

Questions by members of the public under council procedure rule 11.0

Portfolio Holder, Councillor Mark Watkin's response to Ms Herron

Ms Herron, Chairman, Mayor and fellow Councillors

Thank you for your question. I apologise in advance for the legal aspects of this reply, but these are the key factors that prevent us from taking a direct interest in what the Housing Trust does. I will make sure that you receive the written version of this statement.

The Council transferred its housing stock to Watford Community Housing in 2007. Watford Community Housing is a Registered Provider of Housing and is therefore subject to oversight by Homes England (previously called the Homes and Communities Agency) not the Council.

When the Council transferred its stock there was a Stock Transfer Agreement and that did impose an obligation on Watford Community Housing to keep those tenants who had been Watford Council Tenants and who transferred over to them with the same tenancy conditions that they had when they were Watford tenants. This obligation did not apply to anybody seeking to become a tenant after the stock was taken on by Watford Community Housing.

Affordable Rent was introduced in response to the October 2010 spending review which reduced capital funding available for new homes up to 2014-15. Although the introduction of affordable rent did not need legislation it was worked up alongside the Localism Act 2011 which enabled registered providers like Watford Community Housing and councils who still had their own housing stock the ability to offer flexible tenancies.

This was done to provide additional borrowing capacity to registered providers which could be generated from the conversion of social rent properties to Affordable Rent at re-let, as well as borrowing capacity generated by the net rental income stream of the new properties developed.

So in 2011, the ability to convert from Social Rent to Affordable Rent was formerly introduced in 2011.

These conversions went side-by-side with the issuing of capital grant by Homes England for new projects, on the basis that that the increased rents from the higher affordable rents would enhance a registered provider's development capacity, alongside the grant received.

When the prospectus for this was issued in 2011, the Board of Watford Community Housing Trust considered the proposed requirement for 1:1 conversions – i.e. for every

grant funded home, a conversion would be required – and that they elected not to pursue grant under those circumstances owing to the impact upon their stock. However, they did secure grant funding later in the programme when the conversion requirement was removed.

Subsequently, the Government changed the rules again and most recent grant funding programmes have required conversions. To their credit, Watford Community Housing negotiated a 1:4 ratio with Homes England which was acceptable to the Board.

This was later translated into a financial value of increased capacity which is monitored by Homes England to ensure that Watford Community Housing do not exceed the amount which it approved when issuing the grant allocations.

The actual number of properties which have been converted to Affordable Rent is **28**, which has enabled the consequent grant funding for an additional **157** homes. Finally I refer you to item 14 on this Agenda which describes how WBC will be working jointly with WCHT to produce an additional 50 socially rented homes in the next two years.