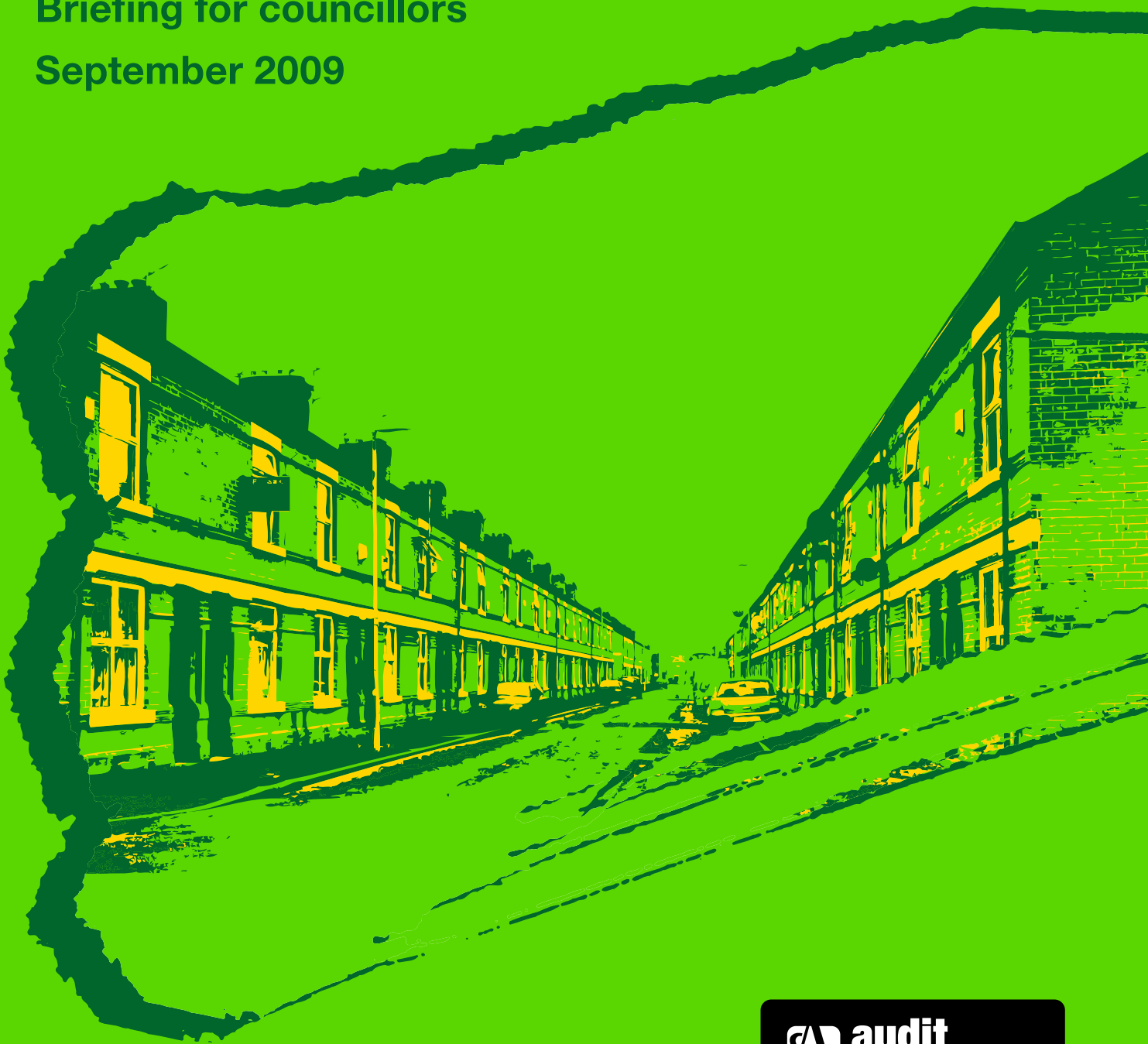


# Building better lives

Getting the best from strategic housing

Briefing for councillors

September 2009



**The Audit Commission is an independent watchdog, driving economy, efficiency and effectiveness in local public services to deliver better outcomes for everyone.**

**Our work across local government, health, housing, community safety and fire and rescue services means that we have a unique perspective. We promote value for money for taxpayers, auditing the £200 billion spent by 11,000 local public bodies.**

**As a force for improvement, we work in partnership to assess local public services and make practical recommendations for promoting a better quality of life for local people.**

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## Introduction

### Housing matters

This briefing is for councillors and explains why the strategic housing role is important in helping you meet your objectives for your area.

