



## Democratic Services

**Location:** Phase II

**Ext:** 0693

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**Ref:** CMD 261

**To: COUNCILLOR EDDIE LAVERY  
CABINET MEMBER FOR ENVIRONMENT,  
HOUSING AND REGENERATION**

c.c. All Members of the Environment, Housing & Regeneration Select Committee

c.c. Dan Kennedy, Corporate Director for Planning, Environment, Education and Community Services

c.c. Rod Smith, Planning, Environment, Education and Community Services

c.c. Conservative and Labour Group Offices  
(inspection copy)

**Date:** 20 August 2021

**Non-Key Decision request**

**Form D**

### COUNCIL HOUSING HOME RELEASE REWARD SCHEME

Dear Cabinet Member

Attached is a report requesting that a decision be made by you as an individual Cabinet Member. Democratic Services confirm that this is not a key decision, as such the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 notice period does not apply.

You should take a decision **on or after Tuesday 31 August 2021** in order to meet Constitutional requirements about publication of decisions that are to be made. You may wish to discuss the report with the Corporate Director before it is made. Please indicate your decision on the duplicate memo supplied, and return it to me when you have made your decision. I will then arrange for the formal notice of decision to be published.

Steve Clarke  
Democratic Services Officer

**Title of Report:** Council Housing Home Release Reward Scheme

**Decision made:**

**Reasons for your decision:** (e.g. as stated in report)

**Alternatives considered and rejected:** (e.g. as stated in report)

Signed .....Date.....

*Cabinet Member for Environment, Housing And Regeneration*

## COUNCIL HOUSING HOME RELEASE REWARD SCHEME

<b>Cabinet Member(s)</b>	Councillor Eddie Lavery
<b>Cabinet Portfolio(s)</b>	Cabinet Member for Environment, Housing and Regeneration
<b>Officer Contact(s)</b>	Rod Smith – Planning, Environment, Education & Community Services
<b>Papers with report</b>	Appendix A – The need for additional housing supply over the next five years Appendix B – Proposed Cash Incentive Scheme Offer

### HEADLINES

<b>Summary</b>	This report presents a proposal to introduce a Cash Incentive Scheme for eligible Council tenants who aspire to acquiring their own home and in return will relinquish their existing Council tenancy enabling the Council to re-let it in line with the Social Housing Allocation Policy. The scheme is specifically designed to support eligible tenants with a financial incentive which in turn will provide a cost-effective increase in the supply of affordable housing. The Regulator of Social Housing has made it clear in the draft Charter for Social Housing Residents that tenants should be supported to take their first step towards home ownership.
<b>Putting our Residents First</b>	This report supports the following Council objectives of: <i>Our People; Our Built Environment; Strong Financial Management</i> .  The proposal set out in the report supports the delivery of the Housing Strategy.
<b>Financial Cost</b>	This report is proposing to introduce a Cash Incentive Scheme into the HRA in 2021/22 at a cost of £250k. This is a cost pressure and there is no existing budget. If approved this will need to be funded from the overall HRA resources.
<b>Relevant Select Committee</b>	Environment, Housing and Regeneration Select Committee
<b>Relevant Ward(s)</b>	All

### RECOMMENDATIONS

**That the Cabinet Member for Housing, Environment and Regeneration approves the introduction of a pilot Cash Incentive Scheme for £250k in 2021/22 as set out in this report**

**which introduces incentives to eligible Council tenants who give up their tenancy and purchase their own home.**

### **Reasons for recommendation**

The Council's projections for its average annual additional housing supply requirements over the next five years is 426 units across all bed need sizes. As part of developing a Housing Commissioning Plan to meet the projected supply challenges, the Housing Revenue Account [HRA] can make an effective contribution to 'closing the gap'. Additional / new supply is not limited to Council new builds but can include schemes to make better use of existing housing stock, such as the 'Home Release Reward Scheme' for downsizing tenants and a proposed 'Cash Incentive Scheme' for tenants who aspire to be homeowners. The Council's emerging Housing Commissioning Plan and supply side challenges are key drivers which would suggest that it is both timely and appropriate to introduce a scheme that has potential to increase supply by bringing forward additional units of accommodation within the Council's managed housing stock for re-let. The clear objective of the proposed Cash Incentive Scheme is to contribute to the supply of additional units of Social Housing which can swiftly contribute to the Council's housing commissioning plan and support tenants who aspire to become home-owners.

### **Alternative options considered / risk management**

To not consider introducing a Cash Incentive Scheme would limit the contribution which the HRA could make to increasing the overall supply of affordable housing, reducing housing general fund cost pressures and contributing to the Council's Housing Commissioning Plan.

### **Democratic compliance / previous authority**

The decision can be made under the Cabinet Member's delegations.

### **Select Committee comments**

None at this stage.

## **SUPPORTING INFORMATION**

1. Supporting appropriate tenants to become home-owners and move into outright home ownership or a range of low-cost home ownership products is part of the overall strategy to increase the supply of social housing and reduce the number of households in expensive forms of temporary accommodation, where they have 10 or more years residency. The Regulator of Social Housing, as set out in the Tenancy Standard and the draft Charter for Social Housing Residents, expects registered providers of social housing to support tenants into making their first step into home ownership.
2. There is a real need for additional units of affordable accommodation in Hillingdon. As at 31 March 2021 there were 428 households in temporary accommodation of which 169 were in B&B/higher cost nightly charged accommodation. In addition, a further 87 rough sleepers were in emergency accommodation. Projected supply of affordable accommodation is not enough to keep pace with demand. Appendix A summarises the

average annual demand for the next five years, the average existing supply and the average additional supply requirement to be met from social rented properties and increased private rental supply sector. The average annual shortfall in supply is in excess of 400 units of accommodation.

