

## **Housing Allocation Policy Review**

### **Report by Kevin Anderson, Executive Director - Place**

#### **1. Purpose of the Report**

- 1.1** The Housing Allocation Policy was last revised in 2016 with an agreement that it would be reviewed every 2 years. This Report details the review of the Council's Housing Allocation Policy and provides recommendations for changes in order that the Policy continues to address local needs and takes account of recent legislative change and Scottish Government policies.

#### **2. Background**

- 2.1** Midlothian Council's Housing Allocation Policy was completely revised in 2013 when a "Group and Points" model was introduced, with biennial reviews subsequently. In addition Midlothian Council now works in partnership with Melville Housing Association to provide a Common Housing Register ensuring applicants have increased housing opportunities from lets being made by both Midlothian Council and Melville Housing. The Group lists are:

- Choice List (Target 10%) – list for those applicants with no identifiable need.
- Homeless List (Target 45%) – list for those applicants who have presented and been accepted as being homeless.
- General Needs (Target 45%) – list for those applicants with a specific need. For instance those with medical need or who are living in overcrowded conditions, etc.

- 2.2** A Report to Council in December 2018 provided some analysis of how the current Housing Policy was working, the main points were:

- a) It is evident that the Housing Allocation Policy is closely meeting the targets for the Housing List Groups, with the exception of the Choice Group, which had a reduced proportion of allocations than anticipated.
- b) General Needs applicants account for 61% of applicants on the list, with the remainder of applicants either being Homeless or Choice List.
- c) In the three years being analysed the number of lets has been rising due to an increase in new build housing being completed and let.
- d) There has been a significant increase in households waiting for 2 bedroom housing due to the change in household size eligibility which was agreed as part of changes to the Housing Allocation Policy in 2016. At the same time, the number of households requiring 1 bedroom housing has

decreased significantly. Two Bedroom housing continues to be the most common property size being let to applicants. The majority (55%) of council housing is 2 bedroom in size.

- e) The target of housing an equal split of needs between those with medical, overcrowding and other needs has been more difficult to meet due to the need to make best use of adapted properties.
- f) Use of Ready to Rent procedures has improved the speed of relets for properties which have previously taken longer than average to let.
- g) The use of Homeswapper was initially very successful at generating increased mutual exchanges although there was a slight reduction in 2017/18.
- h) There was no significant increase in existing households downsizing by 2 or more bedroom sizes and qualifying for the increased Incentive to Move grant of £1,500.
- i) There has been a reduction in the number of Housing List applicants refusing offers due to Applicants being given more choice of the property types they will be offered.

### **3. Factors that influence the Housing Allocation Policy**

#### **3.1 Homelessness**

All Scottish Councils have been required by the Scottish Government to develop a Rapid Rehousing Transition Plan. This is in response to the findings of the Scottish Government's Homelessness and Rough Sleeping Action Group (HARSAG) which aims to eradicate rough sleeping, transform the use of temporary accommodation and bring an end to homelessness in Scotland. Their findings led to the Scottish Government publishing their "Ending Homelessness Together" in 2018.

Midlothian Council published its Rapid Rehousing Transition Plan in December 2018.

The Plan has four key outcomes that must be reached by 2024:

- Outcome 1: The supply of permanent accommodation for homeless households has increased.
- Outcome 2: Bed and breakfast accommodation is no longer used as emergency accommodation for homeless households and the time households spend in temporary accommodation has reduced.
- Outcome 3: Homeless households with support needs are supported to access and maintain permanent accommodation.
- Outcome 4: Housing options and support is in place to prevent homelessness.

