

Annual Review of the Housing Budget

Councillor Mrs C L Wells

Chair of Housing Committee

Wednesday, 25th January 2017

Thank you, Mr Mayor.

I beg to move that the minutes of proceedings of the Housing Committee, as contained in Clauses C1 and C2 of report of meeting held on Wednesday, 19th October, 2016 in relation to Fees and Charges for 2017/18 and draft Capital Programme for 2017/18, and the minutes of proceedings of the Housing Committee as contained in report of meeting held Wednesday 21st December 2016 in relation to revenue estimates for 2017/18 be received, approved and adopted by the Council.

And in doing so I should like to take this opportunity to outline some of the achievements and challenges faced by the Housing Service.

In this I'm taking my cue from the Council's latest Corporate Plan launched this month.

This morning is about how we can **'deliver for Douglas'**.

And delivering an affordable, equitable public Housing Service is perhaps one of the Council's most taxing – I choose that word with care – challenges.

These are challenges that, at times, our partners in Government don't always seem to view in the same way as we do.

Mr Mayor, I am proud to have been given the opportunity to serve as Chair of Housing, a role in which I am grateful to have the support, counsel and expertise of my fellow Committee Members and Council officers. We put ourselves in this position with the belief that we can make a difference, what is clear to me is that we cannot do it alone, we all need to want to improve our circumstances, environment and community in order for change to happen.

I believe that despite the many and varied financial constraints imposed upon it the Housing Department is doing all it can to provide a high-quality Housing Service.

But as with so many services the Council provides and the nature of public housing, we cannot succeed on our own.

We must look not only to our partners in Government to recognise that Douglas, with revenue expenditure budget of £12.5 million, should be treated separately from other housing providers on the Island and that their obligations to public housing need to be expanded, but also to our tenants, and ask that they, too, take responsibility for their homes. We acknowledge that rents have taken a steep rise over the past few years and we are thankful that the tenants are keeping their payments up to date under a tough economic climate.

We acknowledge that as a public housing provider we have a duty to protect the most vulnerable and those least able to pay. The only socially responsible way to do this is to introduce means testing. I believe that housing income from rents should cover all aspects of the housing function and that those who need help should only be receiving that help through their benefits. What this would achieve is a single stream of support for the service rather than the three which are currently required:

- Rental income
- Rateborne contribution.
- Government Deficiency Grant – estimated for 2017/2018 to be £296,790

Mr Mayor, in moving this budget for Housing - the second independent budget for Housing - I would like to touch on some of the factors influencing the Housing Service that Douglas provides and some of the positive measures and improvements we're continuing to put in place.

When I stood before this Council in November last year outlining the reasons for recommending an 8.9% rent increase, I did not take a political stance, I took a realistic approach and I was well aware that this would not be a popular proposal. In doing so we outlined to the Department of Infrastructure why we needed this and if we didn't get it then we would look to the allowances being reviewed. In the event, public housing rent was increased by just 2% by the Department and no review of the allowances was undertaken.

Consequently the maintenance and management allowances as a proportion of rental income have remained at the same level.

While Members are justifiably concerned about the condition of some properties and the number of void properties (a subject which I will touch on again later) - I am sure they will recognise that there is only a limited pot of funding with which to work.

This Council is firmly of the opinion that the Housing Deficiency system needs a significant review.

- To build on what works and change what doesn't.
- To make it relevant to us, the island's largest public housing provider.
- To recognise that as holder of a third of the Island public housing stock – some 2386 properties, many of which were built in the 1940s - Douglas currently has no mechanism to regulate its own funding to properly manage and maintain them.
- And to seek a more realistic way of apportioning support through the housing deficiency allocated to Douglas which stands at 9.4% of the total deficiency figure for the Island's housing authorities - and, to reiterate, the Council holds 37% of the Island's total housing stock.

For now, though, we must work with the limited resources we have.

And we **are** achieving positive results.

We are progressing our Capital Programme with the continued external refurbishment of Willaston, the island's largest public housing development of 728 properties. This £34 million scheme is being delivered in partnership with Government. It will not only improve the properties' weather resistance, thermal efficiency and see the kitchens updated, but will also substantially extend the life of these houses.

