

DECISION-MAKER:	CABINET		
SUBJECT:	CHANGES TO HOUSING ALLOCATIONS POLICY		
DATE OF DECISION:	18 MARCH 2014		
REPORT OF:	CABINET MEMBER FOR HOUSING AND SUSTAINABILITY		
<u>CONTACT DETAILS</u>			
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STATEMENT OF CONFIDENTIALITY

BRIEF SUMMARY

This report contains a number of recommendations in respect of proposed changes to the city council's housing allocation policy. The changes will enable the council to make best use of its own housing stock and of its nomination rights to housing association partners' stock. They will also enable the service to be run more effectively. Council officers have carried out consultation with stakeholders prior to recommending these changes. A summary of the consultation responses is attached at appendix 1.

RECOMMENDATIONS:

- (i) It is recommended that Cabinet approve the proposed changes to the allocations policy listed in this report.
- (ii) It is recommended that Cabinet delegate authority to the Head of Housing Services, in consultation with the Cabinet Member for Housing and Sustainability, to draw up a scheme to provide 'transitional protection' for the small number of applicants affected by the proposal to align the city's eligibility criteria relating to size of property with the housing benefit regulations.
- (iii) It is recommended that Cabinet delegate authority to the Head of Housing Services, in consultation with the Head of Development, Economy and Housing Renewal and the Cabinet Member for Housing and Sustainability, to approve the proposed annual lettings plan.

REASONS FOR REPORT RECOMMENDATIONS

1. A key aim of recommendations proposed in this report is to reduce the number of applicants waiting for re-housing in Southampton. The City Council's waiting-list for social housing currently stands at approximately 15,000 applications. This represents a significant growth since 2002 when

legislation required the authority to move to an 'open' waiting-list.

The number of properties available for letting every year through vacancies in the council's own stock and via partner housing associations is approximately 1,700 so only a small proportion of applicants currently on the waiting-list will ever receive an offer of housing. Managing a waiting-list of applicants who are unlikely ever to be housed is a waste of the council's resources and raises expectations that cannot be met.

2. The authority's policy must meet the requirements of existing legislation and government guidance in respect of allocations. In particular, the policy must take account of the Housing Act 1996 as amended by the [Localism Act 2011](#) and the statutory guidance on allocations published in June 2012 [Allocation of accommodation code of guidance 2012](#). This report identifies measures to ensure the authority both meets the requirements of and makes best use of the recent legislative and advisory changes. The policy changes proposed here comprise a set of fixed rules but, as previously, officers will retain the discretion to deal with any exceptional cases which fall outside of the provisions of the policy.
3. The authority is currently in the process of transforming the way services are delivered. This will enable service improvements but will also require services to adapt to new methods of provision. The new processes are likely to include increased emphasis on web-enabled services and on-line access to information and application processes. The changes to policy proposed here are crucial to enabling the authority to move more easily to new ways of working.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

4. **Leave the allocations policy as it is with no changes**

This was considered and rejected because of the increased number of applicants on the waiting list, reducing housing stock, reduced resources to administer applications and the need to respond to changes in central government policy.

5. **Give priority to families living in the private rented sector who are adequately housed**

The authority is aware of and sympathetic to cases where families struggle to pay higher rents in the private sector, but giving priority to applicants in the private rented sector who are otherwise adequately housed has a number of undesirable consequences which would make it difficult for the authority to satisfy other policy and statutory objectives.

The problems that such a change in policy would present include:

- The waiting-list and processing of unsuccessful applications would rise significantly but empty properties would not.
- The council is required by law to make sure that some categories of applicants are given 'reasonable preference' over others. Giving adequately housed private sector applicants priority would mean that the council would be less able to provide 'reasonable preference' to other applicants and would significantly compromise the Council's ability to satisfy statutory requirements.

- The private rented sector is an important and often high-quality housing source in Southampton so sending the message that it is 'inadequate' would not be appropriate or helpful.
- The introduction of such a policy in Southampton would be likely to attract additional numbers of applicants from neighbouring areas to compete for the private rented sector in Southampton and, subsequently, to the authority's housing waiting-list.

