

4. REVIEW OF THE HOUSING ALLOCATION SCHEME

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Wards Affected: All
Key Decision: No
Report to: Scrutiny Committee for Leisure and Community
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Purpose of Report

1. To seek the Committee's endorsement of a number of revisions to the Housing Allocations Scheme to ensure that the Council's housing register continues to remain affordable to administer whilst accurately reflecting housing need and more fairly targeting those in the greatest need.

Summary

2. A number of changes to the context within which the Council operates its housing allocation scheme have taken place recently. Neighbouring authorities are reviewing their schemes to reflect these changes and it is appropriate that this authority should also do so.
3. The housing register has increased significantly over recent years but many of those on the register do not appear to be actively seeking accommodation. This makes the register unnecessarily large and expensive to manage, and reduces the extent to which it reflects current need.
4. There are aspects of the allocation scheme that encourage applicants and their advisors not to try to resolve their housing difficulties, and the report recommends measures to remove such perverse incentives.
5. The Government has issued new statutory guidance for the allocation of social housing which encourages local authorities to take into account the length of residency in the locality when deciding which households qualify for social housing, to ensure that scarce social housing is better targeted to meet the needs of local residents.
6. Since the Council's Large Scale Voluntary Transfer of its housing stock in 1990 to Affinity Sutton the Council has effectively enjoyed 100% nominations to vacancies in Affinity's stock. However, Affinity Sutton, who now own that stock, have decided to limit the number of vacancies that will be available for Council nominations, whilst separately rehousing their own tenants who need to move.
7. This report sets out key amendments that take these factors into account to produce a housing register that is manageable, affordable to administer, encourages responsible behaviour, and more accurately reflects housing need in the district, so that allocations are more fairly targeted at those in the greatest need.

Recommendations

- 8. Members are recommended to endorse to full Council the revised Housing Allocation Scheme at Appendix 1 to take effect from 01 May 2014.**

Background

9. Local authorities may allocate affordable homes only in accordance with their adopted housing allocation scheme. We currently have a joint housing allocation scheme with Affinity Sutton, which means both parties prioritise applicants according to the same set of rules. Applicants are placed in one of four priority bands as follows:
- Band A – emergency or urgent priority. This currently includes homeless households, those with a really serious and urgent health problem, and, to enable best use of the stock, under-occupying social housing tenants who want to downsize.
 - Band B – high priority. This would include applicants who lack two or more bedrooms, or who need to move owing to a significant medical condition.
 - Band C – medium priority. This would include applicants who lack one bedroom or have a low medical need to move, or need to move to give or receive care. It also includes those who may have a higher housing need but have no local connection with Mid Sussex.
 - Band D – low priority, typically those living with parents or in the private rented sector and who want to set up home or move somewhere more secure and affordable.

Within each Band, applicants are prioritised according to how long they have been on the housing register and in that Band.

10. The Localism Act 2011 introduced a number of amendments to the law affecting the allocation of social housing and these have previously been accommodated in revisions to our Housing Allocation Scheme from April 2012 and April 2013.
11. However, in December 2013 the Government issued further statutory guidance around who should qualify for social housing in terms of their local connection with the local authority district, and the Council now needs to review its allocation scheme in the light of this.
12. Members will be aware that we have for some time been in discussions with Affinity Sutton about our nomination rights to their affordable homes. The Council has been fortunate to date in enjoying 100% nomination rights to Affinity Sutton's stock. This has been acceptable to Affinity Sutton because we had a joint allocation scheme, whereby both parties agreed the basis for prioritising applicants for social housing. Affinity Sutton now wants to move to a position whereby the Council enjoys nomination rights to 75% of their vacancies, leaving Affinity Sutton to let the rest according to their own allocation scheme. Throughout our lengthy discussions with Affinity Sutton the Council has been concerned to protect those in the greatest need. Whilst we continue to believe that a joint allocation scheme that prioritises people according to their housing need is the right way forward, it has been made clear through our negotiations that this option is no longer available to the Council. In order to mitigate the impact of this loss of nomination rights on those in high housing need, Affinity Sutton has agreed that, subject to consultation they are undertaking with their tenants, their own tenants who wish to transfer to another property will be removed from the Council's register so that Affinity Sutton can in future manage the way their own tenants transfer to tenancies within their national housing stock. The impact of this will be that, whilst the Council will be able to nominate fewer people to Affinity Sutton properties in future, there will be fewer people on our register in need of such

nominations. The changes proposed to mitigate the impact of this on other housing applicants are set out in paragraphs 28 to 30.

