

Report for: Cabinet 11 April 2017

Title: Changes to the Housing Allocations Scheme

Report authorised by: Lyn Garner, Director of Regeneration, Planning and Development

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Ward(s) affected: All

Report for Key/

Non Key Decision: Key Decision

1. DESCRIBE THE ISSUE UNDER CONSIDERATION

- 1.1. This paper sets out a number of proposed changes to the existing Allocation Policy. It is a statutory requirement for local authorities to publish a Housing Allocations Scheme that sets out in detail how households are prioritised for permanent accommodation. The Localism Act 2011 provides Local Authorities with considerable discretion in constructing the scheme.
- 1.2. This is just one part of a suite of policies and proposals being put in place to deliver on a key aim within the new Housing Strategy 2017-2022; improving help and support to prevent homelessness. The recent consultation on 'Four Policies to Meet Housing Demand' has informed this document and will also shape a new Homelessness Strategy, Tenancy Strategy and Intermediate Housing Policy. Alongside these, recent and forthcoming reports such as the Use of Permanent Stock for Temporary Accommodation and the Real Lettings Fund will deliver additional means to tackle the imbalance between supply and demand for affordable housing in the borough.

2. CABINET MEMBER INTRODUCTION

- 2.1. This report is presented at a time of increasing demand for low cost and affordable housing, and a loss of social housing properties through Right to Buy and the need to fund the government's compulsory voids levy.
- 2.2. In November 2016, Haringey adopted its new Housing Strategy 2017-2020 which set out an ambitious programme to deliver new affordable housing, manage the demand for social housing, and allocate the limited supply of housing to those most in need.
- 2.3. This report is one of a number being brought forward to honour these commitments and the revisions to the Allocations Policy are designed to focus resources where they are most effective. This report will support and work alongside the new Intermediate Housing Policy which will set out options for those with higher incomes, and the Homelessness Strategy and Delivery Plan.
- 2.4. These proposals were subject to consultation with residents, housing providers and other stakeholders.

3. RECOMMENDATIONS

It is recommended that the Cabinet:

- 3.1. Notes and considers the feedback from and the response to the consultation conducted on Haringey's revised Housing Allocations Scheme as set out in Appendix 1
- 3.2. Considers the contents of the final version of the Equalities Impact Assessment, attached as Appendix 2.
- 3.3. Approves the following amendments to the Housing Allocations Scheme as set out in Appendix 3, and the timetable and implementation for:
 - The introduction of income thresholds to join the Council's Housing Register as set out in paragraphs 6.18- 6.26
 - The introduction of a savings threshold to join the Council's Housing Register as set out in paragraphs 6.27- 6.30.
 - Changing the banding for under-occupying households as set out in paragraphs 6.32- 6.36.
 - Changing the "application" date for applications for Council tenants whose homes are being demolished as part of a regenerations scheme as set out in paragraphs 6.37- 6.41.
 - Changes to be made in preparation for the 'Use of Permanent Housing as Temporary Accommodation' report, and the introduction of the Annual Lettings Plan as set out in paragraphs 6.42 to 6.46.
- 3.4. Approves the arrangements for the authorisation of the revision of the Annual Lettings Plan 2017/18 and future plans as set out in paragraph 6.47; i.e. that that future Annual Lettings Plans are approved by the Director of Regeneration, Planning and Development in consultation with the Cabinet Member for Housing.
- 3.5. Approves the revised Allocations Scheme as set out at Appendix 4

4. REASONS FOR DECISION

- 4.1. Recommendation 3.3 is proposed to address the shortage of housing by focusing resources on those who are least able to find alternative accommodation in the private sector.

5. ALTERNATIVE OPTIONS CONSIDERED

- 5.1. Other options considered were to continue with the Housing Allocations Policy 2015. This option would fail to address the continued reduction in social housing

lettings and the impacts this is having both on families on the waiting list in greatest need and the costs of temporary accommodation to the Council.

6. BACKGROUND INFORMATION

SUPPLY AND POLICY CONTEXT

- 6.1. The reduction in supply is the key factor influencing the need for a further review of the Housing Allocations Scheme to more effectively allocate increasingly limited resources. Due to Right to Buy and a continuing failure to replace lost units over recent years, general needs housing lets are becoming increasingly scarce. Currently, it is forecast that there will be around 450 General Needs lets available in 2016/17 which is a fall of around 20% in two years from 566 in 2014/15. This is forecast to fall further to under 250 by 2020/21, taking into account the continued losses of Right to Buy and the potential impact of disposals required to fund the government's compulsory levy.
- 6.2. Given this reduction in supply, the Council will increasingly fail to meet the need of the 8,600 applicants on the Housing Register and those forecast to need assistance in the next five years. Homes that do become available need to be allocated to those households with the fewest other options.
- 6.3. Another factor driving the need for a review is changes to the Housing Benefit system. That is, the Local Housing Allowance (LHA - a notional market rent, set at the lowest third of market rents and defining the maximum amount of Housing Benefit paid to tenants dependent upon benefit) is going to be extended to social rented housing.

