



Isle of Man
Government

Reiltys Ellan Vannin

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All Island Strategy For Affordable Housing Strategic Policy Principles

February 2020

Department of Infrastructure

FOREWORD

To: The Hon Stephen Rodan OBE MLC, President of Tynwald and the Honourable Council and Keys in Tynwald assembled.

A safe and secure home is a basic human right for all, and much has been achieved in previous years to ensure that this is the case for the Island's residents. However, it is imperative that we continue to build upon the positive work undertaken to date to enable affordable housing to meet the changing needs of the Island and its population.

My thanks to officers and politicians, past and present, national and local, for their diligence and effort and for having the foresight and the bravery to challenge the status quo and to set out the ambitious programme of reform within which the affordable housing sector has been operating for the previous 5 years.

Building upon these foundations, the seven policy principles identified within this document set out the aims and objectives from which a framework for the ongoing strategic delivery of affordable housing across the Island will be developed.

I am well aware that my Department cannot and should not be responsible for all housing policy and indeed does not have the vires to do so; however there are already a number of positive inter - Departmental initiatives arising from the Programme for Government and I am sure that this will continue into the future.

The policy principles therefore focus and recognise the value of partnership working in the delivery of publically funded housing, whilst acknowledging the existing and the emergent challenges that not only the Island but the world faces and in particular those of a changing needs and expectations and of climate change, to ensure that service delivery is not only fit for purpose, it is also fit for the future.



**Hon R K Harmer MHK
Minister for Infrastructure**



ALL ISLAND STRATEGY FOR AFFORDABLE HOUSING
Strategic Policy Principles



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“Moving Forward together to ensure that affordable housing provides good quality affordable homes within a sustainable and inclusive community”

Hon. Ray Harmer, MHK Minister for Infrastructure

1.0 Introduction

- 1.1 The Department of Infrastructure facilitates the provision of “affordable housing”. The term “affordable housing” refers to public sector housing and first time buyer properties which are available to eligible applicants.
- 1.2 The rent charged in public sector housing and the cost of purchase for the eligible first time buyer is significantly below open market levels. Both of these housing tenures are targeted at those on low to moderate incomes and have bespoke eligibility criteria.
- 1.3 Affordable housing, along with the wider housing market, plays a vital role in the Island’s social and economic wellbeing, impacting communities and the Manx economy. This is recognised within the Programme for Government: ‘Inclusive and Caring Island’ and in particular that ‘we have accessible and affordable housing which meets our social and economic needs’. The strategic aims of the Programme reflect this:

Figure 1 – the interrelationship between the Programme for Government and affordable housing

Enterprise and Opportunity Island	Extensive investment in new build and refurbishment, use of framework agreements and alternative contract strategies, underpinned by mid to long term forecasting to meet need.
Responsible Island	Significantly enhanced monitoring of the Capital Programme, combined with an improved understanding of the sectors financial liabilities, spending and performance.
Sustainable Island	Key partner in the strategic assessment of need and delivery of affordable housing. Developments such as Passiv Haus and the energy efficiency assessment of public sector stock will reduce energy consumption.
Inclusive and Caring Island	Revised policies which maximise opportunity for access to subsidised homes where required. And a better understanding of our users needs.
Healthy and Safe Island	Working with our partners to provide appropriate accommodation to the vulnerable, keeping people in their own homes as long as they feel enabled to do so

- 1.4 The Department of Infrastructure continues to contribute to reform within the wider housing sector by working closely with the Department of Health and Social Care, Department of Environment Food and Agriculture, Department for Enterprise, Cabinet Office and the Treasury. This document and the strategic framework recognise these relationships.

Figure 2 – setting out the relationship between affordable housing and wider policy initiative



- 1.5 The purpose of this document is to enable the reader to understand the context within which affordable housing is delivered, provide an update on recent reform and to provide a strategic policy direction given the challenges and opportunities which lie ahead.

