

For publication

Interim Review of Allocations Policy and Implementation of a Local Lettings Plan (HC630)

Meeting:	Cabinet
Date:	25 July 2017
Cabinet portfolio:	Homes and Customers
Report by:	Housing Manager

For publication

1.0 Purpose of report

1.1 To update Cabinet on the current position relating to the Choice Based Lettings Allocations and Transfer Policy, implemented in 2015 and to recommend changes in order to respond to current housing needs and legislative requirements.

2.0 Recommendations

2.1 That Members note the current position with regard to the Choice Based Lettings Allocations and Transfer Policy.

2.2 That Members approve and adopt the implementation of a Local Lettings Plan, which enables people living in Bolsover District and North East Derbyshire District Council areas to apply to the housing register and bid on hard to let flats.

2.3 That a full and comprehensive review of the Choice Based Lettings, Allocations and Transfer Policy be undertaken at the same time as a review of the Choice Based Lettings IT system

and that a further report on this review be brought to Members by no later than October 2018.

3.0 **Report details**

Background

- 3.1 The council's Choice Based Lettings Allocations and Transfer Policy ("The Policy") was extensively reviewed and recommendations were agreed by Cabinet on 13 January 2015. However the Policy was not implemented until April 2016 as there was an ongoing restructure of the Housing Options service.
- 3.2 It was agreed, as part of that report that an interim review of the policy be undertaken after 6 months, however this was also delayed due to further staffing changes within the team. The review has now been undertaken which forms the purpose of this report.

Current Position

- 3.3 The majority of the changes have seen positive and successful outcomes when managing our housing waiting list and allocating properties. However, we have experienced considerable and unexpected effects, during a period of significant change in national housing and welfare policy. It appears that these effects have been particularly exacerbated by one specific change, being the implementation of the 12 month residency requirement.
- 3.4 This stated that an applicant must "have lived in the Borough for a minimum of twelve months. Households from outside the Borough who are working within the Borough or who have an offer of permanent or long term employment, and certain groups of armed forces personnel will not be subject to the twelve month residency requirement."
- 3.5 Since the implementation of the residency requirement we have experienced a notable decrease in the number of applications to join the council's housing register. In 2014 we received 2148 applications. By the end of 2016 this had reduced to 1609. A reduction of 539.

- 3.6 There is also a correlating reduction in the number of bids placed on properties being advertised. In 2014 a total of 10296 bids were placed but this reduced to 6782 in 2016. A reduction of 3514.
- 3.7 The reduction in the number of applications and breakdown of bids placed by property type is shown below in Table 1.

Table 1.

Applications to Join Housing Register				
	2014	2015	2016	Reduction
Applications to Register	2148	1780	1609	539
Number of Bids Made via CBL				
Property Type				Reduction
1 Bed Flats	1687	1108	719	968
2 Bed Flats	470	451	435	35
2 Bed House	2459	2232	2124	335
3 Bed House	1551	1320	1419	132

- 3.8 One of the consequences of the above change to policy is that we have found it increasingly difficult to successfully let our 1 and 2 bed flats. There have been unacceptable void periods where we have on average between 55 – 70 flats that are not receiving any bids on a weekly basis.
- 3.9 Therefore void rent loss has increased and is shown in the table 2 below.

Table 2.

Void Loss (£)			
	1 bed Flat	2 bed Flat	Total
2014	245,279.82	81,447.54	326,727.36
2015	384,537.19	91,555.81	476,093.00
2016	446,506.99	209,246.67	655,752.66
		Total increase in rent loss through voids over period	329,025.30

- 3.10 Whilst the intention of the above clause in the policy was to provide greater control over the management of our housing register and allocation of properties to residents of Chesterfield, it also appears to have contributed to an increase in void and empty properties and a substantial loss of rental income for the

council due to the reduced numbers of applicants on the housing register.

- 3.11 In order to address this issue the Council needs to have a full and active housing register consisting of applicants who are seeking alternative accommodation to meet their housing need. This includes using our 2 bedroom flats for small families and single people with children. Table 2 above shows a considerable increase in rent loss on 2 bed flats between 2015 and 2016. This is in part down to there being fewer applicants on the register that would qualify for these flats and also that small families were being allocated houses and maisonettes.
- 3.12 The current policy is limiting us from achieving our objective of having a thriving housing register by preventing applicants from joining the register.
- 3.13 A further factor taken into account is the considerable changes to the benefits system brought about under Welfare Reform Legislation. The reduction in the entitlement to housing costs/housing benefit for under 35's and the impending end of entitlement to housing costs for people under 22 have made it increasingly difficult for young people to access accommodation. These changes to benefits entitlement are one contributory factor to the increase in rough sleeping in Chesterfield and place a greater importance on better use of the single person accommodation within the council's stock.
- 3.14 Neighbouring authorities have a distinct lack of single person accommodation despite having the demand for the same. Conversely in Chesterfield based on our housing register we currently have stock that exceeds our demand.
- 3.15 Consideration is currently being given to the development of Local Area Agreements with neighbouring authorities which could provide much needed structure to the use of our single person accommodation and provide us with greater access to family accommodation outside of our area. Working on this reciprocal basis will provide increased mobility amongst our housing stock whilst also reducing void rent loss.