13. Since introducing choice-based lettings in April 2010, the number of applicants on our housing register has increased from 3000 to 5000 households. In order to manage the expectations of those on the register, and to ensure that the operation of the register remains manageable, affordable to administer and accurately reflects housing need in the district, it has become necessary to review the applications of those who are currently registered and to set in place a continuous process of doing this.
14. We have also taken the opportunity to benchmark our approach with that of other local authorities, and to assess how our allocation scheme may help incentivise people to try to resolve their housing difficulties and hence reduce homelessness and the number of households on the register with no realistic prospect of being rehoused.
15. We consulted Registered Providers and other partner agencies about these proposals. Of some 130 staff contacted in partner organisations we received responses from eleven individuals. The main concern raised was the need to ensure that particularly vulnerable people who need support are awarded sufficient priority to enable them to access stable affordable housing. We have therefore changed our original proposal to address this concern.
16. Should the scheme be approved by Council in April, the changes will take effect for both new and existing applicants from 01 May. The review of existing applications on the housing register is a significant piece of work and so would be phased over a period of months. However, this is expected to be completed by the autumn of 2014. In the meantime, applicants who are affected by any of the revised criteria, who have bid for a home, will be screened at the point of shortlisting for the home in question.
17. The draft revised allocation scheme can be found at appendix 1. Proposed changes to the scheme are highlighted on that document and are explained in the remainder of this report.

The new guidance on local connection

18. The new guidance does not replace the law on allocating social housing but sets out the Government's policy objectives and reflects its desire to change the way social housing is perceived and used. Local authorities are not legally bound to follow this guidance, although they must have regard to it. Most local authorities in West Sussex already disqualify those without a local connection or are in the process of amending their allocations schemes to do so. In Mid Sussex those without a local connection are not currently disqualified from the housing register but are limited to Bands C and D.
19. The new guidance expresses the Government's view that, in deciding who qualifies or does not qualify for social housing, local authorities should ensure that they prioritise applicants who can demonstrate a close association with the local area. Social housing is a scarce resource, and the Government believes that it is appropriate, proportionate and in the public interest to restrict access in this way, to ensure that, as far as possible, sufficient affordable housing is available for those amongst the local population who are on low incomes or otherwise disadvantaged and who would find it particularly difficult to find a home on the open market.

20. The Government considers that it is appropriate that applicants meet a two year residency test before they are allowed on to a housing register and strongly encourages all local authorities to adopt such a test as part of their qualifying criteria.
21. However, the Government recognises that people may have a local connection to an area even if they do not currently live there or have not lived there for long enough and so authorities are encouraged to adopt additional qualification criteria so that people who are able to demonstrate a strong association to the local area are not disadvantaged.
22. The guidance suggests such additional criteria might include:
- family association - where an applicant has close family who live in the district and have done so for a minimum period of time
 - employment in the district – where an applicant or a member of their household is employed in the district and has worked there for a certain number of years.
23. The guidance indicates that it is important to provide for exceptions to qualifying criteria based on local connection for those who are fleeing violence, those accepted as homeless and certain Service personnel who are already legally protected from the application of such criteria when they leave the Armed Forces.
24. We therefore propose to strengthen our existing local connection criteria in line with the new guidance and, with certain exceptions, disqualify those applicants who cannot meet these criteria, as follows:
- (a) Strengthen local connection criteria – applicants will need to meet at least one of the following criteria:
- 2 years residence or 3 years out of last 5 (instead of the current 6 months or 3 years out of last 5); or
 - Close relatives resident for at least 5 years, or 2 years if the applicant is aged 65 or over (instead of 5 years currently); or
 - Paid employment in the District for last 2 years (instead of current requirement to simply be employed in the District)
- (b) Disqualify those who do not meet the local connection criteria (with certain exceptions e.g. armed forces personnel and homeless acceptances)
25. Disqualifying applicants who do not meet our current local connection criteria will affect around 800 applicants. The number affected by the tighter criteria we are proposing is likely to be somewhat higher, although the exact number is not currently known.
26. The guidance also encourages local authorities to have regard to the needs of existing social housing tenants who need to move to take up work, and heralds a new Right to Move for such tenants. Given that the Government's proposals on this matter are not known in any detail at this stage, and that this Council has consistently based priority for housing on housing need, it is recommended that this matter be brought back to this Committee when further details of the Right to Move have been finalised.
27. The Government has also issued guidance on the provision of social lettings data which includes a requirement to report on the nationality and other characteristics of those housed, and we will need to review the application process to capture this information.

