

Review of the Housing Allocations Policy

SUMMARY

- 1.1 The current Housing Allocations Policy was agreed by Cabinet on 23 January 2013. It was reviewed to take account of the implementation of the Localism Act 2012. The policy was implemented on 7 March 2013.
- 1.2 Cabinet approved the policy with a caveat that a further report be submitted to the Cabinet member for evaluating the impact of the changes, particularly the introduction of additional priority in respect of 'Community Contribution'. This gives additional priority to people who contribute to the community through employment, volunteering or providing unpaid care and support.
- 1.3 Following a review, this report recommends that changes are made to the current policy. Appendix 2 shows the detail of these changes with explanatory notes, and details of the ICT implications.

RECOMMENDATION

- 2.1 To approve the changes to the Housing Allocations Policy, subject to final legal approval and within the timescales for ICT changes, as outlined in Appendix 2.
- 2.2 To approve an on- going process to review the effectiveness of these changes six months from implementation.

REASONS FOR RECOMMENDATION

- 3.1 The recommended changes to the allocations policy are intended to have the following positive impacts...
 - a) Give greater priority to those in the greatest need, such as people at risk of homelessness or living in unsafe housing
 - b) Improve flexibility and fairness for all applicants, while also supporting demand for some difficult to let properties
 - c) Encourage downsizing and free up family accommodation
 - d) Enable the housing register to provide a more accurate picture of housing need
 - e) Make it easier for people to move to Derby to support family and friends
 - f) Improve the functionality of the ICT system which supports Homefinder.

The actions that will bring about these changes are detailed in Appendix 2.

- 3.2 An on going review process will help to ensure that the changes are effective and that the process shows regard for vulnerable applicants. At the same time it can ensure that the business needs of the Homefinder partners which pay for the service are met. These are Derby Homes and the Registered Providers (housing associations).

SUPPORTING INFORMATION

Evaluation of the impacts of the revised allocation policy implemented March 2013

Background to the revised policy – changes to the legal framework

- 4.1 The Localism Act 2012 introduced reforms to the allocation of social housing. The Act enabled local authorities to set their own housing allocations policies, although they were still required to give reasonable preference to people who met certain criteria (set out below).
- 4.2 Reasonable preference categories are:
- a) People who are homeless or are owed a homeless duty
 - b) People living in overcrowded housing
 - c) People occupying insanitary or otherwise unsatisfactory housing conditions
 - d) People who need to move on medical grounds
 - e) People who need to move on welfare grounds
- 4.3 It also introduced significant changes to local authority's duties to people for whom they have accepted responsibility under homelessness legislation. The Act gave local authorities the freedom to determine who qualifies to be accepted onto the housing register. Local authorities are no longer required to have an open housing register, where people can only be excluded from the register for limited reasons.
- 4.4 The Government also introduced legislation regarding Armed Forces personnel (including bereaved spouses/civil partners) who were serving/have served in the Royal Navy, Royal Air Force or the British Army and Reserve Forces regarding the Local Connection and priority for housing.

The previous policy changes specified

- 4.5 The current policy was implemented on 7 March 2013. The main changes were:
- a) Introduction of a non-qualifying persons criteria
 - b) Reduction from four to two bands (the emergency and housing needs band)
 - c) Available properties advertised daily rather than weekly, each property advertised for 6 days
 - d) Some changes to the property type and size eligibility criteria (to give some flexibility to Derby Homefinder partners to mitigate the impact of the welfare reform changes)
 - e) Low demand properties advertised through and 'Open to All' advertising module.
 - f) The introduction of a housing need for community contribution
 - g) Housing need for ex/current Armed forces personnel
 - h) Greater priority to under occupying tenants
 - i) Discharge of homeless duty within the private rented sector where suitable accommodation has been identified.

Evaluation of the impacts of the new policy

- 4.6 A desk top review was completed in early 2014, as requested by the cabinet member. The remit of this review was widened to consider the concerns expressed by Homefinder partners who were experiencing an increase in empty properties and a reduced demand for some property types.
- 4.7 Three consultation events were held in June and July 2014 and these were attended by Homefinder partners, Direct Help & Advice and Elected Members. The recommendations within this report are as a result of these activities.
- 4.8 When the current policy was introduced in March 2013 the housing register reduced from approximately 7000 to 4000 applicants. The reduction in numbers was mainly due to the move from four bands to two and the subsequent closure of a number of applications which did not have housing need. All applicants were advised of the new policy and subsequent changes to their application and banding. Since the implementation of the current policy numbers of applicants on the housing register has remained at around 4000.
- 4.9 The introduction of non-qualifying persons criteria has not caused any concerns to date. The policy clearly explains to applicants who are eligible to join the housing register the reasons why. Prior to this such applicants were accepted onto the register but were bypassed and did not receive offers of accommodation. For example, applicants with housing related debt and had not entered into and made regular payments over a six month period would simply be bypassed. The new criteria, which excludes them from the register, is more transparent and now prevents applicants

who would not be housed from accessing the register.