### Why is strategic housing important?

A good strategic housing function contributes to the wider well-being of an area. It can help to make a place where people want to live because it has good quality housing from which they can select a type and tenure appropriate to their needs, aspirations and means. It can also help to ensure that no communities are disadvantaged because of the housing they occupy or have available to them.

A good strategic housing function for councils:

- is based on a vision for housing that is consistent with the area's broader place-shaping ambitions;
- is well informed and understands local housing needs and markets;
- has effective housing partnerships and relationships;
- uses regulatory powers as well as influence; and
- has skilled and competent staff.

Ensuring your council has a strong strategic housing function has never been so important. The Homes and Communities Agency has been set up as the government's housing delivery partner (replacing the Housing Corporation's investment function and English Partnerships). The Homes and Communities Agency has published its intentions for a 'single conversation' with councils. To qualify for financial support it expects councils to have developed and secured local agreement to soundly based strategies and business plans from local, sub-regional and regional partners.

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The way the Audit Commission assesses performance of the strategic housing role is also changing. Comprehensive Area Assessment, or CAA, is the new area inspection framework developed by the Commission and its partner inspectorates. As part of CAA we will ask ‘how well is housing need met?’ in every area. CAA changes the approach to assessment of the strategic housing function in three ways:

- It will be comprehensive – this question will be explored in every area in the country.
- It will look at success as well as failure – where the Commission has previously targeted resources in areas of concern, CAA provides the opportunity to highlight good or innovative practice publicly with green flags.
- It will focus explicitly on the strategic housing role – what contribution is housing making to councils’ and their partners’ aspirations for their area?

Councils that have thought through their strategic housing role will be best placed to answer the challenges that CAA will pose.

## **Key findings from our Building Better Lives report**

### **Managing your housing responsibilities well can help your council create sustainable communities**

- Even if your council does not have its own housing stock you still have housing responsibilities that provide opportunities to improve your area.
- Improving housing can improve public health and children’s education, and make communities more sustainable.
- Improving the housing stock that already exists will help more people than building new houses, but more homes are also needed in most places in the country.

### **Well-targeted spending on the housing stock can also yield financial benefits**

- Every £1 spent on providing housing support for vulnerable people can save nearly £2 in reduced costs of health services, tenancy failure, crime and residential care.
- Spending between £2,000 and £20,000 on adaptations that enable an elderly person to remain in their own home can save £6,000 per year in care costs.

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- If only 5 per cent of empty homes could be brought back into use, councils nationally could cut their annual homelessness costs by £½ billion. How much in your area?

### **Funding and regulatory changes reinforce the need for your council to manage housing strategically**

- If your council does not have a local investment strategy agreed with your partners you will not secure funding and support from the Homes and Communities Agency.
- CAA will assess how well housing is contributing to your council's and your partners' ambitions for your area.
- Although your council probably only directly commits a small proportion of the money spent on housing in your area, you need to influence markets and funding flows as well as deliver services.

### **Imaginative councils have managed to improve local housing**

- Councils with a clearly expressed vision for their area have found it easier to attract developers and funding.
- Creative councils have worked in partnership to tackle homelessness, reclaim empty properties and improve housing quality in ways they could not have achieved alone.
- Some councils have used regulatory powers and accreditation schemes to improve the quality of housing without spending significant sums of public money.

### **But most still struggle to grasp the opportunity strategic housing presents**

- Three-quarters of councils whose strategic housing function was inspected by the Audit Commission were rated fair or poor; only one of the first 85 councils inspected rated excellent.
- Even well-regarded councils assessed their own performance on strategic housing as mixed.
- Fewer than half of districts think they have the skills they need. After two years of a government-funded training programme, a third of all councils still lack the skills to understand and influence housing markets.
- Few councils recognise how housing strategy can meet objectives beyond housing, or engage with a wide enough range of delivery partners.
- 143 local area agreements (LAAs) – 94 per cent of areas – have prioritised new and/or affordable housing targets, but fewer than a third prioritised targets relating to the existing stock.

