

Housing Allocation Policy Review

Report by Eibhlin McHugh, Joint Director, Health and Social Care

1. Purpose of the Report

- 1.1** The Housing Allocation Policy was last revised in January 2013 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 the Housing (Scotland) Act 2014 legislative changes.

2. Background

- 2.1** Midlothian Council's Housing Allocation Policy was completely revised in 2013 when a "Group and Points" model was introduced. 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 HA.
- 2.2** Previously the Council's Allocation Policy was Transfer led meaning that current tenants were given the first option for new build lets. From 2013 three lettings groups were created to reflect applicant circumstances with annual targets set.
- 2.3** Group schemes are seen as less complex, easier to understand and fairer compared to points based ones, but a combination of preference groups and the relative priority awarded to housing or medical needs provides a clear and transparent system of prioritisation to meet the aims for groups, with the lettings targets to ensure fair access to housing.
- 2.4** The Group lists are:
- Choice List (Target 15%) – 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 40%) – list for those applicants with a specific need. For instance those with medical need or who are living in overcrowded conditions.

2.5 An analysis of the outcomes of the Policy has reported each year to Cabinet and the Performance Review and Scrutiny Committee. The main points from this were:

- i) The Housing Allocation Policy has had positive lettings outcomes and is closely meeting the targets for Waiting List Groups, with the exception of the Choice Group, which had a reduced proportion of allocations than anticipated (9% in 2012/13 and 10% in 2013/14 as opposed to the 15% target).
- ii) There has been a reduction in lets due to fewer new build developments being completed in 2013/14 and 2014/15.
- iii) The Policy has also ensured that there has been a move away from Transfer-Led Allocations as there was a reduction in the number of lets to existing tenants.
- iv) There has been a significant increase in households waiting for 1 bedroom housing due to the change in household size eligibility. At the same time, the number of households requiring 2 bedroom housing has decreased significantly. 2 Bedroom housing continues to be the most common property size being let to applicants.
- v) There has been a reduction in lets to households with points for overcrowding and under occupation and an increase in lets to households with medical points and to homeless households.
- vi) Use of Ready to Rent procedures has improved the speed of relets for properties which have previously taken longer than average to let.
- vii) The use of Homeswapper was initially very successful at generating increased mutual exchanges although there was a reduction in 2014/15.
- viii) There has been a reduction in the number of Waiting List applicants refusing offers due to Applicants being given more choice of the property types they will be offered.

2.6 In 2013 the Housing Allocation Policy was changed for single people or couples only being eligible for 1 bedroom housing except in some circumstances. This was done to mitigate households affected by Welfare Reform from being penalised by the Under Occupancy Charge (Bedroom Tax). The Scottish Government has since mitigated against this charge by compensating affected households through Discretionary Housing Payments.

2.7 The Housing Allocation Policy has caused an increase in demand for 1 bedroom housing whilst the majority of council housing stock is 2 bedroom

in size. To make best use of housing stock it would be appropriate to meet housing need by reintroducing the choice of 1 or 2 bedroom housing for single people and couples.

2.8 The Housing (Scotland) Act 2014 has resulted in a number of planned changes to social housing tenancies – notably the abolition of the Right to Buy for all tenants of social housing in Scotland from August, 2016. In addition, it makes a number of important changes to the law on social housing allocations. It requires that Allocation Policies provide reasonable preference to: social housing tenants who under occupy their home; homeless persons with unmet housing needs; and persons living in unsatisfactory housing conditions with unmet housing needs.

2.9 At present Midlothian Council is legally required not to take into account whether an applicant is a homeowner. The Act will allow landlords to take into account if an applicant owns a home which could mean that home owners are given lower priority unless they have specific circumstances such as unmet medical needs. The Act also enables the Council to consider suspending applicants if a member of their household or a visitor has been engaged in antisocial behaviour in or near their home, or towards the landlord's staff.

3. Changes to the Housing Allocation Policy

3.1 During the autumn of 2015, Midlothian Council undertook a comprehensive consultation exercise with all tenants and housing list applicants (11,334 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). All suggested options for amendments were supported by the majority of respondents.

3.2 An Elected Member Seminar was held in March 2016 to present the key features of the Housing (Scotland) Act 2014 which will have an impact on the Housing Allocation Policy, also the findings of the Letting Analysis 2013/14 – 2014/15, and to report on the Consultation with Tenants and Housing List Applicants. Elected Members were presented with recommendations for changes to the Housing Allocation Policy and provided with the opportunity to consider if further amendments were required.