THE NEW HOUSING STRATEGY 2017-2022

- 6.4. The new Housing Strategy clearly sets out that the Council must "*Allocate Council tenancies and intermediate tenures in accordance with fair and transparent criteria, both at the commencement and when reviewing the expiry of a fixed term Council tenancy.*"
- 6.5. The proposed changes to the Allocations Policy are just one part of a set of policies and initiatives to manage housing demand. Taken together these are intended to provide a consistent approach to reduce homelessness and the use of temporary accommodation. Following on from the Allocations Policy, the Homelessness Strategy and Delivery Plan will address the demand for social housing and temporary accommodation. The Intermediate Housing Policy will set out alternative options available to those who can afford them. There will also be further policy development following the approval of the Supported Housing Review and a revision to the Tenancy Strategy when the Government publishes the regulations on Fixed Term Tenancies.
- 6.6. The Strategy identifies the shortage of affordable housing for those with lowest incomes and concludes that the Council needs to provide different housing options across the income range. Those with the lowest incomes, for whom no other tenure is affordable, should be prioritised for social rented housing on target or affordable rents. Those on higher incomes should be assisted into intermediate housing. This implies that there should be an income threshold,

within the Allocations Scheme, above which households who can afford alternative housing, may be deemed as not be eligible for social rented housing.

- 6.7. The Strategy also states that the Council will consult on a revised allocations scheme during the course of 2016/17. This report seeks authority to fulfil that commitment.

CONSULTATION

- 6.8. Cabinet considered and agreed to consult on a number of changes to the Housing Allocations Scheme in October 2014. Further changes, largely prompted by new legislation, were approved by Cabinet Member decision in August 2015. All these changes have now been implemented. Housing allocation schemes however do have to be kept under constant review, because of a number of important legal and environmental factors that change and influence how the Council may wish to allocate the scarce number of homes it has to let.
- 6.9. On 18th October 2016, the Cabinet agreed to consult on the proposed changes to the Housing Allocations Scheme, as part of a joint consultation with a revised Tenancy Strategy, a Homelessness Delivery Plan and a new Intermediate Housing Policy.
- 6.10. Consultation took place between 14 November 2016 and 29 January 2017, and was promoted online, through Haringey Council web communications, and by a series of emails to Haringey residents, households on the Housing Register, and Homeless Households. A series of events for stakeholders were held during the consultation period.
- 6.11. There were 328 responses to the consultation and the consultation responses on Allocations were generally positive about the proposals. A full report on the second stage consultation is contained in Appendix 1. Responses to consultation on the proposed changes to the allocations scheme can be summarised as follows:
- The majority of respondents supported most of the Allocations Scheme proposals including introducing an income and savings threshold for residents wishing to join the Council's Housing Register. However, just over half of respondents disagreed that there are some people who should be exempt from the thresholds and still be allowed to register, even if they have a higher income or large amount of savings.
 - There was strong support for the proposal for tenants on Estate Regeneration schemes to be placed in band A from their tenancy start date. It is noted that each time a household decants from a block due for demolition an additional temporary accommodation unit becomes available until the block is demolished, which can then be used to assist with emergency moves etc.
- 6.12. Consultation was also undertaken on the rehousing options the Council could offer under 35 single person households and the criteria for accessing sheltered housing. These options have not been presented in this paper as this restriction has yet to be imposed, but details of the responses can be seen in the Consultation report at Appendix 1.

- 6.13. Consultation was also undertaken on restricting choice based lettings for homeless households and those on a move-on quota and only making one direct offer. Over half the respondents disagreed with the proposal. This proposal – and the proposal to increase the priority given to over-crowded households – requires further work and modelling and are therefore have not been taken forward at this time.
- 6.14. The outcome of the consultation was reported to the Overview and Scrutiny Committee on 9 February 2017. The draft minutes of the meeting are attached at Appendix 5.
- 6.15. In respect of changes to the Allocations Policy, the Committee resolved that ‘*the proposed change to the definition of a household was not appropriate, particular mindful of multi-generational households in some communities*’.
- 6.16. In response to the consultation outcome and in the light of the Overview and Scrutiny Committee’s observations, no amendments will be made to the definition of a family.

