



ARCH PRESS RELEASE

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Minister's proposals a welcome step in right direction

Housing minister Margaret Beckett's proposed changes to revenue and capital rules for new council housing are a welcome step in the right direction, says Association of Retained Council Housing (ARCH).

ARCH welcomes the approach taken to enable councils to retain more rental income from any new council housing and so have more resources to allocate to building new homes. The intention to remove some of the financial barriers stopping councils from building new properties and increasing their housing stock is also welcomed.

ARCH is, however, hoping that the proposals may be a signal of what might emerge from the Government's wider review of housing finance which is due to report later this year.

ARCH believes that councils should be able to retain more locally raised rental income and the proceeds from the right to buy to spend on affordable housing. Under the proposals set out in this consultation document this would only apply to a small number of new properties and should be applied more broadly to existing properties and without undue bureaucratic restrictions.

ARCH's secretary John Bibby, director of housing and community services at Lincoln City Council, commented: 'ARCH believes these proposals are long overdue as a first step in recognising the role that stock retaining authorities can play in contributing to the Government's national housing targets.

'But, as always, the devil will be in the detail and ARCH would urge the Government to manage the process with a lighter touch without losing sight of the principle objective of enabling councils to provide more affordable housing. This country is facing a severe shortage of affordable housing and by meeting urgent housing needs, councils can also play a key role in stimulating the construction industry in the current economic recession.'

Mr Bibby added: 'Although ARCH feels that the direct impact of these proposed changes may be relatively small in the context of the whole council housing sector,

we are delighted that they show a willingness on the governments part to enable councils, once again, to directly provide new council housing”.

ARCH will encourage its member councils to put forward schemes they feel are workable to test the limits of the changes proposed.

FOR FURTHER INFORMATION OR COMMENT CONTACT:

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NOTES FOR EDITORS

1) The Association of Retained Council Housing (ARCH) brings together council whose tenants and residents have voted for their local authority to be their landlord in order to campaign for a better deal for council tenants and residents. Background information and policy statements are available on ARCH’s website: www.arch-housing.org.uk

2) ARCH will be feeding the views of stock retained authorities into the Government in response to this consultation paper and is also contributing to the wider review of the housing finance system, the Housing Revenue Account (HRA) that is currently taking place. Its submission to the review will put forward fairer alternatives to the current situation, which means council rents are disappearing into a national pot that totals £0.2bn and is set to rise, but has no guarantee of being used for housing.

3) At present, the council housing finance system redistributes the revenue (through Housing Revenue Account Subsidy (HRAS)) and capital returns (through pooling) from new and existing housing on the same basis. Neither pooling nor the HRAS distinguishes between homes which were built in the past with an element of central Government financial support and new homes which represent a largely local investment.

4)The consultation paper, “Changes to the revenue and capital rules for new council housing; Consultation on excluding new council housing from Housing Revenue Account Subsidy and Pooling” can be found at: <http://www.communities.gov.uk/documents/housing/pdf/capitalruleschanges.pdf>

5) A briefing paper on the consultation prepared for ARCH stock retaining authorities, which discusses the proposals in detail is attached.