

## **Written Ministerial Statement (House of Commons & House of Lords) – Wednesday 7 June 2006**

### **DECENT HOMES ANNOUNCEMENT**

I am today announcing the final bidding round of our decent homes programme. Applications for the 2006 housing transfer programme and the final round for new ALMOs will need to be submitted by 31 July 2006.

This is a key milestone in a major Government programme to improve the quality of social rented housing. In 1997 we were faced with 2.2 million social tenants who lived in homes that were not decent. More than half a million council tenants did not have central heating, two million did not have double glazing, and 1.2 million were in fuel poverty.

Already the Decent Homes Programme has reduced the number of non decent homes by 1.2 million and many more have had improvements to their homes. By 2010 a total of 3.6 million homes will have been refurbished under the programme as additional homes have faced deterioration since 1997. Around 8 million people will have seen their homes transformed.

The Government has increased by 30% in real terms the amount of money being spent directly by local authorities on refurbishing and improving council homes. This year is about £1,100 per home compared with spend equivalent of £800 in 1997. Over 90 local councils are able to make all their homes decent as a result of this investment.

On top of this the ALMO programme has provided an extra £3.7 billion since 2002 to help to date a further 56 areas improve council homes. In total councils have invested over £20 billion since 1997 in improving the homes they own, using the investment provided by government.

In addition £7.4 billion of private funding has been levered through stock transfer and private finance initiatives.

Work in hand and schemes already on our ALMO, transfer and PFI programmes will mean that around 95% of social housing will meet the decency standard by 2010, transforming the lives of tenants up and down the country. The majority of these improvements will have been in the most deprived areas

Today we are announcing further support for the additional homes that are not covered by the current programme. The final bidding round will enable council that have selected ALMO or transfer in the Options Appraisal process

to bid for a place on the relevant programme. Bids will need to be received by 31 July. A bedding round for PFI has already taken place.

The decent homes programme has resulted in much greater tenant involvement in decision making about their homes. Tenants have participated in options appraisals and are board members of ALMOs and housing associations set up through transfer.

We now wish to go further in supporting greater tenant involvement in the management and ownership of their homes. Therefore as part of this bidding round we will promote consideration of options such as Community Gateway, community mutual approach, and community land trusts as additional ways to meet the decent homes target and go beyond the decent homes target in future. Where local authorities with their tenants want to take forward tenant ownership options for transfer we will consider extending the date for submitting their bid beyond 31 July.

We recognise that the decent homes programme needs to support the creation of decent communities. In many areas the decent homes programme has already made a real difference to the lives of tenants by modest improvement to essentially good quality housing alongside improved services, helping to create sustainable mixed communities. But more radical solutions are required to transform some of the poorest neighbourhoods.

A number of local authorities and housing associations have already embarked on transforming such areas into mixed communities, harnessing the impetus of the decent homes programme and the better use of their assets alongside other funding streams. The review of Housing and Regeneration, which includes the roles of the Housing Corporation and English Partnerships, is looking at ways to extend and strengthen these programmes. All engaged in this transformation know it takes time to get it right; major change cannot be achieved in a few years.

We also want to see greater investment in build programmes in local areas. Local authorities, ALMOs and stock transfer housing associations need all to play a greater role in increasing supply as well as managing existing homes. We are exploring ways to give excellent local authorities and local authorities with 3 star ALMOs greater flexibility to use their own resources to build and own homes for rent and to increase affordable homes to buy in their areas.

The decent homes programme is making good progress. The vast majority of social landlords will be expected to ensure all homes are decent by 2010. But we will negotiate individual delivery timescales to allow some areas to continue beyond 2010 where they are starting late on the programme, or where additional time is needed to ensure value for money, deliver mixed communities and the right balance of refurbishment and new build.

This bidding round will be the last within the decent homes programme. In future we want decisions on investment in improving social housing to be considered alongside decisions on the other investment necessary to deliver

sustainable mixed communities, and not as a separate programme. We want councils, residents and local partners, such as ALMOs and RSLs to have more flexibility on local housing decisions. Local Area Agreements could offer the opportunity to do this and to introduce greater flexibility for local authorities on how to achieve different priorities and explore different models for managing homes and encouraging new social housing. We will explore how to achieve this in the long term as part of the comprehensive Spending Review.

We want to explore the idea of allowing some excellent local authorities and local authorities with three star ALMOs to operate their finances outside the housing subsidy system. We believe this approach has potential to introduce the right incentives to secure this sustainability of investment. But the approach also has costs and risks both for government and for local authorities. We intend to build on the work already done by inviting a small number of excellent local authorities and local authorities with 3 star ALMOs to work with the government to establish in detail the costs and benefits of this approach and to determine whether greater value for money could be achieved. This work will be conducted as part of the CSR.

The ALMO review also raised a number of other issues, which impact on the successful operation of ALMOs. The Government is publishing the outcome of the review today <http://www.communities.gov.uk/decenthomes>.

We are also publishing today a discussion paper, which sets the decent homes programme in its broader context <http://www.communities.gov.uk/decenthomes>. We want to use this document as the basis stakeholder engagement over the coming months to bring together ideas that we can consider in CSR07. The discussion paper specifically seeks views on: getting the most out of existing housing revenue account assets; ways in which local authorities can be involved in planning for affordable housing playing the biggest role it can in generating new investment; barriers that prevent tenants from having a greater role in management and ownership of social housing.