Consultation results show agreement with the council's stance that renting in the private sector does not constitute a housing need. There is, however, support for recognising housing need for those with higher rents in the private rented sector. It is intended such cases will be addressed by providing advice and assistance on housing options and money advice and where their home may be at risk, help will be made available to prevent homelessness.

6. Introduce income related criteria

The introduction of any income-related conditions has been rejected at this time. Southampton has not previously collected any income information from applicants when they apply for housing so being able to implement a scheme at present would be very difficult. As an alternative, it is proposed to begin collection of such information through a re-designed application process to enable examination of this idea in the future.

7. Introduce additional priority for applicants for working or volunteering

This proposal was rejected because the majority of the council's existing tenants of working age are already either in employment or actively seeking work. Also, one major aim of changing the allocations policy is to make it simpler, speed up the process and reduce the officer time required to handle applications, and this would undermine that aim. Such a policy could also inadvertently penalise those unable to work, for example, those with severe disabilities. We acknowledge that there is support from respondents to the consultation for some preference for social housing for those in work but views are mixed about what should qualify as work. Difficulties in adopting a set of assessments that are fair and consistent are considered too onerous to adopt within available resources. However, it is possible to introduce similar criteria in a more limited way, through local lettings schemes in new developments where the aim is to create a balanced community from the outset. The authority also already supports a number of schemes aimed at addressing worklessness on the city's estates.

DETAIL (Including consultation carried out)

8. The proposals in this report are underpinned by three key principles:
- (i) making sure the council's allocations policy is lawful and makes best use of stock;
 - (ii) removing unnecessary administration so that the service can be operated within the reduced means now available to the local authority; and
 - (iii) updating the way the service is provided so that it can be modernised in accordance with the council's transformation programme.
9. Officers have carried out a significant consultation exercise prior to the submission of this report. This has included a postal survey of a representative

sample of applicants and tenants, a freely available consultation on city web, direct consultation with housing associations in the area, direct consultation with stakeholders such as Health and Social Care and neighbouring local authorities, a survey of staff opinion, consultation with tenants' groups and use of various social media such as Facebook and Twitter. The outcomes of the consultation are taken into account in formulating the proposals for change and a summary of the consultation outcomes is attached at Appendix 1. This report now details the final proposals below.

10. It is proposed that only applicants in current housing need will be admitted to the housing waiting list. Applicants must continue to be in housing need in order to remain on the list. This would enable the authority to be clearer about which applicants are likely to be successful in being re-housed and enable more appropriate assistance to be given to applicants who do not qualify in order to access alternative housing. There is clear support for this from consultation respondents.
11. The 'size' eligibility criteria should be changed so that the council's policy aligns with the housing benefit regulations. The authority's policy is generally more generous than the housing benefit regulations at the moment. Therefore less people can be re-housed than if the same criteria were to be adopted and applicants could be offered properties for which they would not be able to claim full housing benefit should they need to do so, potentially exposing them to debt. In contrast, there are advantages in aligning the two policies as it would enable a greater number of people to be re-housed and avoid creating tenancies affected by the housing benefit spare room subsidy arrangements. This would maximise rent collection whilst minimising the number of tenants who have difficulty paying their rent and be easier to understand for customers. This approach is consistent with Government guidance and with the other major social housing providers in the city, who are already operating on this basis.
12. The authority is keen that the allocations policy is seen by citizens to be fair and that the city's resources are used to help people already resident in and with a commitment to the city, in effect, providing local housing for local families. Therefore it is proposed to introduce a residency qualification of three years before applicants can be admitted to the housing waiting-list. The exception is for armed services personnel who are treated as being resident in the city for this purpose as a result of an amendment made to the policy in 2013. The government's own additional guidance issued in December 2013, providing social housing for local people, [providing social housing for local people](#) states that 'a reasonable period of residency would be at least two years'. There is overwhelming support from consultees that access to social housing be reserved for Southampton residents. As for the length of residency, the most favoured periods in the consultation range from 1 to 5 years. The council's proposed 3 year requirement is right in the middle of that range. Other local authorities in the region are typically proposing residency criteria of between 2 to 5 years. Consideration of access to the housing list for people working but not living in the city has been made, but the complexity and number of assessments required would be significant and therefore this is not recommended. Advice and assistance will be available about alternative housing options for applicants who do not qualify under the 3 year residency test. The Government has also