Proposed Solution

3.16 **Local Lettings Plan**

In order to increase the number of new applicants to our housing register it is recommended that, in addition to increased marketing and advertising in Chesterfield to target tenants that might otherwise sought accommodation in the Private Rented Sector, the requirement for applicants to satisfy any residency requirement to qualify for entry on to the housing register is removed for applicants from Bolsover District and Norther East Derbyshire District Council areas. However, to ensure that, in the first instance, properties are allocated to applicants who have lived or worked in Chesterfield for a 12 month period it is recommended that applicants from within Chesterfield who satisfy these residency requirements will be given 'preference' over other out of area applicants in the general needs category. This will be done by awarding an enhancement to waiting time on the register.

- 3.17 This would then enable us to effectively manage demand through our housing register but also provide us with a solution to the ongoing issue of long term voids and loss of rent.
- 3.18 All applications would be verified and checks made with the local authority from the area in which they reside to ensure that the process is managed and that all relevant information is obtained.
- 3.19 The additional applications, lettings and tenancies will not be significant in terms of staff workload and will be managed within existing resources.
- 3.20 The Housing Options Manager is currently reviewing and assessing alternative options to the IT system used for the management and delivery of the Choice Based Lettings scheme. A growth item for the replacement of the current IT system was approved as part of the HRA Budget Report by Cabinet on 23 February 2017. The outcome of this IT review will require a complete and comprehensive review of the policy to ensure that it is fit for purpose and will support any new IT system chosen. For this reason it is recommended that a further review be carried out within the next 12 months alongside the review of the system and that a further report be brought to Members by no later than October 2018.

3.21 In April 2018 the Homeless Reduction Act will be implemented which places a duty on the Council to prevent homelessness for 56 days which is a longer period than under current guidance. The Act will also allow applicants that do not have a local connection to Chesterfield to approach our Homeless Team and receive the same assistance as those from within the Borough. In its current form the existing policy may conflict with this impending legislation by preventing applicants from residents who currently reside out of borough.

3.22 A copy of The Draft Policy containing the changes is attached at **Appendix A.**

4.0 **Human resources/people management implications**

4.1 There are no implications and any recommendations can be implemented within existing resources.

5.0 **Financial implications**

5.1 Whilst there are no adverse financial implications or requirements to enable the recommendations within this report, a key part of the proposed changes is to increase rental income into the HRA.

5.2 A report to Cabinet on the 17 May 2016 recommended a series of strategy and policy changes to mitigate the impacts arising from the introduction of the Welfare Reform and Work Act and Housing and Planning Act on the long term viability of the Housing Revenue Account Business Plan, in particular the impact of the 4 year rent reduction until April 2020.

5.3 Some of the actions considered by Cabinet and the Corporate Management Team on the 5 December 2016 to ensure the long term financial viability of the Housing Revenue Account included ensuring that properties are turned around quickly when they become vacant, advertising and marketing properties in new and alternative ways to the traditional approach currently adopted, decorating and carpeting hard to let properties, using local lettings policies in respect of hard to let properties. The recommendations contained within this report will contribute to

these mitigating actions and seek to maximise rental income lost through voids.

- 5.4 A further financial implication as a result of having increased numbers of properties vacant is the implication on the council's ability to generate New Homes Bonus.
- 5.5 The greater the number of long term empty properties (over six months and irrespective of tenure) or properties demolished, will affect the potential amount of New Homes Bonus the council can receive.

Under the revised rules for New Homes Bonus, Chesterfield has to develop at least 150 (Band B Council Tax) new homes before it can even start to generate New Homes Bonus, but the number of long term empty properties will be taken off the new development figure, when calculating the payment due.

Therefore if there are 50 properties within the Borough that have been stood empty for at least six months or demolished, this will mean that 200 new homes will have to be developed to start to generate a New Homes Bonus payment.

6.0 **Legal and data protection implications**

- 6.1 The council's Legal Service has been consulted regarding the proposals and their advice and input has been followed in formulating the proposed changes to the Policy.

