investment programmes designed to provide settled housing.

(g) Low demand housing and Market Renewal

12. Those RHBs with Market Renewal Pathfinder Areas should continue to work closely with the Pathfinders to ensure that the RHS reflects on-going analysis undertaken by the Pathfinder about the demand for housing across the sub-region. Ministers expect to see continued information sharing and dialogue between the Pathfinders and RHBs.
13. The RHSs and recommendations on allocation resources must complement the work of Pathfinders and help support the separate funding they are investing.
14. Projects aimed at tackling low demand in non-Pathfinder areas should be developed in the light of experience from the Pathfinders and using best practice developed by them.

(h) Growth Areas

15. The East of England, the East Midlands, London, and South East RHBs need to work closely with public, private and voluntary sectors working in the four Growth Areas to help ensure there exists adequate housing provision (of all types, but especially affordable) to support the ambitious programme of growth planned.

(i) Key workers

16. The creation and maintenance of sustainable communities depends on good quality public services. In many areas high house prices are a barrier to the recruitment and retention of staff with necessary skills and experience. In such areas in London, South East and Eastern regions ODPM has been working with "employer" Government Departments and the Housing Corporation to identify and prioritise those key workers to be supported. It is proposed that the Key Worker Living programme should be managed and allocated in this way. RHBs may feel that there are other groups of workers who should also benefit from similar assistance with housing. They should therefore analyse what additional support for key workers from the Regional Housing Pot should be provided to complement this programme, within the context of low cost home ownership options more generally. In particular regional hot spots outside the 3 regions supported by the Key Worker Living programme could be identified for support

(j) Rural communities

17. RHBs must continue to address the range of particular demands of all rural communities from small villages to market towns and should continue to involve the Countryside Agency in development of their strategies.
18. A number of stakeholders have criticised the current rural housing targets for encouraging investment in smaller communities at the expense of market towns. RHBs are therefore invited to propose alternative rural housing targets for agreement with ODPM and DEFRA.

(k) Supporting People

19. RHBs should be mindful of the Supporting People programme, which seeks to promote and maintain the independence of vulnerable people to help them stay in their own homes. Client groups helped include older people, the homeless, women fleeing domestic violence, people with learning difficulties, and those with drug or alcohol problems. Supporting People Administering Authorities (i.e. county and unitary) are currently drawing up 5-Year Strategies, and RHBs should consider cross-linkages between these strategies and their own.

(l) Black and minority ethnic communities

20. There is considerable evidence that minority ethnic communities experience housing conditions that are significantly worse than those of the rest of the population. RHBs should continue to pay attention to the needs of these communities when drawing up their RHSs.

(m) Gypsies and Travellers

21. The unique accommodation needs of Gypsies and Travellers must be recognised. These needs are frequently unmet at the moment. RHBs should therefore ensure that the need for Gypsy and Traveller sites is considered in preparing the RHSs.

(n) Chartered Institute of Housing Advice Notes

22. In August 2003 ODPM commissioned the Chartered Institute of Housing to evaluate the process used to produce the first Strategies in order to identify good practice all could share. ODPM would encourage everyone involved in developing the strategies to read the Institute's Advice Notes, which can be found on the Institute's website:

<http://www.cih.org/policy/regionalagenda.pdf>

(o) Consultation

23. Full consultation with regional stakeholders is vital to the preparation of a RHS that genuinely reflects the needs and views of the region. RHBs should pay due regard to the Cabinet Office's Code of Practice on Written Consultation:

<http://www.cabinet-office.gov.uk/regulation/consultation/code.asp>

24. It is essential that there is a clear written statement about these arrangements and how the RHBs interact with other bodies and organisations.

Allocations from the Regional Housing Pot

25. The Boards are asked to make recommendations on:
 - (1) the overall split of funds between local authorities and housing associations (to be allocated through the ADP) and
 - (2) the spatial distribution and broad objectives of these two funding streams (subject to the need to meet existing commitments and deliver national priorities)
26. The objective of the RHB's allocation recommendations should be to maximise the contribution that housing makes to the creation and maintenance of sustainable communities within the available resources. To this end, in allocating resource to particular LAs, RHB should have regard to the effectiveness with which authorities have used previous years' funding.
27. From 2006/07 Ministers will not ask RHBs to provide any minimum level of support to local authorities. Each RHB will be free to advise on the level of support (if any) to local authorities bearing in mind the need to support local authorities delivering national targets (especially Decent Homes).
28. By July 2005 all local authorities should have signed-off Option Appraisals and have settled a plan for achieving the Decent Homes standard. In most cases those plans should be available well before July 2005. Except where a whole-stock transfer to one or more RSLs is proposed, the plans will assume a continued level of funding from the RHB (which should not exceed the historical level of RHB/HIP funding). Recommended allocations from the Regional Housing Pot should take those levels of funding as given.
29. Ministers have decided not to continue with the arrangement of having a combined Regional Housing Pot for the East of England, London, and the South East. These regions should, however, continue to work closely together as their housing markets are so closely interrelated.
30. Following the 2004 Spending Review, ODPM will notify RHBs of: the funding available to their regions for 2006/07 and 2007/08; the proportion of that funding that is being set aside for the on-going key worker living programme and any national priorities identified in the Spending Review.

Role of the Housing Corporation

31. The Housing Corporation has a dual role: as a member of each RHB contributing to the development of RHSs and the preparation of advice to Ministers on allocations and as the Government's delivery agent in procuring new affordable housing. In the second role it works on behalf of the RHBs, managing the process of allocating resources to registered social landlords and (subject to the Housing Bill) other providers. It will provide regular reports to the Boards on progress.
32. The Housing Corporation will continue to re-allocate funds between different regions if the delivery of a particular projects in some regions threatens its ability to make full use of the available resources in any year. It will however, ensure that any such re-allocations are repaid in subsequent years so that no region loses out as a result. The Housing Corporation will keep each relevant RHB informed where it operates this flexibility.

Timetable for Recommendations for 2006/07 and 2007/08

33. In May 2005 Ministers will be seeking recommendations from the RHBs on how funding for 2006/07 and 2007/08 (identified in the Spending Review 2004) should be allocated. These recommendations should support priorities identified in up-dated RHSs. The timetable is provided below:

July 2004	ODPM announces outcome of the Spending Review 2004 allocations for the Regional Housing Pot and any revised national priorities
Sep 2004	Regional Housing Boards submit recommendations to Ministers on allocations to Local Authorities in 2005/06 (effectively confirming (or otherwise) the provisional allocations they recommended in December 2003).
Oct 2004	Ministers announce/confirm allocations to Local Authorities for 2005/06
May 2005	Regional Housing Boards submit to Ministers recommendations on allocations for 2006/07 and 2007/08 supported by up-dated Regional Housing Strategies
July 2005	Heeding the advice from the Regional Housing Boards Ministers announce how the Regional Housing Pot will be split between local authorities and registered social landlords for 2006/07 and 2007/08
July 2005	The Housing Corporation invites Registered Social Landlords ¹ to submit bids for support for projects that help meet priorities identified in the Regional Housing Strategy for support in 2006/07 and 2007/08.
by Dec 2005	Ministers receive recommendations on allocations to local authorities and registered social landlords for 2006/07 and 2007/08
by Dec 2005	Ministers announce allocations to local authorities and registered social landlords for 2006/07 and 2007/08

¹ The Housing Bill includes provision to extend the grant making powers of the Housing Corporation so that it might provide support to bodies other than Registered Social Landlords. If the Bill receives Royal Assent these other bodies will also be invited to submit bids.