

Local authority direct provision of housing: examining the methods used to kick start development

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What is making some local authorities actively engage in housing provision again?

- Need to generate **income stream** post 2020 changes in local government finance
- Improving **design** of new build housing in their area
- Cost of funding Bed and Breakfast for **homeless** people
- Needs of specific **groups** including older people
- Failure of the market to provide housing – **unimplemented consents**
- Policy objectives to change **housing mix**
- **Regeneration and place making**
- Policy **objective** to build housing again
- Wish to support **local economy** including small builders, apprentices, growth sectors

What powers can local authorities use to build housing?

- **2011 Localism Act** s1-7 – provides local authorities with powers to act as a company
- Implementation of International Financial Reporting Standards (**IFRS**) in local government means public and private sector have same financial reporting methods –
 - affects use of funds for capital investment
 - allows public and private sector partnerships to operate more easily
 - Allows the use of the whole of the LA asset base to secure funds for development

What funding can be used to build local authority housing?

Local authorities

- can raise **bonds** secured on their assets to develop housing;
- Take and make **loans**
- Set up housing **companies** using assets
- Use **asset backed vehicles** for development
- Enter into public/public or public private **partnerships**
- Use **pension funds**
- Use **land, finance or reputation** as partnership assets
- Create **housing associations**
- Use funds raised to act as **developers** or patient investors