7.0 **Consultation**

- 7.1 This review has been an interim "desktop" review pending a further and more comprehensive review over the next 12 months. Consultation with tenants and/or partners is not required at this stage, however a detailed period of consultation will be required on a revised policy and Member approval will be sought prior to this consultation taking place.

8.0 **Risk management**

- 8.1 Table

Description of the Risk	Impact	Likelihood	Mitigating Action	Impact	Likelihood
Housing stock being offered to non CBC residents	M	H	<ul style="list-style-type: none"> • Preference offered to CBC residents • Further review in 12 months 	M	M
Increased number of homelessness applications	M	M	<ul style="list-style-type: none"> • Close monitoring of new homeless applications 	M	L
Increase in Void and loss of rental income to HRA	H	M	<ul style="list-style-type: none"> • Increased numbers on the housing register – increased demand for properties • Close monitoring of reductions in voids 	H	L
Visual Impact of empty properties on estates	M	M	<ul style="list-style-type: none"> • Increased demand for properties leading to reduced numbers of empty homes. • Close monitoring of bidding number and reductions in voids 	M	L
Reduction in the potential amount of New Homes Bonus that can be	H	H	<ul style="list-style-type: none"> • Marketing of council properties for rent to a wider audience 	M	M

generated			<ul style="list-style-type: none"> Opening access to the waiting list to residents outside of the Borough for harder to let properties 		
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9.0 **Equalities Impact Assessment (EIA)**

9.1 An Equalities Impact Assessment has been carried out and is attached at **Appendix B**.

10.0 **Alternative options and reasons for rejection**

10.1 An alternative option would be to leave the current clauses of the existing policy in place. However this would leave the council exposed to the ongoing loss of rental income on empty properties, the visual impact of empty properties on estates and possible legal challenge and is therefore not considered a reasonable option.

10.2 Another option would be to wait until a full and comprehensive review is undertaken as stated in para 7.1 above. However due to the reducing numbers on the housing register, bids placed for accommodation and increasing numbers of vacant flats and rent loss through voids, it is not considered waiting for a further 12 months to make this change is a suitable alternative at this time. It is believed that the removal of the residency requirement can be implemented immediately and that it will have an instant positive impact on the numbers of active applicants on the housing register. During the implementation of this clause we will be able to identify a number of other possible changes for recommendation in the comprehensive review. By making this one alteration we will be able to measure the impact of this change and clearly assess its success. This will be included in the wider review of the Policy and brought to Members by no later than October 2018.

10.3 An additional option that could be considered is the demolition or disposal of flats. However this would result in a permanent loss

of income to the HRA Business Plan, together with the associated decant, home-loss and demolition costs, which could worsen the long term financial viability of the Housing Service. This loss of income would also make it increasingly difficult for the HRA to look to replace the affordable housing as under current 1-4-1 replacement rules, right to buy receipts can only contribute to 30% of the development costs with the additional 70% coming from the HRA. Once enacted, the Homeless Reduction Bill is likely to result in an increase in homeless presentations and acceptances in Chesterfield, given the duty to assess homelessness earlier (56 days prior as opposed to the current 28 days) and the duty to provide assistance to anyone presenting within the Borough, irrespective of local connection. This will therefore result in an increased need for smaller accommodation, which is why demolition at the present time is not considered a suitable option.

11.0 Recommendations

- 11.1 That Members note the current position with regard to the Choice Based Lettings Allocations and Transfer Policy.
- 11.2 That Members approve and adopt the implementation of a Local Lettings Plan, which enables people living in Bolsover District and North East Derbyshire District Council areas to apply to the housing register and bid on hard to let flats.
- 11.3 That a full and comprehensive review of the Choice Based Lettings, Allocations and Transfer Policy be undertaken at the same time as a review of the Choice Based Lettings IT system and that a further report on this review be brought to Members by no later than October 2018.

12.0 Reasons for recommendations

- 12.1 To comply with government legislation on the allocation of social housing and to ensure that the council manages its housing stock as effectively and efficiently as possible to maximise rental income to the Housing Revenue Account.

Decision information

Key decision number	666
Wards affected	All
Links to Council Plan priorities	‘To improve the quality of life for local people’ ‘To increase the supply and quality of housing in Chesterfield Borough to meet current and future needs’

Document information

Report author	Contact number/email
Carl Griffiths – Housing Options Manager	01246 345117 Carl.griffiths@Chesterfield.gov.uk
Background documents	
These are unpublished works which have been relied on to a material extent when the report was prepared.	
Appendices to the report	
Appendix A	Draft Housing Allocations Policy 2017
Appendix B	EIA 2017