- 4.10 From March 2013 to mid- August 2014 a total of 4504 applicants completed the Housing Wizard. This is an on line self -assessment tool that customers use to see if they are eligible to apply on the Register. Statistical information shows that 3305 applicants were advised to register for housing and 1119 applicants (26.6%) were ineligible.
- 4.11 From 1 April 2013 to 31 March 2014, 2379 applicants were accepted onto the Housing Register. From 1 April 2014 to mid-August 2014 a further 933 applicants were accepted.
- 4.12 The reduction from four housing bands to two is a more simplified approach and has been well understood by customers. Daily advertising has been welcomed by the Homefinder partners and is seen as a positive process for letting available homes and minimising rent loss. We have not received any complaints from customers to this change in practise.
- 4.13 Changes to the size and types of properties that applicants can apply for has not caused any issues in itself. However, the changes introduced through the Welfare Reform Act, particularly relating to under occupation charges has caused problems for some Homefinder partners in letting some properties.

Welfare Reform

- 4.14 Since the introduction of the welfare reforms, Homefinder statistical information shows that some two bedroom flats have become more difficult to let and demand for some three bedroom houses has fluctuated. This trend is reflected nationally (outside the London Boroughs) and benchmarking with Choice Based Lettings (CBL) North has substantiated this. There has been:
 - a) Increased demand for smaller properties as under occupiers seek to downsize
 - b) Increased difficulty in letting some family accommodation
 - c) Increased competition for smaller accommodation and those in housing need.
- 4.15 In response to the above, some of the Homefinder partners have relaxed their policies and will now allow children in flats, although in reality most applicants with children want a house, Prior to the introduction of the welfare reforms some landlords would let 2 bedroom flats to applicants with access to children. This is no longer an option for applicants affected by the size criteria and benefit reductions.

- 4.16 There has also been a reduction in demand for some three bedroom houses; this is linked with the welfare reforms, particularly the new under-occupation criteria or 'bedroom tax'. Some of the Homefinder partners will allow under occupancy of properties provided a financial assessment demonstrates the applicants' ability to pay the full rent. Clearly applicants who are not dependent on Housing benefit are more likely to be considered. Discretionary Housing Payments can also be taken into account in some cases.
- 4.17 Derby Homes void levels increased in 2013/14, since April 2014 these figures have started to return to more average levels. Detail is shown in the table below:

	No of Voids	Average Re-let
2011/12	955	23.32
2012/13	1012	20.31
2013/14	1323	24.12
2014/15 – YTD*	753	22.58

*end Nov 2014

- 4.18 The Open to All scheme was a new initiative. Since its implementation it has become evident that it requires fundamental ICT changes to enable full functionality. Open to All has been popular with applicants. However some of the partners have seen much reduced shortlists and there are concerns that some eligible applicants with housing needs are not registering for housing but bidding on Open to All properties. We have worked with Derby Homes and Metropolitan to establish the causes of this. We anticipate that improvements to the functionality of Open to All and improved information on the self-serve module and Derby Homefinder website will resolve this.
- 4.19 In its current format allocating properties through the Open to All module is time consuming. When Derby Homes allocate properties via this means priority is given to applicants in housing need who make the best use of stock. We are currently working with our software provider to improve functionality and reduce the level of manual administrative intervention required.
- 4.20 The need awarded for ex forces applicants has had minimal impact due to the low numbers of ex-forces personnel registered for housing. Only ten applicants have been awarded this need since implementation of the new policy, four of which have been rehoused.

Summary

- 4.21 a) Many of the changes implemented since 2013 have had positive impacts and have

been well received by applicants and our Homefinder partners.

- b) However, the 'open to all' category, although popular, requires significant ICT changes to maximise its functionality.
- c) Changes to housing demand patterns resulting from welfare reform, particularly the falls in demand for 3 bed houses and 2 bed flats, also result in the need for further amendments to the allocations policy.

Appendix 2 details the proposed changes to policy and gives an explanation of the reasons for the change and any requirements to software systems.

OTHER OPTIONS CONSIDERED

- 5.1 None - failing to review the current Housing Allocations Policy would breach the Cabinet decision of 23 January 2013. Failure to address the issues raised by Homefinder partners would jeopardise the partnership potentially impacting on customer access to social housing and reduce revenue income to the Authority (Homefinder partners fund the Homefinder Service). Homefinder partners would also face business risks associated with longer void periods and rent loss.

This report has been approved by the following officers:

Legal officer	Richard Burton
Financial officer	Toni Nash
Human Resources officer	Ian Fullagar
Estates/Property officer	Steve Sprason
Service Director(s)	Perveez Sadiq
Other(s)	Maria Murphy, Clare Mehrbani, Ian Fullagar, Nick O'Reilly

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Background papers:	Appendix 1 – Implications
List of appendices:	Appendix 2 – Proposed Changes

IMPLICATIONS

Financial and Value for Money

- 1.1 Costs associated with ICT changes will be contained within current budgets.