3.3 The key changes that are being recommended are as follows:

- i) Reintroduce the choice of 1 or 2 bedroom housing for single people and couples.
- ii) Change the Choice Group target to 10% of allocations, with the General Needs and Homeless Lists both having a target of 45% of allocations.
- iii) Introduce letting targets within the General Needs Group with 15% of allocations for households who are overcrowded/under occupying and

15% of allocations for medical needs, with 15% allocated for other General Needs.

- iv) Introduce a suspension for applicants where there is evidence of them engaging in anti social behaviour, with a time limit provision to change behaviours.
- v) Suspend applicants who are homeowners who do not have a specific need for council housing. Homeowners who have a suspended application would not accrue waiting time points during their period of suspension.
- vi) Support households to downsize by providing an increased incentive to move grant of £1,500 for downsizing by 2 bedroom sizes or more.
- vii) Give more priority to those resident in Midlothian by maintaining 20 residence points and reducing to 10 points those who work in Midlothian but are not resident in Midlothian (currently 72 applicants). Households who need to move to the area to provide care to a relative, or receive care, would still receive 30 points for Social Needs (currently 10 applicants).

3.4 The Letting Analysis has also indicated a substantial reduction in lets that have been made in recent years. In 2012/13 the total number of lets was 562, in 2015/16 the total number of lets was 272 – a reduction of 52%. This reduction can be partially attributed to lower numbers of new build properties being built in recent years and the need to provide temporary accommodation for homeless households. However, due to Phase 2 and Phase 3 new build plans the number of lets should increase in future years in addition to new affordable housing being developed by housing associations.

3.5 In addition to plans for new build council housing it is proposed that the Council undertakes buy back purchases for 10 houses in areas with very high demand and limited supply during 2016/17. These house purchases will be supported by grant funding from the Scottish Government and will not reduce the funding that is allocated for new houses being built by the Council.

3.6 The current Allocation Housing Policy makes provision for Local Letting Initiatives to be undertaken which could incorporate specific policies for a particular area or house type. It is proposed that Local Lettings Initiatives are developed for the Council's future new build housing sites and a proposed Local Letting Initiative for each site will be recommended to Cabinet prior to the allocation of properties.

4 Report Implications

4.1 Resource

The change to allowing single people and couples to choose 2 bedroom housing, in addition to 1 bed, could have resource implications for the Council.

If the Scottish Government's policy of providing Discretionary Housing Payment funds to mitigate the effect of the under occupancy charge ended there would be a risk of increased arrears as a result of under occupying households reliant on benefits being unable to fund the shortfall in their rent payments.

Also, a total sum of £1.3Million is required for buy back purchases which are funded from the Housing Revenue Account. Financial modelling suggests that the HRA can support this additional investment and is affordable without having to impose any further increases in weekly rents.

4.2 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. Further guidance concerning how the Housing (Scotland) Act 2014 impacts upon housing allocation policy and practice due to be published in late 2015 has been delayed.

4.3 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
 - x Adult health, care and housing
 - x Getting it right for every Midlothian child
- ☐ Improving opportunities in Midlothian
- x Sustainable growth
- ☐ Business transformation and Best Value
- ☐ None of the above

4.4 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.

4.5 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.

4.6 Involving Communities and Other Stakeholders

A Report has been prepared to provide detail on the level of consultation undertaken with tenants and prospective tenants when considering revisions to the existing Policy. Engagement with other stakeholders such as Social Work Adult Care, Children & Families, Legal and Audit Services, local RSLs, Shelter and the Scottish Government has also taken place.

4.7 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.

4.8 Supporting Sustainable Development

Not Applicable

4.9 IT Issues

Not Applicable

5. Recommendation

It is recommended that Council:

- a) Note the positive response to consultation with tenants and prospective tenants in relation to the Housing Allocation Policy;
- b) Agree to the recommended changes to the Housing Allocation Policy, detailed in Section 3.3 of this Report;
- c) Agree to the communication of the findings of the Consultation Report and the main changes to the Allocation Policy to tenants and prospective tenants.
- d) Agree to the publication of a revised Housing Allocation Policy which incorporates the agreed recommendations.
- e) Agree to the purchase of 10 "buy back" properties to increase the supply of affordable housing in areas of high housing need.

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Background Papers (available in the Members Library):

1. Midlothian Council Consultation Report on the Housing Allocation Policy Review 2015/16
2. Midlothian Council Lettings Analysis 2014/15