



Department for  
Communities and  
Local Government

Lord McKenzie  
House of Lords  
London  
SW1A 0PW

**Baroness Williams of Trafford**  
*Parliamentary Under Secretary of State*

*Department for Communities and Local  
Government*  
4th Floor, Fry Building  
2 Marsham Street  
London SW1P 4DF

Tel: 0303 444 3461  
Fax: 0303 444 3291  
E-Mail: [baroness.williams@communities.gsi.gov.uk](mailto:baroness.williams@communities.gsi.gov.uk)

[www.gov.uk/dclg](http://www.gov.uk/dclg)

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Dear Bill

**CITIES AND LOCAL GOVERNMENT DEVOLUTION BILL – LORDS COMMITTEE**

On 29 June, during debate in Committee on the Cities and Local Government Devolution Bill, I promised to write to Noble Lords on several matters raised.

**Affordable Housing**

Baroness Hollis, Lord Beecham, and the Earl of Listowel raised questions about affordable housing, and its definitions. As I said in the debate, the Government's definition of affordable housing is set out in the National Planning Policy Framework (NPPF) which states that Affordable Housing is "Social rented, affordable rented and intermediate housing provided to eligible households whose needs are not met by the market. Eligibility is determined with regard to local incomes and local house prices. Affordable housing should include provisions to remain at an affordable price for future eligible households or for the subsidy to be recycled for alternative affordable housing provision."

It is also addressed in legislation through the Housing and Regeneration Act 2008 which defines Affordable Housing as "social housing as low cost rental accommodation and low cost home ownership accommodation. In the Act, a low cost rent is simply defined as below the market rate. Low cost home ownership is defined by its availability for occupation on a shared ownership or equity percentage basis".

The Government is committed to helping people across the country to meet their aspirations to rent or own their own homes. This is why in this Parliament we will deliver 275,000 new affordable homes with £38 billion of public and private investment, achieving the fastest build rate of delivery for 20 years. This will add to the more than 260,000 affordable homes which have been delivered in England since April 2010. The Government's 2011- 2015 Affordable Homes Programme exceeded expectations by delivering nearly 186,000 affordable homes since April 2011, almost 16,000 more than originally planned.

**Homelessness**

Lord McKenzie and Lord Shipley asked about support for the homeless. We are determined to ensure that we protect the most vulnerable people in society and help them to live independent lives. In 2015/16 we are investing £3.8 billion in the Better Care Fund, to deliver faster and deeper integration of health and social care. This will enable local authorities to

invest in early action to help people live in their own homes for longer and help prevent crises, as well as supporting local authorities to work more effectively together, deliver better outcomes for less money and drive integration across all local services.

This focus on prevention and early intervention is mirrored by Government's work on preventing and tackling homelessness. The homelessness legislation requires each local housing authority to formulate and publish a homelessness strategy every five years, which should be based on a homelessness review. The Homelessness Act 2002 sets out the parameters of a review which must include an assessment of likely future levels of homelessness to enable an authority, or group of authorities, to prevent that homelessness.

Statutory guidance explains how an authority should conduct a review and offers advice on which groups an authority may wish to look at as they are more at risk of homelessness than others, for example, young people who have become estranged from their family; have been in care; have a history of abuse, running away or school exclusions; or whose parents have had mental health, alcohol or drug problems. The Department has invested in a number of homelessness prevention programmes over the years, including the Gold Standard scheme (2012/13 -14/15) which provides practical support and training to help authorities deliver more cost effective and efficient prevention services. Over the last Parliament we saw a significant (38%) increase in local authority homelessness prevention and relief (165,200 in 09/10 to 227,800 in 13/14), helping households avoid a homelessness crisis in the first place.

### **Borrowing**

Lord Shipley asked for clarification on borrowing and the Earl of Listowel asked about borrowing for affordable housing. Local authorities are free to finance capital projects by borrowing, without Government consent and subject to being satisfied that they can service their liabilities out of their revenue resources. There is no centrally applied cap on borrowing, but each local authority is required to set its own maximum borrowing limit; they may not exceed this with additional debt. Local authorities will make their own decisions about sources of loans or credit, which may include leasing or municipal bonds. Local authorities also have freedom to invest their surplus funds.

These provisions apply equally to combined authorities with the added restriction that combined authorities can currently only borrow to fund transport infrastructure; under this Bill, orders to set up new or amended combined authorities in future may include provisions to allow the combined authority to borrow for further functions, as specified in the order. This might for instance include for housing, if that is a function of the combined authority concerned.

These provisions apply to the borrowings of both combined authorities and local authorities separately; there is no cumulative limit, but each must set their own borrowing limits and be able to service their own liabilities for the borrowing they undertake.

I have sent copies of this letter to Lord Beecham, Earl of Listowel, Lord Shipley and Baroness Hollis and will place a copy of this letter in the Libraries of the House.

*Yours ever,  
Susan*

**BARONESS WILLIAMS OF TRAFFORD**