2.0 Existing Affordable Housing Policy and Strategy

- 2.1 Affordable Housing Policy has been at the forefront of Isle of Man Government policy and strategy since 1999, and it has continued to evolve and develop ever since. It is delivered primarily under the vires of 1955 Housing Act and the Housing Miscellaneous Acts of 1976 and 2011.
- 2.2 These Acts determine the Department's powers to develop legislative housing schemes, bring forward formal tenures, provide enabling powers for funding for housing and to develop all-island housing policy; subject to Tynwald approvals and concurrence from the Treasury.
- 2.3 This legislative provision also enables the Department to make policy in order to ensure consistency in the way all public sector housing providers operate, along with the Local Government Act 1985 which is the primary vehicle for regulating the performance of housing providers.
- 2.4 The Local Government Act 1985 is also the means by which a housing provider may put forward a business case ('petition') for capital funding for work of a value over £25,000, which enables it to receive tax-payer subsidy for public housing provision.
- 2.5 Given the dynamic nature of change and the new challenges arising both on Island and elsewhere, the existing legislative provision requires some modernisation to better support the future delivery of housing.
- 2.6 In 2013, recommendation 5 of the Council of Ministers' response to the Scope of Government report led to the 25 broad policy commitments approved by Tynwald in November 2013. The Housing Review, as it was known, delivered against 21 of the original objectives, with the remainder being superseded in the intervening period.
- 2.7 In total 46 projects were delivered during the period 2014-19 across 6 programmes, which were:
 - finance and investment,
 - stock condition and suitability,
 - access and eligibility,
 - legislation and policy,
 - transition, and
 - procurement.
 - The detailed outcome report of the 2013 Housing review is available on gov.im/housingreview

In 2019, the Department prepared a report detailing the outcomes of the Housing Review from 2013-2019. A copy of this report is included at Appendix A.

3.0 Current Affordable Housing Delivery

- 3.1 As described earlier Affordable Housing on the Island consists of two types of tenure; First Time Buyer and Public Sector homes for rent.
- 3.2 **First Time Buyer Assistance**
 - 3.2.1 In 2015 the Department introduced two new schemes to replace existing first time buyer provision. The Shared Equity Purchase Assistance Scheme ('SEPA') widened the access and funding parameters and provided two housing options: First Home "Fixed", targeting those on lower incomes, with fixed price units on new developments, and First Home "Choice", with an increased income ceiling and house purchase price to help those wishing to buy on the open market.
 - 3.2.2 Over 250 eligible first time buyers have been assisted since 2012, many benefiting from the 173 new affordable homes delivered from First Home "Fixed" and the remainder being First Home "Choice". Both schemes continue to be popular, and in total over 426 applicants have fully paid off their loan for house purchase assistance since 2011.
 - 3.2.3 During 2018 the Department commenced a de minimis pilot for mid-rental as a third form of affordable housing. The pilot tests the concept – which is to provide a property at a reduced market rent to assist eligible applicants save income towards a deposit to purchase their first home. Whilst this is in its early stages, the results have been very positive and the Department will be seeking to bring forward a formal mid-rental housing scheme subject to the necessary Tynwald and Treasury approvals
 - 3.2.4 Both the SEPA schemes and the exploration of mid-rental as a housing option came forward from the original Housing Review.
- 3.3 **Public Sector Rental**
 - 3.3.1 The c. 6,200 general needs and sheltered public sector homes are owned and operated by 15 Local Housing Authorities, including 5 Sheltered Housing Providers.
 - 3.3.2 In 2015 the Department introduced, with direct input and support from local authority housing providers, a 5 year fixed term tenancy for new tenants of general needs housing. This was to enable landlords to undertake a formal and periodic review of the tenant's ongoing need and eligibility for public sector housing and to assess whether their present accommodation best meets their individual needs.
 - 3.3.3 In 2016 the access and eligibility criteria for sheltered housing were introduced for the first time, to deliver consistency across providers and introduce prioritisation of allocation, based on need. In 2019 this was further refined to take account Island residents who are below state retirement age, and have needs which could be met from living within a sheltered housing complex.

- 3.3.4 The Department also introduced shared regional housing waiting lists for public sector housing in 2016, to widen housing choice and opportunities for those on Housing Waiting Lists. For those Authorities who chose to be a part of the shared list, it has produced positive results, with a reduction in waiting lists and the average time on housing waiting lists falling from 32 months average in 2015 to 25 months in 2019; noting that in 2015 20% of all applicants had been waiting to be housed for over 4 years.
- 3.3.5 Since the introduction of the shared lists, almost one fifth of applicants express an interest in living anywhere within the region, whereas previously they were restricted to one Local Authority area which generated long waiting times and did not always reflect housing need.
- 3.3.6 In 2019, this was followed up by revisions to the general needs housing access and eligibility criteria, to give priority to housing need rather than time on list.
- 3.3.7 More recently, the Department has been working with certain Housing Authorities piloting a new approach to operational housing management. In areas where the Department and the Housing Authority has stock, formal agreements have been progressed whereby the housing service is managed and operated by the local Housing Authority.
- 3.3.8 In 2019 the Department undertook a comprehensive review of affordable housing need. The report can be found at gov.im/Housingneedsstudy Appendix B.