PROPOSED CHANGES TO THE ALLOCATIONS SCHEME

- 6.17. This feedback has been taken into account in the changes made to the draft Allocation Scheme, which are summarised below.

The introduction of Income thresholds to join the Housing Register.

- 6.18. The current Housing Allocations Scheme does not set any income threshold for admission on to the Housing Register.
- 6.19. The Housing Strategy 2017-2022 adopted in November 2016 establishes the definition of affordability as housing costs not exceeding 45% of household net income, and explained that: “*Increasingly the Council has to ensure that the diminishing supply of social housing must be prioritised for those who cannot afford the alternatives*”
- 6.20. Using the Local Housing Allowance as an applicable market rent, and net income being equivalent to 70% of gross income, the following gross household income thresholds would apply:

Size	Income Threshold
1 bedroom	£33,000
2 bedroom	£42,250
3 bedroom	£52,000
4 + bedrooms	£64,200

- 6.21. The average income of those on the Housing Register is not known, but the thresholds above compare with an estimated median household income in Haringey of £35,400.

- 6.22. The thresholds above were supported by 28% of those who responded to this question, with equal percentages believing that the thresholds should be higher or lower (14%) and 19% responding that there should be no income thresholds.
- 6.23. It is therefore proposed that households with household incomes of over the levels in the table above should not be able to join the Housing Register for social rented housing unless they meet one of the exemptions below. Household Income will be verified before an offer is made and the offer will normally be withdrawn if the household income is in excess of the thresholds. Instead these households would be encouraged and supported to access Intermediate Housing.
- 6.24. The consultation also asked whether these thresholds should apply to all households or if the following households should be exempted if the household:
- Includes a person with a disability (32% of respondents supported this)
 - Includes a person with a serious physical medical problem (32%)
 - Includes a person with a severe mental health need (26%)
- 6.25. Due to the potential adverse impact on these protected groups it is proposed that they will be exempt from the thresholds; but only where it can be shown that the household's income and savings are insufficient for the household to find suitable accommodation in the private sector. In addition, where a household is seeking to downsize, or where a household needs to move because of an estate regeneration scheme, that household will be exempt from these thresholds. The Housing Decisions Panel will consider all cases where a request is made for discretion on the application of these thresholds
- 6.26. It is proposed that these criteria will be applied at the annual review of each Housing Register application with effect from 1 May 2017.

The introduction of savings thresholds to join the Housing Register.

- 6.27. The current Housing Allocations Scheme also does not set any savings threshold for admission on to the Housing Register.
- 6.28. This proposal to introduce a savings threshold was supported by 76% of those who responded to this question, with 29% agreeing that £100,000 was a correct threshold, 26% believing it should be lower, 8% higher and 19% believed there should be no threshold.
- 6.29. In light of the consultation, a reduced savings threshold of £50,000 is proposed unless one or both of the applicants are of pensionable age, in which case the proposed threshold would remain at £100,000. Household savings will be verified before an offer is made and the offer will normally be withdrawn if the household savings are in excess of the thresholds. Households with savings over these thresholds would not be able to join the Housing Register for social rented housing unless they meet one of the exemptions set out in 6.25 above and where it can be shown that their income and savings are insufficient for the household to find suitable accommodation in the private sector. Applicants would be encouraged and supported to access Intermediate Housing.

6.30. It is proposed that these criteria will be applied at the annual review of each Housing Register application with effect from 1 May 2017.

Changes to the Banding given to households.

6.31. The current scheme provides for three bands of housing need: Bands A, B & C. Most homeless households are in Band B, but some who have severe welfare or medical needs may be placed in Band A, the highest priority band.

a) Changing the banding for under-occupying households.

6.32. There is a shortage of larger homes available to re-house families on the Council's Housing Register. In 2016/17, there were only 89 three bedroom and 15 four bedroom properties vacated by Council or housing association tenants. This compares with 1,433 homeless households who are currently live in temporary accommodation on 3rd January 2017 and who require a property with three or more bedrooms. It is therefore in the Council's interests to maximise the number of family homes released.

6.33. From 2011 census data, it is estimated that there were 1,533 households in Council or housing association properties who had more bedrooms than residents and are therefore likely to be under-occupying their home. Although it is noted that 1,203 of these households had just one bedroom more than need. Despite this potential supply of larger homes, only 27 social renting households moved to a smaller property in 2016/17 – all of which had been awarded Band A.