indicated their intention to consult on new provisions for tenants needing to move due to work which could address this situation.

13. It is proposed to change the policy relating to household formation so that new household members (other than newborn babies) must have been part of the family for a year before they can be added to a housing application. This is intended to provide greater certainty that households are likely to be together for the long-term before properties are allocated to them. Applicants would still be able to be re-housed in properties appropriate to their pre-existing family size but would not be able to apply for a larger property until the one-year criteria had elapsed. The purpose of this change is to avoid the current situation where newly merging households retain their waiting time points but are allocated accommodation on the basis of their increased numbers. Unfortunately this arrangement sometimes breaks down very soon after re-housing, resulting in properties being under occupied and additional re-housing being required by the displaced household members. As tenants are generally offered a secure tenancy, following an introductory tenancy, the authority is unable to then let the larger property to a family that does require that size and accommodation.
14. Officers recommend that the authority introduces a requirement for applications on the housing list to be renewed periodically (e.g. annually/bi-annually). Currently applications can remain on the list for many years, accruing waiting time points, regardless of whether there has been a change in circumstances (verification of housing need is carried out at the time an offer is made). The introduction of a renewal criteria would enable the authority to carry out 'housekeeping' of the waiting-list to ensure that it contains applications only from applicants who are eligible for social housing.
15. The test of eligibility for social housing in respect of 'suitability to be a tenant' (e.g. applicants with a history of antisocial behaviour, rent arrears etc) should also be updated. The current test was set out in the 1996 Housing Act and requires a judgement to be made as to whether the authority would have been able to obtain a possession order in court had it been in a position to do so. This is difficult to explain to customers and relies on officer judgement in respect of a hypothetical situation. The law in this area has changed considerably since 1996 so would be appropriate to take this opportunity to update the allocations policy so that the criteria properly reflect the current legal situation and are easier to explain and understand.
16. It is proposed to introduce a requirement that applicants update the authority of all changes in circumstances. Applicants who do not do so within a reasonable period (e.g. three months) would be removed from the waiting-list. There is currently no sanction in respect of applicants whose circumstances change but who do not update their housing application. Therefore applicants can remain on the waiting-list and accrue waiting time points regardless of any change in circumstances which may impact on their housing need.
17. The current allocations policy makes a distinction between houses and flats, which was introduced many years ago when the authority owned more houses, demand was less and housing association partners were building larger numbers of new houses.

The purpose of the distinction was to enable most families with children to live in

a house. This possibility no longer exists as many houses have been sold through the right to buy, demand has risen significantly and high development costs favour new-build flats over houses.

It is proposed that properties are now allocated on the basis of their size only (i.e. number of bedrooms) and that whether they are a house or flat is no longer significant in making allocations decisions. In practice this would mean families with the correct size of home, and no other housing need, would not be eligible to move from a flat to a house. However, a distinction between flats and houses will be retained, as supported by consultees, with a policy to give a commitment to offer houses only to families with children 16 years of age or under.

Moving to this new policy would have a number of advantages:

- Current policy has the inadvertent consequence of encouraging applicants to 'chase' approval for a house. This results in considerable extra administration and is the subject of numerous appeals and complaints to the authority. The new policy would remove this issue
- The current process is difficult to administer in a way that is fair and transparent. Extra rules have to be in place to identify which families qualify for a house and from what date they qualify. This adds an unnecessary extra layer of complexity to the policy, adding to council administration costs.
- Current waiting times also mean that it is difficult to target houses to families with younger children anyway (the original intention of the policy) since the average length of time waited means the children in many families have grown up by the time the family moves. Attempts to restrict re-housing to families with younger children are inevitably seen as unfair since they move away from the principle of 'waiting your turn' and introduce the element of officer discretion which is open to challenge and unpopular with customers.