3.4 **Funding and Investment of Public Housing**

- 3.4.1 Over £77 million of capital investment has been made into public sector housing since 2013, much of it on redevelopments and replacements, which means that whilst the net increase in stock has been 66 additional properties, the nature of stock – i.e. size and layout has changed significantly, with a focus on a reduction in the number of larger properties and an increase in apartments and smaller family houses reflecting changing need.
- 3.4.2 In addition to full-scale redevelopment of existing public housing sites there has been ongoing investment within properties, for example, boiler replacements, window and door replacement schemes, loft insulation and the kitchen framework agreements, which included full rewiring as well as replacement of worktops and appliances. This is particularly relevant for the older properties to retain their asset value, keep them in good condition and fit for purpose.

3.5 **Housing Structural Reform**

- 3.5.1 One of the most high profile aims arising from the 2013 policy recommendations was that of regional reform reducing the number Housing Authorities to a smaller number (four or five) and creating regional housing bodies. At that point in time, the key issues centred on inconsistency and costs related to housing service delivery, the lack of information in relation

to ongoing public subsidy commitments (Housing Deficiency) and the limited choice of housing areas available to those on the waiting list.

- 3.5.2 The work done to date has seen these issues addressed, with key performance indicators reporting requirements, sector wide policies and operational standards adopted, and a funding review with accurate deficiency forecasting and a better use of housing stock, when combined with the introduction of shared waiting lists and housing transfers.
- 3.5.3 This has negated at least some of the key drivers for regional reform. In addition, there has been some interest from local authorities themselves to look at economies of scale for service delivery, with Castletown and Malew, and Marashen Sheltered Housing Boards in the process of a full operational merger. When complete this will improve operational efficiencies and resilience for the new housing body in the south.
- 3.5.4 In addition, to this Ramsey Town Commissioners and the Western local authorities have both developed high level proposals for potential regional housing delivery, and in particular, the Western local authorities have recently resolved to form a steering body as a vehicle to potentially forming a Joint Western Housing Committee.

4.0 Ongoing Housing Reform

- 4.1 The affordable housing sector is not static; it is constantly changing, developing and improving in order to meet the ever changing needs of the island.
- 4.2 An Island-wide stock review, with condition reporting and stock suitability assessment has led to the development, for the first time, of 5, 10 and 30 year on-going investment profiling. The result has produced a bespoke system which can model with the accuracy the future funding requirements and subsidy gap ('housing deficiency'). As a result budget estimating and liability awareness is much improved and managed at national level.
- 4.3 This work was supplemented by the introduction of public sector deficiency guidelines, issued to all Housing Authorities which provide a clear process for housing providers applying for funding and providing a clearer understanding of their housing financial commitments. This has led to an increased financial certainty and the ability to model investment and redevelopment works consistently across the sector.
- 4.4 The review of allowances payable to housing providers is on-going to ensure they are clear on legitimate spend and priorities. This will help to inform future alternative funding arrangements, with the focus more on age, condition and suitability of stock. It provides a clear steer for Housing Authorities on the impact of turnover of stock, maintenance costs and tenancy management to enable them to target issues as they arise.
- 4.5 A number of pilot schemes are working well and will continue to be supported whilst they are developed into formal approaches which can be available island wide, for example, the development of mid-rental as a permanent form of affordable housing tenure.
- 4.6 The means by which public sector rents are set both during initial valuation and thereafter are being reviewed. Both the valuation and the annual adjustment mechanism are burdensome and overly complicated. With the advance of new technologies and new ways of working there are opportunities for reform in both areas.
- 4.7 The spirit of partnership with the local authorities has enabled much of the reform achieved to date. This is demonstrated formally by the consensus on and adoption of a number of key strategic and operational processes across the sector, which have been achieved by mutual agreement. Work is ongoing to consolidate this formally into a Public Sector Housing quality manual, to ensure, all housing providers will have the option to operate on a consistent basis across the sector.
- 4.8 In terms of developing an immediate plan for action arising from the policy principles, there are already a significant number of projects and initiatives ongoing, a number of which are pan-government:

- Investigation of the options for introducing a periodic rental policy to replace the annual rental setting process, including the development of an affordability indices.
- Review of the existing rental setting (pointing) and allowance funding arrangements.
- The introduction of minimum relet and void standards for public sector housing.
- The introduction of a new ICT platform for public sector housing.
- Completion of the design for regulatory and audit standards for public sector housing providers.
- The introduction of the Landlord Registration Act and secondary regulations.
- A review of options to widen the assisted house purchase offering, including formal introduction of a mid-rental scheme.
- Development of a legislative framework for the eventual replacement of the 1955 Housing Act.