6.34. The current Housing Allocations Scheme awards Band A to those households willing to give up two or more bedrooms or who are living in two bedroom property who are prepared to move to a smaller, one bedroom property. However, those households who are only willing to give up one bedroom are awarded Band C.

6.35. The proposal to award all under-occupying households Band A could help increase the supply of larger properties, and was supported by 74% of those who responded to this question. It is therefore proposed that all under-occupying households who have a permanent tenancy with the Council or a housing association are given Band A if they are seeking to move to a smaller property. This policy would remove the restriction of only giving Band A to those giving up two or more bedrooms, or for those moving from a two-bedroom to a one-bedroom property.

6.36. It is proposed that this policy change will be applied to all new and existing applications to the Housing Register with effect from 1 May 2017.

b) Changing the “application” date for applications for Council tenants whose homes are being demolished as part of a regeneration scheme.

6.37. The current Allocations policy states that the Lead Member for Housing and Regeneration has authority to award permanent decant status to households affected by the Cabinet's approval of the demolition or redevelopment of their

estate. These households will be awarded the highest priority, Band A, and are able to bid for alternative accommodation.

- 6.38. Currently when decant status is awarded, it is awarded for all the applicants in a particular block at the same time, and accordingly they enter the Housing Register with the same priority date. This can mean that a large number of tenants have identical priority and similar applications dates.
- 6.39. The proposal is to set the households application date to the date when their tenancy in their current property began. Those tenants who succeeded to a tenancy will be given the date the original tenancy in their current home began. This proposal will give different levels of priority throughout the estate, and make it clearer about the priority for each property
- 6.40. This proposal was supported by 84% of those who responded to this question. It is therefore proposed that all households who are required to move due to a regeneration scheme are given the 'effective' application date as the date their tenancy at their current property began.
- 6.41. It is proposed that this policy change will be applied to all existing and new applications to the Housing Register made on or after 1 May 2017.

OTHER CHANGES TO THE HOUSING ALLOCATIONS POLICY

Preparation for the use of permanent housing as temporary accommodation

- 6.42. Following the presentation of this report to Cabinet, a further paper will be submitted which proposes a policy to use a proportion of the Council's permanent lets as temporary accommodation. The Housing Allocations Policy has been revised to clarify that the use of property as temporary accommodation will no longer be solely in exceptional cases.
- 6.43. This change will come into effect from 1 May 2016.

Introduction and authorisation of the Annual Lettings Plan

- 6.44. The management of the Council's lets and nominations is set out in the Annual Lettings Plan. This plan forecasts the lets for the coming year and allocates them between competing housing demand groups.
- 6.45. Although the actual allocation of lets between these groups is largely determined by the choice based lettings system, the role of the Annual Lettings Plan has also been introduced into the revised Housing Allocations Policy.
- 6.46. The 2017/18 plan is currently being produced and will thus require amending in the light of any accepted changes to the Housing Allocations Scheme. This plan will be published in April 2017 and available on the website.
- 6.47. It is recommended that future Annual Lettings Plans are approved by the Director of Regeneration, Planning and Development in consultation with the Cabinet Member for Housing.

6.48. This change will come into effect from 1 May 2017.

POSSIBLE FUTURE CHANGES TO THE ALLOCATIONS SCHEME

6.49. In addition to the proposed changes set out in paragraphs 5.16 to 5.49, above, the recent consultation also consulted on three further changes.

- Rehousing options for single person households under the age of 35
- Criteria for accessing Sheltered Housing
- Reviewing the banding and priority given to over-crowded households and other housing need groups
- Restricting choice based lettings for homeless households and those on a move-on quota and only making one direct offer

6.50. The changes to under-35 housing and access to sheltered housing specifically affect two vulnerable groups, and despite targeting these groups during the consultation, there was limited response from the affected groups. Only 8 respondents declared that they were tenants of sheltered housing and only 9 under 25 year olds responded.

6.51. These changes will particularly affect groups of people who live in supported housing. Supported housing service users will be engaged as part of the implementation of the outcome of the Supported Housing Review, which was presented to Cabinet on 14 March 2017. It is therefore proposed that further consultation and analysis on these proposals will be undertaken alongside the implementation of the Support Housing Review.

6.52. The changes to banding and direct offers proposed in the consultation are also not being taken forward at this time, but are actively being considered. Further work is being undertaken to assess the impact of these proposals which will be taken forward alongside (or as part of the) Homelessness Strategy and Delivery Plan.