Midlothian Council is in an extremely challenging position with regard to homelessness and needs to increase the number of homeless households being allocated permanent accommodation to address this. During 2018/19 the average time it took to close a homeless case was 106 weeks. It should be

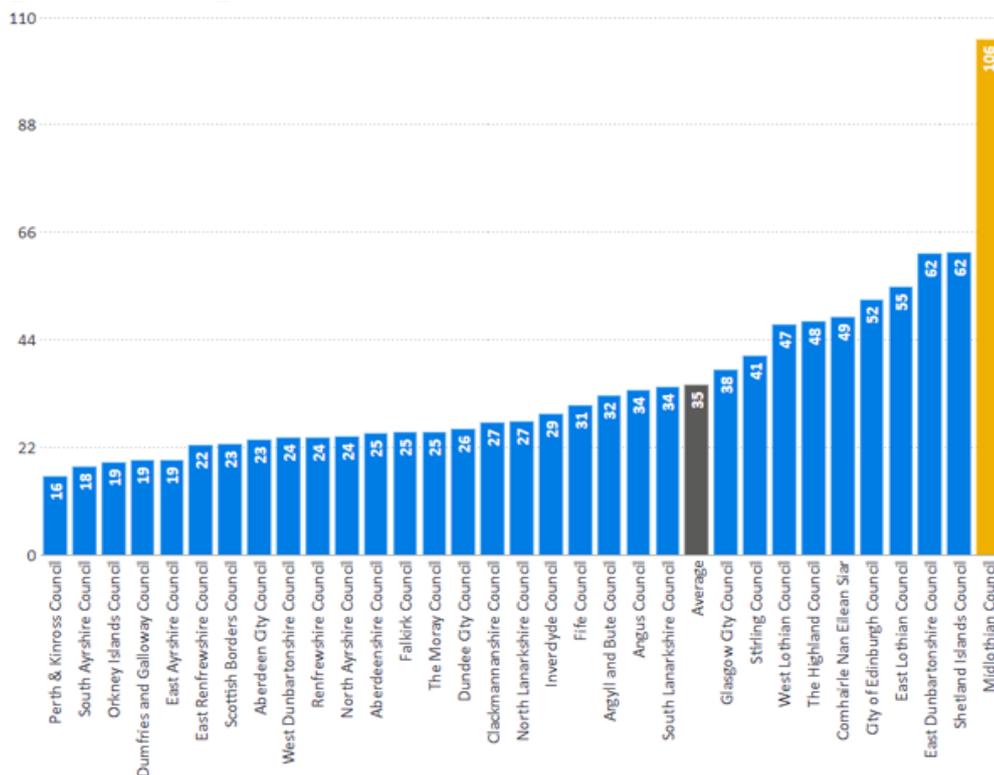
noted that some households in Midlothian will wait far longer than 106 weeks to have their homeless situation resolved.

As shown in Figure 1 this is significantly above the average length of time in Scotland overall, which was 35 weeks. The Scottish Housing Regulator is currently monitoring this length of time, together with other indicators, and is engaging with Council Officers until a considerable improvement is achieved. The significant number of new build units that are being developed will help to address this challenge, as well as reducing the use of bed and breakfast. However, the overall proportion of lets to homeless in Midlothian also needs to rise in order to quickly address the length of time it takes to close homeless cases. Other local authorities within Edinburgh and the Lothian's are experiencing similar challenges and are currently allocating more than 60% of council housing to homeless households.

It is felt that increasing the proportion of lets to homeless households to 60% would help to reduce the time taken to provide permanent accommodation although in years where there is a low level of new build developments this proportion of lets would not provide accommodation to meet the average level of homeless presentations that occur in Midlothian.

It has also been recognised that allowing homeless applicants to choose area and property type has resulted in some applicants having to spend very long periods waiting in temporary accommodation particularly in areas where there is high demand and/or low turnover. The result of this is that many applicants impacted negatively in terms of health and wellbeing, education and employment prospects.

**Figure 1: Average Time Taken to Close Homeless Cases in Scotland**



Midlothian's Rapid Rehousing Transition Plan also identified that Housing First tenancies will be introduced as an additional pathway to provide permanent accommodation for some of the most vulnerable households in Midlothian. Those who meet the criteria for Housing First will be those who have complex needs and require support to live independently in their own tenancy. International and national research has identified that Housing First services are successful in engaging with long-term homeless people with often very high support needs, delivering housing sustainment and showing progress in improving health, well-being and social integration. Officers are currently developing a framework approach based on good practice drawing from the 5 national Pathfinder Housing First projects operating in Glasgow, Edinburgh, Aberdeen, Dundee and Stirling.