Disqualification of housing association tenants who have alternative access to their landlord's stock in Mid Sussex

28. In light of the position negotiated with Affinity Sutton as set out in paragraph 12 it is no longer appropriate that tenants who have alternative access to their landlord's stock should remain on our housing register and have access to the Council's more limited number of nominations. It is consequently also no longer appropriate to refer to our allocation scheme as a 'joint' one.
29. Similarly, it is felt that tenants of other housing associations that have decided to manage their own transfers, or do so in future, should also be disqualified from being on the Council's housing register. Associations who do so are effectively opting out of the Mid Sussex Common Housing Register Partnership, which has been in place since the early 1990s, and cannot expect their tenants to continue to enjoy access to the Council's limited nominations. Exceptions may be made where arrangements exist for the Council to nominate such a tenant in return for an additional nomination to that landlord's stock; this is often known as a reciprocal arrangement.
30. We could agree to allow such tenants to benefit from nominations available to the Council as well as accessing their own landlord's allocations rights, but this would reduce the number of vacancies available to other applicants in housing need and put them at a disadvantage. We therefore propose to disqualify all housing association tenants living inside and outside Mid Sussex who have alternative access to their landlord's Mid Sussex stock.
31. Disqualifying tenants of Affinity Sutton will affect over 637 current applicants.

More accurately reflecting housing need

32. Since introducing choice-based lettings (CBL) in April 2010, the Council's housing register has grown year on year from its pre CBL level of around 3000 applicants to its current 5000. There is a cost to managing and reviewing such a large register effectively, and so the Council needs to ensure that the register remains manageable and that costs are kept at a reasonable level. Given the significant mismatch between the number of people on the housing register and the number of lettings each year, it is also important that people's expectations are managed, and that those with little chance of being housed are encouraged to consider alternatives.
33. While the increase in applicants may to some extent reflect a real increase in housing need, it is also the case that a large number of people registering have decided not to participate in the choice-based lettings process. Out of the 5000 households currently registered, 3500 have not bid for a property in the past 12 months, with 2368 not ever having bid for a home.
34. It is not unreasonable to suggest that, with certain exceptions, many of those registered on our housing register are not actively seeking to move, or may even have resolved their housing in different ways. It is felt that such applicants should not continue to remain on the Council's housing register and if they fail to bid for a home within a period of 12 months, they should be removed from the register. It would be open for such applicants to reapply, but it is felt that their earlier Priority Date should not be retained.
35. However, it is important to acknowledge that vulnerable applicants may be not be bidding because they do not understand the process or need help in doing so. It is also important to be sensitive to those waiting for a particular property, such as those needing rarely available wheelchair adapted homes or those who are under-

occupying their home and who may be waiting for a specific property to become available. We will therefore put in place suitable safeguards to ensure that all such applicants are not unfairly disadvantaged.

