

# Building better lives

Getting the best from strategic housing

Summary

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.**

## Summary

### **Managing their housing responsibilities well can help councils create sustainable communities**

- Even councils without their own housing stock have housing responsibilities that provide opportunities to improve their areas and their citizens' lives.
- 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 existing 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.
- If only five per cent of empty homes could be brought back into use, councils could cut their annual homelessness costs by £½ billion.

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

- Councils without a local investment strategy agreed with their partners will not secure funding and support from the Homes and Communities Agency (HCA).
- Comprehensive Area Assessment (CAA) will assess how well housing is contributing to councils' and their partners' ambitions for their area.
- Although councils directly commit only a small proportion of the money spent on housing in their area, they 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 all the opportunities that 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 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.
- One hundred and forty-three 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.

## **The economic downturn has affected all participants in the housing market**

- There are likely to be four times as many repossessions in 2009 as in 2005, and the proportion of mortgages in arrears has risen by half since 2008.
- Mortgage approvals could be a third lower and new development starts two thirds lower in 2009 than in 2008.
- None of the national targets for building new market and affordable housing set in 2007 will be met, and council housing services will come under increasing pressure.

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**Government and councils are responding, but there is little evidence of consistent effective delivery across the country**

- Central government action has yet to catch up with rhetoric – only six households received approval from the Mortgage Rescue Scheme in the year since it was proposed.
- Local government has taken steps to help local people affected; from supporting mortgage payments and guaranteeing rent deposits, to establishing banks and building new council housing.
- Councils with an established approach to strategic housing have been able to identify opportunities and respond quickly.

## Recommendations

### **Communities and Local Government should:**

- rationalise the initiatives that have been introduced in response to the credit crunch, and clarify objectives, eligibility and scope to:
  - develop effective delivery chains for all initiatives;
  - clarify councils' opportunities and obligations; and
  - appropriately manage public expectations;
- work alongside local authorities and professional bodies to address the shortage of resources and skills among council housing strategists (alongside its commitment, in response to the Killian Pretty report, to address these issues in council planning departments); and
- use ministerial speeches and other opportunities to stress the importance of the strategic housing role.

### **The Homes and Communities Agency should:**

- stress publicly that a requirement of the 'single conversation' with councils should be a well-developed, evidence-based strategy with a resourced business and implementation plan, agreed by delivery partners at local and sub-regional level; and
- publicly clarify its expectations of councils and other partners as part of the delivery plans it funds.

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### **The Tenant Services Authority should:**

- take into account the findings of this report in considering how, and in what form, it takes forward its proposed standard on local area cooperation; and
- support and encourage housing associations to engage actively with Local Strategic Partnerships (LSPs) and to play their part in delivery of housing and sustainable communities strategies and LAAs.

### **Councils with housing responsibilities should:**

- articulate publicly a clear vision for the role that housing has to play in their communities that is:
  - based on good evidence;
  - consistent with other local strategies (for example, sustainable community strategies and local development frameworks);
  - agreed with a wide range of local partners;
  - underpinned by implementation plans; and
  - regularly reviewed in the light of economic, environmental and social change;
- work with their partners to:
  - gather information about housing needs and housing markets which is relevant to, and of adequate quality for, the decisions they need to make, and presented in a way decision makers can understand; and
  - use this information to look at trends in supply and demand for market areas beyond the local authority administrative boundary;

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## Recommendations

- continuously review their own land and property holdings, and those of others in their area, to identify opportunities to release land for new market or affordable housing;
- maintain with their partners a thorough risk assessment of the delivery plans so that delivery of the long-term strategic housing objectives for the area can be achieved;
- review their use of regulatory powers to achieve housing and broader objectives;
- review and develop joint working arrangements between councils, especially among neighbouring districts, and between councils and other partners, in order to enhance strategic housing capacity;
- identify and work with owners of empty properties, using regulatory sanctions where necessary, to bring more empty homes back into use; and
- seize opportunities presented by the recession (for example, availability of land at lower prices) and pursue those that offer the best prospects of achieving strategic housing objectives and good value for money.

### **County councils in two-tier areas should:**

- create effective housing partnerships with their districts, building on the good examples from the Supporting People programme;
- use their well-being powers to assist in achieving strategic housing objectives in their LAAs; and
- review their land holdings to assess the potential for releasing land for new and affordable housing.

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## **The Audit Commission will:**

- provide materials to help councils assess and improve:
  - their delivery arrangements for housing objectives;
  - their housing needs and housing market information;
  - their partnership working arrangements; and
  - their responses to the impact of the recession on local housing markets; and
- assess councils' strategic housing functions as part of CAA.

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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)



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