### **3.2 Legislative Change and Code of Practice Guidance**

There are three key pieces of legislation which Registered Social Landlords must comply with when operating a Housing Allocation Policy, the Housing (Scotland) Acts of 1987, 2001 and 2014. The Housing (Scotland) Act 2014 requires that social landlords give reasonable preference to:

- People who are homeless or are threatened with homelessness and who have unmet housing needs;
- People who live in unsatisfactory housing conditions and who have unmet housing needs; and
- Social housing tenants who are considered to be under-occupying their home.

When deciding on an applicant's priority for housing, the Act now allows social landlords to take the ownership or value of property owned by the applicant into account and consider suspensions for applicants with a history of anti-social behaviour.

### **3.3 Making best use of housing stock**

A number of changes are being proposed to make best use of the housing stock in order that Midlothian Council is using its assets to meet housing need most effectively. For example, a range of measures are proposed to encourage households to undertake mutual exchanges which means they are able to address their own needs without requiring the council to let a property. Maximising mutual exchanges reduces the number of transfer applicants waiting to move and has the potential to resolve housing need situations such as overcrowding, under-occupancy and medical needs and reduces void costs. Council tenants who live in a property with a shared stair, such as a tenement flat will also be given more priority on the Housing List in order that they are able to move more quickly

New build housing will continue to be prioritised to existing council tenants as this is recognised as increasing the turnover of existing social housing which benefits other applicants on the Housing List.

In addition, lets to the Choice Group are no longer felt to be making best use of the lets that are available as applicants in this group do not have a housing need and are not considered one of the reasonable preference groups identified in the Housing (Scotland) Act 2014. It is therefore proposed that there is no specific target of lets to this group from 2020/21 onwards and this group should be added to the General Needs List.

### **3.4 Choice-Based Letting Models**

Council Officers have been investigating the use of choice-based letting to allocate council housing. This is a model which is being used by an increasing number of social landlords in Scotland, including by two of the largest social landlords - City of Edinburgh Council and Glasgow Housing Association. The key features of a choice-based letting model are:

- Applicants can make an online application.
- Available properties are advertised online and potentially in a newsletter or in council offices to ensure access.
- Applicants review the advertised properties and note interest in ones they are interested in.
- The property is then allocated to the applicant with the highest level of property.

It is felt that the introduction of Choice-Based Letting has the potential to be transformational in terms of customer service, and for the Housing Services Team for the following reasons:

- Improved choice for applicants who can choose the exact property that they want.
- Reduced staff resource on administrative functions such as data entry and shortlisting housing list applicants for lets.
- Improved customer interaction with the service, with the ability to check application details, make changes, note interest in properties at any time and not just during office hours.
- Reduced void periods as properties are regularly advertised.
- This letting model has been recognised as a model of good practice in social housing allocations by the Scottish Government.

## **4. Changes to the Housing Allocation Policy**

**4.1** During the spring of 2019, Midlothian Council undertook a comprehensive consultation exercise with all tenants and housing list applicants (10,304 households) in order to take into account their views of the current Housing Allocation Policy and consider their responses to potential changes to the Policy. Most of suggested options for amendments were strongly supported by the majority of respondents. There were two proposals which received less than 50% support from respondents:

- Tenants and Housing List Applicants were asked their views about removing the target to let to Choice Group applicants and move applicants

onto the General Needs List. 39% of applicants disagreed with this, 34% stated “don’t know” and 27% were in agreement.

- When asked about moving to a Choice-Based Letting model, 36% of respondents supported this, 32% disagreed and 32% stated “don’t know.”

**4.2** An Elected Member Seminar was held in November 2019 to review the consultation, discuss how the current policy was operating and consider key challenges the housing service must address in relation to meeting housing need and making best use of existing and new housing stock.