7. CONTRIBUTION TO STRATEGIC OUTCOMES

7.1. This initiative supports the objectives of Priority 5 in the Corporate Plan – Creating homes where people choose to live and are able to thrive. In particular, the Corporate Plan notes that *“We will provide realistic and achievable options for people to find housing or alternative housing.”*

7.2. In seeking to direct households more closely matched to the housing that they can afford, the revised Housing Allocations Scheme will contribute to this objective. If the consultation supports the proposals in the consultation, the Housing Allocations Scheme can also support the objective to increase the number of vulnerable residents who are able to access employment and training options.

8. STATUTORY OFFICERS COMMENTS

a. Finance

- 8.1. This report requests that Cabinet approve a number of amendments to the Housing Allocation Policy. The costs of implementing these amendments will be contained within existing budgets.
- 8.2. The financial implications of the use of permanent stock as temporary accommodation are covered in the report on that subject.

b. Legal

- 8.3. The Assistant Director for Corporate Governance has been consulted in the preparation of this report and comments as follows. Legal Implications are otherwise set out in the body of this report.
- 8.4. Legal comments provided to the report considered by Cabinet on 18 October 2016 are reproduced, updated, below.
- 8.5. The Council is required by Housing Act 1996 s166A to have a scheme for determining priorities and as to the procedure to be followed in allocating housing accommodation, and to allocate accommodation according to that scheme. The scheme applies (s159) to (i) selection to be a secure or introductory tenancies in its own stock (ii) nomination to be a secure or introductory tenant of another provider's stock and (iii) nomination to an assured tenancy of stock held by a private registered provider or a registered social landlord.
- 8.6. In framing its Scheme, the Council must have regard to its own Homelessness and Tenancy Strategies and to the London housing strategy (s166A(12)).
- 8.7. The Council must also (s166A) give reasonable preference to certain categories of persons on the Register – in particular those found to be homeless within Part VII of the Housing Act 1996 – and additional preference to others. There is however no requirement that equal preference be given to each priority category, provided that those falling within any of the categories are generally given preference over those who do not.
- 8.8. It is open to a Council, within its Scheme, to include provisions to meet local needs and priorities and allocate to persons of a specific description (such as key-workers) (s166(6)(b)) provided that those provisions do not dominate the Scheme and subject to the same proviso as the preceding paragraph.
- 8.9. Before making a major alteration to its Scheme, the Council is required (s166A(13)) to send a copy of the proposed alteration to every private registered provider and registered social landlord with whom they have nomination arrangements and give them a reasonable opportunity to comment on the proposals.
- 8.10. While there is no statutory requirement to do so, the Council adheres to best practice in consulting its residents on significant changes to its Allocations Scheme, and residents have a legitimate expectation that the Council will continue to do so. This report follows such a consultation.

8.11. The legislative changes driving the proposed changes are outlined in the body of the report and in the previous reports referred to.

c. Equalities

8.12. The proposals for changes to the Housing Allocations Scheme will, if adopted, directly affect the priority of people on the Housing Register and those seeking to join it.

8.13. The potential impact of any agreed changes were assessed during and after consultation. Equalities monitoring was used for participants in the consultation and is reviewed in the Equalities Impact Assessment (EqIA) for this policy.

8.14. Specific mitigating actions identified by the EqIA to address the impact on particular groups of the agreed policy changes are as follows:

- The introduction of exemptions to the income and savings thresholds for those with a disability, or a serious physical medical or mental health concerns where the household can demonstrate that they would be unable to find suitable accommodation in the private sector.

9. USE OF APPENDICES

Appendix 1	Consultation Report and outcomes
Appendix 2	Equalities Impact Assessment
Appendix 3	Proposed changes to the Housing Allocations Scheme
Appendix 4	Proposed new Housing Allocations Scheme incorporating the changes set out in Appendix 3
Appendix 5	Draft Minutes of the OSC meeting 9 th February 2017

10. LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

a. Cabinet report seeking approval to consult
<http://www.minutes.haringey.gov.uk/documents/g7846/Public%20reports%20pack%2018th-Oct-2016%2018.30%20Cabinet.pdf?T=10>

b. Housing Strategy
<http://www.haringey.gov.uk/housing/housing-strategies-policies-and-plans/housing-strategy>

c. Annual Lettings Plans 2016/17 and (when approved) 2017/18
<http://www.haringey.gov.uk/annual-lettings-plan>