Legal

- 2.1 Section 166A of the Housing Act 1996 (“the Act”) requires that every local housing authority has ‘a scheme (their “allocation scheme”) for determining priorities, and as to the procedure to be followed, in allocating housing accommodation’.
- 2.2 Section 166A also requires the scheme to be framed so as to secure that reasonable preference those people falling within the reasonable preference categories (see 4.2 above). Further, it is permissible for the scheme to be framed so as to give additional preference to particular descriptions of people falling within one or more of reasonable preference categories.
- 2.3 Providing that the scheme is framed to ensure that generally those people who meet the criteria in the reasonable preference categories are indeed given reasonable preference under the scheme, under section 160Z of the Act, and subject to any regulations prescribing classes of persons that are ineligible for housing because of their immigration status, the local authority has a wide discretion to ‘decide what classes of persons are, or are not, qualifying persons’.
- 2.4 There is no statutory obligation on the local authority to keep the terms of the allocation scheme under review or to revise it regularly (in contrast to the requirements in relation to homelessness strategies under ss1 – 4 of the Homelessness Act 2002). However, where a review is carried out and there is potentially an alteration to be made which amounts to a ‘major change of policy’, the local authority must notify and consult with housing associations.

Personnel

- 3.1 None arising directly from this report.

IT

- 4.1 Some of the policy changes outlined in this document will require work by the software provider to implement. These are outlined in Appendix 2. The costs for these changes will be met from existing Derby Homefinder budgets. All of the costs will be implementation costs only, with no increase to on-going costs.

Equalities Impact

- 5.1 An Equality Impact Assessment was completed in December 2014.

Health and Safety

- 6.1 None arising directly from this report.

Environmental Sustainability

- 7.1 None arising directly from this report.

Property and Asset Management

- 8.1 None arising directly from this report.

Risk Management

- 9.1 The Derby Homefinder partnership is funded by the Derby Homefinder partners and some of these are national and regional organisations: our policy needs to be palatable to DCC members and our partner organisations.

If we do not achieve greater demand through the recommended amendments there this is a risk that Homefinder partners may choose to opt out of Derby Homefinder.

If this happens it will negatively impact on the partnership as follows:

- No longer a single point of access for housing
- Increased partnership costs for the remaining Derby Homefinder partners, including additional costs to the HRA or reduction of staffing levels within the Housing Options service
- Issues regarding nomination rights.

Corporate objectives and priorities for change

- 10.1 Reduce homelessness, improve customer service and reduce financial hardship to applicants seeking rehousing.

Appendix 2

Derby Homefinder Allocations Policy – Proposed changes

What needs to Change	Why it needs to Change	ICT Changes Required?
Create a standalone need for applicants living in a Category One Hazard property, (under the Housing Health and Safety Rating System - HHSRS)	To ensure that high priority is given to such applicants.	Yes – likely timescale 6 months.
Change the criteria for Community Contribution from being employed for 12 months to 6 months.	To encourage applicants that are in employment and on low incomes to access social housing. To improve sustainability within communities	Yes – but could implement through a short term work around.
Allow applicants who can demonstrate an ‘ability to pay’ to bid for a property with extra bedroom, with additional flexibility as and when required to allow anyone to bid for any property size.	Allows flexibility and fairness. Choice for applicants Create more sustainable communities Increase demand for some properties	Yes – but could implement through a short term work around.
Create a new need for applicants who have completed a ‘pre tenancy’ course.	This would <ul style="list-style-type: none"> Engage homeless people in meaningful activities Reduce the risk of tenancy failure Encourage RP’s to house applicants who are perceived as high risk 	Yes – Likely timescale 6 months

What needs to Change	Why it needs to Change	ICT Changes Required?
	tenants	
<p>Award additional priority to applicants who are threatened with homelessness within 3 months. (Extended from 28 days)</p> <p>This would only apply to applicants where if they became homeless we would have a duty to secure permanent accommodation</p>	<p>This would respond to the increasing number of homeless approaches and acceptances and reduce the use of temporary accommodation</p>	<p>Yes – Likely timescale 6 months</p>
<p>Allow all people aged 55 and over to access the housing register to apply for retirement housing.</p>	<p>Positively encourage old people into age appropriate housing. This would free up family sized accommodation and reduce the impact on health and social care services</p>	<p>No</p>
<p>Close applicants who have not bid in the last 6 months.</p> <p>Advise applicant at 3 months and remove at 6 months if no further bidding.</p>	<p>To identify an accurate picture of housing need within the City.</p> <p>Appropriate regard would be taken of vulnerable groups</p>	<p>Yes – likely timescale 6 months</p>
<p>Amend the Local Connection criteria for people who want to move to Derby to be near family members. To qualify, they must be able to demonstrate regular contact with said family member.</p>	<p>Feedback from consultation is that current criteria need to be worded more clearly.</p>	<p>No.</p>

Appendix 3

Revised allocations policy incorporating the proposed changes.

This is provided separately.