**4.3** The key changes that are being recommended are as follows:

- i) Remove the Choice Group, with existing Choice List applicants being added to the General Needs List.
- ii) Review lettings targets, with a target of 60% of allocations to the Homeless List and 40% of allocations to the General Needs List.
- iii) Allow an Incentive to Move payment of £1,000 to be paid to Midlothian Council tenants who downsize by 1 bedroom size. For Midlothian Council tenants who downsize by 2 or more bedroom sizes the payment will remain at £1,500. This payment applies both for tenants being allocated a property and Midlothian Council tenants downsizing as part of a Mutual Exchange.
- iv) Provide a mutual exchange payment of £250 to support Midlothian Council tenants with the cost of moving.
- v) Increase overcrowding and under-occupancy points from 30 points per bedroom required to 40 per bedroom required, up to a maximum of 120 points.
- vi) Operate a Local Letting Initiative for new builds which maximises transfer options for existing tenants which encourages greater turnover in the housing stock. For new build units at the point of first let the Housing Services team will allocate properties in the following order of priority until all properties have been allocated:
  - i) Allocate to existing council house tenants on the Housing List who currently live in the settlement where the property has been built.
  - ii) Allocate to existing council house tenants on the Housing List who live elsewhere in Midlothian.
  - iii) Allocate to Housing List Applicants who have chosen the letting area the property was built in as one of their choices

To ensure sustainability of tenancies properties will be allocated to households on the Housing List who do not have a history of anti-social behaviour.

The only exception to the Local Letting Initiative policy will be for units built as specialist provision such as extra care housing which needs to be allocated according to the greatest need for this type of accommodation.

- vii) Require all homeless households to choose all house types (house, tenement flat and four in a block).
- viii) To minimise the time spent in unsuitable or temporary accommodation all homeless households should be encouraged to choose as many letting areas as possible to increase their opportunities to be provided with permanent accommodation.

As a minimum, all homeless households are required to choose least two letting areas in Midlothian which have a significant number of social rented housing: Bonnyrigg, Dalkeith, Gorebridge, Loanhead, Mayfield, and Penicuik.

- ix) Provide opportunities to tenants who have resided in self-contained temporary accommodation for a prolonged period to convert their temporary tenancies to a permanent tenancy if the property matches their requirements. Properties converted from temporary tenancy to a permanent tenancy would not be counted as part of the Housing Allocation Policy lettings target.
- x) Home owners will not be made offers of council housing unless they cannot access their property, or occupying their property would lead to abuse or endanger their health.
- xi) Develop a statutory suspensions policy which is aligned to the Housing (Scotland) Act 2014 which enables social landlords to suspend applications in certain circumstances such as criminality, anti-social behaviour and fraudulent applicants.
- xii) Ensure all HM. All Applicants who are discharged from HM Armed Forces will be assessed under the terms of the Homelessness etc. (Scotland) Act 2003. Appropriate points will be awarded three months prior to discharge.

All Serving members of HM Armed Forces who have lived in Midlothian Council area prior to joining the forces, or who have a spouse or partner who have lived in Midlothian Council area prior to enlistment date, or where the applicant or family have been resident in Midlothian Council area for at least 3 years while on service will receive Forces points on their application at 1 point awarded for each 2 months from the date of enlistment.

- xiii) A target of 20 homeless households to be housed via the housing first model per annum. These lets will be included as part of the homeless lets target.
- xiv) Give more priority to those resident in Midlothian by increasing residence points from 20 to 24 points.
- xv) Provide greater opportunities for council tenants who currently occupy a property with a shared stair to transfer to a house by awarding 30 points to their application.

## **5 Report Implications**

### **5.1 Resource**

It is proposed that an annual upper limit is set for the Incentive to Move Scheme to avoid a situation where the number of qualifying applicants is excessive in a single financial year. The limit proposed for 2020/21 is £85,000. Long term financial modelling demonstrates that the Housing Revenue Account can sustain this additional expenditure. Analysis of the last three years indicates that if Incentive to Move payment was paid to tenants moving down 1 or more bedroom sizes the total cost of Incentive to Move payments would have been £33,500 in the year with the most moves occurring. It is likely that the total grant payable will be higher in a year where there is a larger number of new build completions. High numbers of completions e.g. more than 100, are expected during 2020, 2021 and 2022.

It is anticipated that increasing the proportion of lets to homeless household will support a reduction in General Fund expenditure on the use of bed and breakfast accommodation for homeless households.

Choice Based Letting would require additional resources to establish a new ICT System to operate the model. However, there is potential for some staff resource to be rediverted from administrative functions to front-line roles as a result of increased efficiency and automotation in the ICT systems.

### **5.2 Risk**

If the Council does not take into account the views of stakeholders and the analysis of letting outcomes in relation to the Housing Allocation Policy it will fail to take into consideration local needs which could have negative consequences for the community.