36. Disqualifying applicants who have not bid for 12 months will affect 3500 applicants, although this figure may include some who are also affected by other disqualifying criteria proposed.
37. In considering how best to manage the size of the register a number of alternatives were considered. Chief amongst these, and an option applied in some other local authorities, was to remove Band D from the register. This would affect 3740 households and would mean that all those left on the register would be those defined by the Government as being those to whom we should give reasonable preference in our allocation scheme. However, whilst it is the case that only a very small proportion of applicants in Band D do get housed, it is not correct to say that they are not in any housing need or that they never get housed. Such applicants may be successful in bidding for first lettings of new developments in their town or village, where our allocation scheme prioritises those with such a local connection. Band D will in any event reduce in size if those who have not bid for 12 months are removed from the register, and so it is not considered necessary to remove Band D altogether.

Fairer targeting of those in housing need

38. Since 1996 authorities have not been under a duty to provide permanent social housing for households accepted as homeless under the homelessness legislation but may discharge their duty by providing temporary accommodation instead, whilst giving such households reasonable preference for affordable housing in their allocation schemes.
39. However, since November 2012, the Localism Act 2011 has allowed the Council to end its homelessness duty by securing a letting in the private rented sector.
40. A number of authorities in East and West Sussex have recently decided that placing homeless households in Band A gives such households unfair priority over other housing applicants in equal housing need and can even provide a perverse incentive for some to apply to the Council as homeless when alternative housing options are reasonably available to them. It is now fairly common, once temporary accommodation has been secured for the household, to place such applicants in Band C where they will compete on a more level playing field with others in similar housing need.
41. There is a danger that placing households who have been accepted as homeless in Band C, may lead to longer waiting times and possibly a silting up of temporary accommodation. The situation will have to be closely monitored and arrangements put in place to ensure that applicants' circumstances are reviewed on a case-by-case basis and, where considered appropriate, would be awarded additional priority for an allocation.
42. This amendment would affect around 50 homeless applicants a year at current levels.
43. Similarly, it is felt that households who are considered ready to move-on from supported housing into independent accommodation, and who are currently placed in Band A, should also be placed instead in Band C. This is intended to counter the perception amongst some applicants and also professionals that social housing is the only option for those ready to move from a period of supported housing. Similar safeguards would be put in place to ensure that applicants' circumstances are

reviewed on a case-by-case basis and, where considered appropriate, would be awarded additional priority.

44. This amendment would affect around 20 applicants a year who are ready to move-on from supported housing.

45. Those applicants who have been selected by a multi-agency panel for floating support funded by West Sussex County Council are also currently placed in Band A. Floating support is support that is delivered to the person wherever they live rather than being attached to the property, and under this scheme floating support is tied to getting a general needs affordable housing tenancy. It is considered that, for this small group of particularly vulnerable applicants for whom social housing is probably their only realistic option, the priority afforded by Band B is appropriate to ensure a reasonable opportunity for them to obtain a suitable tenancy.

46. This amendment will affect a maximum of 10 applicants a year who are selected for floating support.

Conclusion

47. The net result of all of the changes proposed in this report should be a smaller register that more accurately reflects the housing need of those with a strong local connection to Mid Sussex who are actively looking for social housing. The distribution of applicants between priority Bands would more accurately reflect their degree of need, and any perverse incentives that households may currently have that prevent them trying to resolve their housing difficulties would be reduced.

Policy Context

48. A sound housing allocation scheme contributes to meeting the Council's aim to deliver opportunity and quality of life for all. Having a fair and transparent scheme that helps prevent homelessness and promote choice is also an integral part of our Housing and Homelessness Strategies and Tenancy Strategy.

Other Options Considered

49. Some of the main options considered are set out in the report.

Financial Implications

50. None.

Risk Management Implications

51. There is always a risk that when changes are made to allocation schemes some unintended consequences arise. Any such impacts will be identified through the regular quarterly review of the allocation scheme, and options to address any such issues would be brought before this Committee.

Equality and Customer Service Implications

52. Changes to the Housing Allocation Scheme have been the subject of an equality impact assessment. Through the consultation process we have listened to and addressed any concerns raised, so that officers are now satisfied that the measures proposed appropriately prioritise those in greatest need and that they mitigate any potential negative consequences for more vulnerable people. The implementation of the allocation scheme is regularly monitored, and this will enable us to keep the impact of all of these changes under review.

Other Material Implications

53. None

Background Papers

54. None.