18. It is proposed to introduce a yearly lettings plan. This would enable the authority to exercise better control over the use of its properties and for this to be done in a way which is open to public scrutiny. As an example, a variety of re-housing requests are made on an ad hoc basis over the year by agencies dealing with vulnerable clients in crisis. Identifying a number of vacancies in advance and publishing this information would enable the council to deal with such requests in a more open and predictable way.

This process would be used to identify a set number of properties each year which will be made available to achieve wider City objectives. This will include accommodation for foster carers who need larger properties. It would also enable officers to manage the stock more effectively when dealing with regeneration schemes and would provide a vehicle for highlighting particular priorities within the policy. A yearly lettings plan would make similar changes more easy and transparent.

19. A lettings plan would also enable the authority to address the issue of priority for transferring applicants. At present, transferring tenants are given additional points to make sure that a sufficient number of transfers take place each year to create vacancies within the council stock for other applicants. Although this benefits everybody by helping to create chains of empty properties, the method

by which it is achieved is seen as unfair by waiting-list applicants and does provide transfer applicants with an advantage when bidding. Following a lettings plan would enable the council to identify at the outset of the year how many lettings would be made available for different types of applicants and properties would be advertised on that basis. This information would be freely available and applicants could then be awarded points on an equal basis.

20. It is proposed and clearly supported by consultation results, that the authority no longer routinely allows owner occupiers or applicants under 18 to join the waiting-list (this was a requirement under the previous legislative regime). This will help to prioritise housing for those most in need and remove unnecessary applications from the process. It will also help to avoid difficulties in respect of tenancy management and payment of housing benefit in respect of younger applicants. As always, exceptional cases can be considered through the established channels.
21. Officers have considered whether it would be appropriate to apply preserved rights to some existing applicants who might otherwise be affected by the proposals in this report. However, applying protection for all existing applicants affected by the changes has been rejected because it would create a huge administrative burden and further increase the complexity of the policy and process without having any effect on the overall numbers of applicants who are re-housed. It is proposed that 'transitional protection' be restricted to a relatively small number of applicants who would temporarily lose eligibility only to become eligible again but without their previously accrued waiting time points when their children reach the age of 10. This would cause considerable extra administration, be difficult to explain to applicants and is likely to lead to large numbers of complaints and requests for extra priority.
22. It should be noted that none of the policy changes recommended in this report affect the most vulnerable applicants (people applying for older persons housing) so there is no need for any transitional protection in those cases.

RESOURCE IMPLICATIONS

Capital/Revenue

23. There are no capital implications arising from these proposals. Implementing the policy changes will require staff resources but this will be dealt with from existing budgets. Once the changes are introduced, less resource will be needed for processing unsuccessful applications which will enable additional assistance to be given to vulnerable applicants and to help people who do not qualify for waiting-list to access alternative housing tenures.

Property/Other

24. None.

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

25. The power to allocate housing and develop a scheme for allocation is contained in the Housing Act 1996.

Other Legal Implications:

26. None.

POLICY FRAMEWORK IMPLICATIONS

Southampton City Council Plan 2013-2016

Housing strategy 2011-2015

Homelessness Strategy 2013-2018

KEY DECISION? Yes

WARDS/COMMUNITIES AFFECTED:	All
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SUPPORTING DOCUMENTATION

Appendices

1.	Summary of consultation responses
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Documents In Members' Rooms

1.	None.
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Equality Impact Assessment

Do the implications/subject of the report require an Equality Impact Assessment (EIA) to be carried out.	Yes
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Other Background Documents

Equality Impact Assessment and Other Background documents available for inspection at:

Title of Background Paper(s)

Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)

1.		
2.		