So far we have completed 90 external refurbishments and the lessons which have been learnt along the way have helped improve the scheme as it progresses. 72 homes are completed every 12 months on a rolling programme.

For 2017/2018 there is a £1.8 million budget for the kitchen upgrades, which are expected to be complete within another two years. It is a stressful time for those who have had to move out of their homes during the works and I would like to thank the residents for their patience. I would also like to thank the officers involved who have put a lot of hard work into keeping the residents informed and dealing with any issues that have been reported.

And to turn, for a moment, to the Housing Committee's first Independent Member. We have welcomed the input from Jenny Quaggan who joined the Committee in May 2016 and gives us valuable insight and feedback into what matters to our tenants.

The Capital Programme which totals £9.8 million for 2017/2018 also allows for the planned Spring Valley external refurbishment scheme and the re-roofing of Lord Street flats. In addition, after some delays in negotiations with the Department of Infrastructure, the construction of a much needed sheltered housing complex in Willaston, estimated total cost £6 million, is expected to start by the end of this year.

Void properties made the headlines a few months ago and I am pleased to say that we are achieving considerable improvement in reducing the number of void properties.

The Council is committed to returning void properties as swiftly as possible to its usable housing stock so it can offer homes to those on the waiting list. The number of void properties can, however, change daily and is influenced by several factors. At the start of 2016, for example, there was a peak in the number of empty properties caused by a combination of tenants relocating into the new Hazel Court sheltered housing complex, stock management to allocate suitable size properties to families and an unusually high turnover of properties in general.

Properties in varying condition could be returned at any time, these properties, particularly older stock where tenants have been living in the property for many years require, in some instances, extensive remedial work, before they can be re-let.

Under the deficiency funding agreement with the Department of Infrastructure, the Council's maintenance budget is capped so we may not always be in a position to restore a property to good order as swiftly as we would wish.

The number of void properties' turnover has been exceptionally high in the past two years – representing 6% of the whole housing stock, whereas 2% would normally be considered a maximum high.

I can report, though, that as of today there are 45 void properties across the Council's stock, down from a peak of 138 last year. Additionally, 33 vacant properties in Willaston are being used as temporary accommodation during the estate's external refurbishment programme.

This is all great news, but it could be better were the Council not constrained in its income, and maintenance and management allowances.

As I said when I spoke in Council in November: 'I would love to stand here today and say that we do not need to increase rents.'

I also said then that the Council needs to protect its Housing Service. And the only way it can do that is through rental income.

Regrettably, with a two per cent rent increase agreed, and no review on the current allowances, there will still be a funding shortfall between rental income received and what it actually costs the Council to provide public housing.

So our Committee and our officers have to perform a delicate balancing act: taking out loans, managing the service and maintaining its housing stock drawing on a permitted 24.8 % of rental income for maintenance. If we were still getting the originally agreed 33.3 % we would have an extra £861,730 for maintenance. The Management allowance was also reduced from 7.5 % to 5.5% leaving us with over £202,000 less per year.

In real terms this means that if the percentages were left as originally agreed we would be well on our way to being out of the rate borne contribution, and would also be able to allocate more resources to maintenance including returning void properties for re-let.

Despite these challenges, though, the Committee has succeeded in reducing the rate-borne contribution to £308,220 for the coming financial year from a peak of £873,000 in the 2007/08 budget.

Mr Mayor, this Council recognises it has a duty to address the needs of its tenants and we aspire to a housing strategy that's broad in scope and long on vision. One that is sustainable and underpinned by new funding mechanisms that would eradicate the ratepayers' contribution and reduce the call on the Government Housing Deficiency, encourage our tenants to embrace their responsibility as residents and create an environment where community spirit is at its core.

Only in this way will we have greater financial autonomy and be able to provide an improved service to our tenants.

And only in this way can we truly help to **deliver for Douglas**.

Mr Mayor I beg to move the housing budget for the 2017-2018 financial year.