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**The economic downturn has affected all participants in the housing market; councils are responding, but there is little evidence of consistent effective delivery across the country**

- Councils have taken steps to help local people affected by the recession; from supporting mortgage payments and guaranteeing rent deposits, to establishing banks and building new council housing. What has your council done?
- Our study found that councils with an established approach to strategic housing have been able to identify opportunities and respond quickly.

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## Questions you need to ask

- 1 How can a strategic approach to housing help you achieve the wider objectives for your area?
- 2 How is information on the housing market and housing need in your area gathered to enable informed policy decisions?
- 3 How do you keep your council's housing market assessment up to date? Have you thought about commissioning one jointly with an adjoining authority?
- 4 How do you use your section 106 powers to pursue your wider housing objectives for your area?
- 5 How do you balance the interests of the area as a whole with those of individual or small groups of residents:
  - in preparing your housing strategy; and
  - implementing your housing strategy.
- 6 How are you working with partners at a local, sub-regional and regional level on housing issues?
- 7 Does your council use the full range of local regulatory powers to help it achieve its strategic housing ambitions? These can include:
  - powers of enforcement in relation to housing conditions;
  - licensing of properties (for example, houses in multiple occupation)
  - housing assistance, including grants and loans for home repairs and improvements; and
  - planning permission.
- 8 Have you as a council reviewed your land and property holdings to identify what might be released for new market or affordable housing?
- 9 How do you use your scrutiny powers to look at the strategic housing function?
- 10 What have you done in response to the impact of the recession on housing issues locally?

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## Glossary

### **Affordable housing**

There are two types of affordable housing – social rented housing and intermediate housing. Social rented housing is housing that is supplied by either local authorities or housing associations and is provided to those in most need at a subsidised rent. Social rented housing is managed by local authorities or by registered social landlords, which may be housing associations or arm's length management organisations. Newly built social rented housing is almost always managed by housing associations, which are regulated by the Tenant Services Authority. Intermediate housing is designed to help people enter home ownership. There is a wide range of intermediate schemes.

### **Comprehensive Area Assessment**

This new joint inspection approach will provide independent assessments of the prospects for local areas and the quality of life for local people. It will assess and report on how well public money is spent and will ensure that local public bodies are accountable for the quality and impact of their actions.

### **Homes and Communities Agency**

A new housing and regeneration agency for England. It brings together the functions of English Partnerships, the investment functions of the Housing Corporation, the Academy for Sustainable Communities, and key housing and regeneration programmes previously delivered by Communities and Local Government, including the Thames Gateway, Housing Market Renewal, Decent Homes.

### **Local area agreements**

From 2005 to 2008, LAAs were voluntary. The Local Government and Public Involvement in Health Act 2007 introduced statutory LAAs and a duty on named partners to cooperate from 2008. A local strategic partnership and its government office negotiate the LAA. The LAA focuses attention on those local SCS priorities that are agreed with the government, measured by the national indicator set, and that can be progressed within three years. When the Secretary of State signs an LAA, it becomes a contract with the single-tier or county council.

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### **Section 106 agreement**

The Town and Country Planning Act 1990 (as substituted by the 1991 Planning and Compensation Act) gave local authorities powers to negotiate community benefits, as part of the planning process (Section 106 agreements). This provision has been increasingly used to provide affordable housing.

### **Strategic Housing Market Assessment**

An in-depth study of housing markets in a local area.

### **Tenant Services Authority**

Set up as a result of the 2008 Housing and Regeneration Act. It is responsible for regulating registered social landlords in England and as from 2010, all social housing providers.

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For further information on the work of the Commission please contact:

**Audit Commission**

1st Floor  
Millbank Tower  
Millbank  
London  
SW1P 4HQ

Telephone: 0844 798 1212

Fax: 0844 798 2945

Textphone (minicom): 0844 798 2946

[www.audit-commission.gov.uk](http://www.audit-commission.gov.uk)

We welcome your feedback. If you have any comments on this report, are intending to implement any of the recommendations, or are planning to follow up any of the case studies, please email: [nationalstudies@audit-commission.gov.uk](mailto:nationalstudies@audit-commission.gov.uk)



## **Audit Commission**

1st Floor  
Millbank Tower  
Millbank  
London  
SW1P 4HQ

Telephone: **0844 798 1212**  
Fax: 0844 798 2945  
Textphone (minicom): 0844 798 2946

[www.audit-commission.gov.uk](http://www.audit-commission.gov.uk)

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