5.0 Commitment to the Future

- 5.1 The Department, building upon the progress of the previous Housing Review, believes the delivery of Affordable Housing is essential to meeting the Island's on-going needs. It is imperative that the work done to date is used as a foundation to ensure Affordable Housing continues to thrive improving service delivery, increasing housing options and developing housing choice for those in need.
- 5.2 This cannot be done in isolation of Government's other Departments of Health and Social Care; Enterprise; Environment Food and Agriculture and the Cabinet Office, as well as local authorities and local authority housing providers, all of whom have a role within both affordable and the wider housing sector.
- 5.3 With that in mind the Department has developed a suite of 7 policy principles to be used as a framework for delivery, so that there is clarity of aims and of expectations for all involved.
- 5.4 These principles are the policy commitments the Department for Infrastructure will build upon working with partners and stakeholders to develop and improve the affordable housing sector in order to meet the changing needs of the Island.

6.0 Strategic Policy Principles

- Principle 1** – Government will continue to support and facilitate the provision of affordable housing for the wider benefit of all across the island.

- Principle 2** – Housing providers and stakeholders will work collaboratively to encourage the delivery of good quality affordable homes and services which meet the changing needs of the Island's population.

- Principle 3** – The subsidy for affordable housing will be appropriately targeted to those with the least means and most in physical, social and financial need.

- Principle 4** – The changing needs of the individual should be at the heart of affordable housing services.

- Principle 5** – There is a continued commitment to cost effective, efficient and sustainable housing design capable of delivering good quality energy efficient homes.

- Principle 6** – Affordable housing development and refurbishment should support a mix of types of home to help deliver diverse and sustainable local communities.

- Principle 7** – There should be an appropriate legislative and regulatory framework to underpin the affordable housing sector and support the principles of social provision.

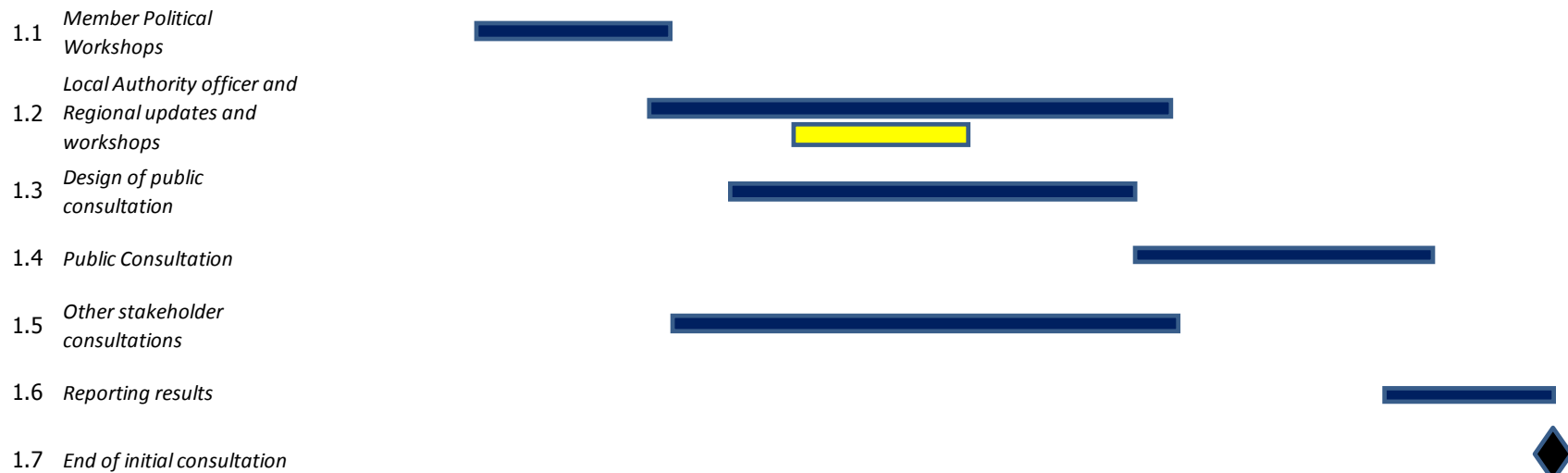
7.0 Next steps

- 7.1 These high level strategic policy principles are the basis from which to develop an action plan for affordable housing, utilising the commitment and engagement of key stakeholders such as Local Housing Authorities and third sector organisations to bring about deliverable outcomes for each of the policy objectives.
- 7.2 The Department is committed to working with other stakeholders to ensure affordable housing is a key strand of any national housing strategy coming forward. This includes the core groupings of:
- Local authorities and local authority housing providers,
 - Third sector charities and housing providers, and
 - Other government agencies such as the Department of Health and Social Care, Department for Enterprise, Department of Environment Food and Agriculture, the Treasury, and the Cabinet Office.

All Island Housing Strategy, overview plan for 1st year delivery

Feb-20 Mar-20 Apr-20 May-20 Jun-20 Jul-20 Aug-20 Sep-20 Oct-20 Nov-20 Dec-20 Jan-21

1.0 Consultation Process



2.0 Design of framework for delivery



3.0 Implementation