3. Since 2013, most new tenants have been signed up on flexible tenancies, otherwise known as 'fixed term tenancies', as part of the Council's adopted Tenancy Policy. The standard fixed term tenancy is for 5 years preceded by a 12-month probationary period. There are three possible outcomes following a formal review:
  - The tenant is offered a new tenancy of the existing property
  - The tenant is offered a new tenancy of suitable alternative property
  - The tenant is not offered the renewal of a tenancy

Linked to the first two potential outcomes, the objective of the proposed scheme is to support tenants into homeownership as a real alternative to granting a further fixed term tenancy. Formal tenancy reviews are now coming forward at a rate of approximately 20 per calendar month.

4. The current Right to Buy scheme has seen an increase in cancellations due to rising market valuations. Tenants that apply for the Right to Buy are interested in owning a home but the one they currently live in may be unaffordable to them or it may present as a 'last resort' option into an alternative tenure.
5. During 2020/2021 the Council completed 31 buybacks of former Council properties, costing a total of £8,628,243 including legal fees. The proposed Cash Incentive Scheme, if successful, can bring forward a supply of properties alongside the buyback scheme.
6. With a budget of £250k the Home Ownership Team could potentially grant incentives to recover 8 three-bedroom homes. This is a cost-effective alternative to buying back a three-bedroom house at market value which is currently averaging £500,000 in Hillingdon.
7. The proposed scheme will also enable tenants to take advantage of first-time buyer schemes on the open market. It may be possible for example to work with Help to Buy to increase a tenant's buying potential. The Home Ownership Team can also sign-post applicants to a range of shared ownership schemes being delivered by registered social landlords.
8. Following the ending of the First Time Buyers Scheme in June 2021 the operation and management of a pilot Cash Incentive Scheme can be absorbed by the Home Ownership Team within Tenancy Services.

## Proposal

9. The proposal is to introduce a pilot Cash Incentive Scheme to eligible Council Tenants [who would be subjected to an 'affordability test'] and who would be willing to relinquish their tenancy and acquire a home of their own. This can include a freehold, leasehold or shared ownership property.

10. Under the proposed scheme, tenants would not be able to purchase a houseboat or mobile home and would be excluded if they were the subject of a court order due to a tenancy breach. The rent account must also be clear at the time of the application is considered. All applicants would be subjected to an 'affordability assessment' to ensure that they could meet their future housing costs.
11. The proposed grant levels are set out in Appendix B and are capped at a maximum amount based on the number of bedrooms and property type. Priority will be given to larger family sized accommodation.

## **Financial Implications**

12. This report is proposing to introduce a pilot Cash Incentive Scheme in the HRA in 2021/22 at a cost of £250k which could fund the recovery of 8 three-bedroomed properties.
13. There is no existing 2021/22 HRA budget for the Cash Incentive Scheme and if approved would need to be funded from the overall HRA resources, either through the in-year underspends, through a reduction in the revenue contribution to capital outlay (RCCO) or reserves.
14. Increasing the housing supply in the HRA would benefit the General Fund. The cost to the General Fund of placing a homeless household in a 3-bedroom property is £8.5k per annum. Furthermore, increasing the supply in the HRA would benefit the HRA housing regeneration project as there is a decent demand for larger properties.
15. The Cash Incentive Scheme will be reviewed and considered as part of draft proposed growth in the 2022/23 HRA MTFF.

## **RESIDENT BENEFIT & CONSULTATION**

### **The benefit or impact upon Hillingdon residents, service users and communities**

The proposals set out in this report will support the Council's requirement to secure additional supply of decent affordable accommodation for households in need and will support the Housing Regulator's expectations that the Council will support its tenants in making the first step into home ownership.

### **Consultation carried out or required**

The proposals have been developed considering tenant feedback from discussion with applicants who have withdrawn from the Right to Buy. The proposals are consistent with the expectations set by the Social Housing Regulator.

## CORPORATE CONSIDERATIONS

### Corporate Finance

Corporate Finance has reviewed this report and concurs with the financial implications contained, noting that there is currently no budget for this pilot Cash Incentive Scheme in the HRA, however funding this from HRA resources would benefit the HRA housing regeneration project and could result in reduced costs to the General Fund from homeless placements.

### Legal

The Borough solicitor confirms that the Council has power under section 26 of the Housing Act 1985 to adopt this cash incentive scheme.

## BACKGROUND PAPERS

NIL.

## TITLE OF ANY APPENDICES

**Appendix A** – The need for additional housing supply over the next five years

**Appendix B** – Proposed Cash Incentive Scheme Offer

## APPENDIX A - THE NEED FOR ADDITIONAL HOUSING SUPPLY OVER THE NEXT FIVE YEARS

Bedsize Need	Average Annual Demand	Average Existing Supply	Average Additional Supply Requirement
1	692	485	207
2	311	236	75
3	219	107	112
4	74	42	32
All bedsizes	1296	870	426

## APPENDIX B - PROPOSED CASH INCENTIVE SCHEME OFFER

Property size released	Cash Incentive – Flat / Maisonette	Cash Incentive - House
1	£15,000	£20,000
2	£20,000	£25,000
3	£25,000	£30,000
4	£30,000	£35,000

The proposed grant levels are capped at a maximum amount based on the number of bedrooms and property type.

An additional maximum of £7,000 is available where a property has development potential.