In addition, there is a risk to the Council where the Housing Allocation Policy does not comply with legislation or guidance from the Scottish Housing Regulator. The Scottish Housing Regulator is currently engaging with Midlothian Council in relation to the length of time Midlothian Council takes to close homeless cases and several of the proposals to change the Policy are

intended to positively impact upon reducing the average time taken to close a homeless case.

Some homeless households are likely to be dissatisfied with proposed changes in terms of requiring them to consider wider areas and house types and this could generate complaints. However, several proposals will address concerns by increasing points to transfer applicants allocated properties with a shared stair, by incentivising mutual exchanges and by prioritising tenants with a housing application when allocating new build properties. Some General Needs applicants may be dissatisfied with a higher proportion of lets to homeless, however, as the overall number of lets are increasing there will be more lets available for General Needs and Homeless applicants than there has been in recent years due to a significant increase in new build completions between 2019/20 and 2023/24.

### **5.3 Key Priorities within the Single Midlothian Plan**

Midlothian Council and its Community Planning Partners have made a commitment to treat the following areas as key priorities under the Single Midlothian Plan:

- Early years and reducing child poverty
- Economic Growth and Business Support
- Positive destinations for young people.

The themes addressed in this report impact on the delivery of the Single Midlothian Plan outcome particularly in terms of priorities in relation to the delivery of affordable housing, homelessness and health and social care outcomes through the provision of specialist housing.

- Community safety
- Adult health, care and housing
- Getting it right for every Midlothian child
- Improving opportunities in Midlothian
- Sustainable growth
- Business transformation and Best Value
- None of the above

### **5.4 Impact on Performance and Outcomes**

The recommendations in this Report impact positively upon achieving the following Local Housing Strategy outcomes:

- Households have improved housing options across all tenures.
- Homeless households and those threatened with homelessness are able to access support and advice services and all unintentionally homeless households will be able to access settled accommodation.
- The needs of households with particular needs will be addressed and all households will have equal access to housing and housing services.

## **5.5 Adopting a Preventative Approach**

The proposed changes ensure a continued focus on providing a clear framework for prioritising applicants based on housing need and the reasonable preference criteria which is set out in legislation. Regular monitoring and review is important to ensuring the Housing Allocation Policy makes best use of housing stock to meet housing need.

## **5.6 Involving Communities and Other Stakeholders**

A Report has been prepared to provide detail on the level of consultation undertaken with tenants and applicants when considering revisions to the existing Policy. Engagement with other stakeholders such as Health and Social Care, Children & Families, Legal and Finance Services, and HM Forces has been undertaken.

## **5.7 Ensuring Equalities**

The revised Housing Allocation Policy was subject to a full Equality Impact Assessment in accordance with the Council's Equalities Schemes to ensure equality of opportunity.

The policy ensures that discriminatory practices and procedures are eliminated and that the needs of women, ethnic minorities, people with disabilities and other target groups are assessed. The duties required of local authorities when letting their houses are set out in the Housing (Scotland) Act 1987, the Housing (Scotland) Act 2001 and the Housing (Scotland) Act 2014.

## **5.8 Supporting Sustainable Development**

Not Applicable

## **5.9 IT Issues**

Not Applicable

## **6. Recommendation**

It is recommended that Council:

- a) Note the response to consultation with tenants and housing list applicants in relation to the Housing Allocation Policy;
- b) Agree to the recommended changes to the Housing Allocation Policy, detailed in Section 4.3 of this Report;
- c) Agree to the communication of the findings of the Consultation Report and the main changes to the Housing Allocation Policy to tenants and housing list applicants.

- d) Agree to the publication of the Housing Allocation Policy which incorporates the agreed recommendations.
- e) Agree to the establishment of an Officer/Member/Tenant Working Group to consider the potential for introducing a Choice-Based Letting model in Midlothian and to Report back on proposals during 2020.

**Date:** 28<sup>th</sup> November 2019

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**Background Papers available in Members Library:**

1. Midlothian Council Consultation Report on the Housing Allocation Policy Review 2019
2. Midlothian Council Housing Allocation Policy Review 2019 – Presentation to Elected Members