

EAST HERTS COUNCIL

EXECUTIVE – 5 AUGUST 2014

REPORT BY EXECUTIVE MEMBER FOR HEALTH, HOUSING AND
COMMUNITY SUPPORT

REPORT ON THE IMPLEMENTATION OF THE ADOPTED EAST
HERTS HOUSING REGISTER POLICY

WARD(S) AFFECTED: ALL

Purpose/Summary of Report

The purpose of this report is to present to the Executive a review of the Housing Register and Allocations policy, adopted in May 2013, as agreed by Executive on 5 March 2013 and Council on 6 March 2013.

<u>RECOMMENDATION FOR THE EXECUTIVE:</u> that	
(A)	the views of Community Scrutiny Committee be considered and that no policy changes in respect of 'village priority procedure' or 'salary threshold' be made at this time.

1.0 Background

1.1 The Housing Act 1996 states that all Local Authorities exercising a housing function must publish a Housing Register and Allocations Policy (the Policy) showing how homes will be allocated to applicants. The Act prescribes certain categories of people who are to be eligible for an allocation and also five categories of applicants that must be given reasonable preference on the Housing Register.

1.2 The five categories of applicants are:

1. People who are homeless (within the meaning of Part VII of the Housing Act 1996 as amended by the Homeless Act 2002)
2. People who are owed a duty by any local housing authority under Section 190(2), 193(2) or 195(2) of the 1996 Act (or under section 65(2) of the Housing Act 1985) or who are

occupying accommodation secured by any such authority under 192(3)

3. People occupying unsanitary or overcrowded housing or otherwise living in unsatisfactory housing conditions
4. People who need to move on medical or welfare grounds (including grounds relating to disability); and
5. People who need to move to a particular locality in the district of the authority, where failure to meet that need would cause hardship (to themselves or others).

1.3 The Council when drafting its Policy must also have regard to the Code of Guidance Allocation of Accommodation: guidance for Local Authorities in England and any future consultations on amendments to the guidance.

1.4 The current Policy was adopted by the Council in April 2013 and was implemented from 1st May 2013.

2.0 Report

2.1 The Council's Executive meeting of 5 March 2013 recommended adoption of the revised Housing Register and Allocations Policy but recommended that:

(C) a review of the impact of the specific issues now detailed be undertaken in 6 months, with a full review of the policy being submitted to Community Scrutiny Committee in March 2014.

2.2 The specific issues related to two points, and as noted under Minute reference 629 are:

1. Questions were raised in respect of the proposed threshold on settlements with over 1,000 residents (defined as electors). It was suggested that this might exclude a number of settlements from benefitting from the intended promotion of community cohesion.
2. The Executive Member for Finance suggested that the salary threshold, whether £45k or £48k, was too high and should be lower, so that residents on lower incomes were prioritised.

2.3 A report was presented to Community Scrutiny on 19 November 2013 and the minutes of the meeting stated :

– that (A) the outcome of the review be received; and

(B) the salary threshold for qualification to the Housing Register be held at £48,000 and the Village Connection Policy remain as detailed in the adopted Housing Register and Allocations Policy

2.4 The adopted Policy has now been implemented for one year and this report provides a full review of the implementation of the Policy and more detailed analysis of the effect of village priority procedure and the salary threshold for qualification to the Council's Housing Register.

2.5 Background figures on the Housing Register

As at 2 May 2014 the Council had 1,992 applicants on its Housing Register (the Register). The following table breaks down the number of households by size of property needed:

	1 bed	2 bed	3 bed	4+ bed
Household need	1,120	626	211	35

The council nominated and housed, via Registered Providers (RPs), 438 households between 1 April 2013 and 31 March 2014. This compares to 673 households between 1 April 2012 and 31 March 2013. These figures include new tenancies and also transferring households (for general needs and sheltered accommodation) and is a difference of 235 households between each financial year.

2.6 There are likely to be a number of factors that have influenced the reduction, the most significant being the fewer number of new affordable homes that were developed in 2013/14 compared to the previous year: 77 compared to 175. Welfare Reforms and the introduction of affordable rents and fixed term tenancies may also have had an impact. Current tenants, who transfer to an alternative tenancy, may be offered a fixed term tenancy at an affordable rent by an RP and this may influence some tenant's decisions to move. In response to Welfare Reform, particularly the under-occupancy penalty (spare bedroom subsidy), both Riversmead and South Anglia Housing Associations, assisted by the Housing Options Team, held two Mutual Exchange events in the District last year. Both RPs have reported a significant increase in the number of approved Mutual Exchanges. Applicants that mutually exchange keep their existing tenancy's terms and conditions.

- 2.7 Implementation review of the Housing Register and Allocations Policy:** When the current policy was adopted in May 2013 there were approximately 3,500 households on the Council's Housing Register (the Register). Initially the Policy was applied to new applicants to the Register but it quickly became unwieldy managing two policies. In October 2013 the Housing Options team began a compulsory re-registration process for every household on the Register to assess them against the new policy to confirm if they were still eligible, whether they qualified and to assess their housing circumstances against the revised points criteria. To make the exercise manageable households were written to in chunks of approximately 600, alphabetically, advising them of the need to re-register and the procedure. Applicants that did not act on the first letter were sent a reminder letter advising that no response would mean that their application would be removed. Where the Housing Options team had details of vulnerable applicants they were contacted separately.
- 2.8 Following the completion of this process at the beginning of May 2014 a total of 1,750 households had been removed from the Register. The majority of the households were removed because they did not re-register and two because they no longer qualified because their combined salary and savings level was above the threshold. The Housing Options team were contacted by a few applicants asking for their application to be re-instated following removal. Each request was individually considered taking into account the age of the applicant and their overall number of points for housing need. There have been no formal complaints from any applicants that have had their application removed. Analysis shows that the majority of the applications removed were from households that had a low number of points and had not bid on any properties in the last year.
- 2.9 Under the new policy the most significant points change was for District Connection. Under the previous policy 50 points were awarded for households that either lived in East Herts themselves or had close family currently lived in the District. Under the new policy applicants must be living in the district themselves for one year to qualify for District Connections 50 points or if their connection is from close family currently residing then 20 points are awarded. An analysis of the District Connection points in the table below shows the breakdown for households on the Register and households housed in 2013/14. For the households housed with no District Connection three were in general needs

accommodation and the remainder were housed in sheltered accommodation.

District Connection	Number households on the Register	% of total	Households housed 13/14 from the Register	% of those housed
Self	1,511	76%	413	94%
Close Family	106	5%	7	2%
Working	31	2%	3	1%
None	344	17%	15	3%
Total	1,992		438	

- 2.10 The Executive on 5 March 2013 requested that the six month review focus on the issue of Village Priority/Community Cohesion and the income threshold for qualification for the Housing Register. These were discussed at the Community Scrutiny meeting of 19 November 2013 and it was agreed that the combined salary and savings threshold for qualification to the Housing Register be held at £48,000. In addition that the Village Priority procedure should remain as detailed in the adopted Housing Register and Allocations Policy as the small number of cases at that time did not give enough evidence to suggest any change to this aspect of the policy. A copy of the procedure for Village Priority is published on the Council's website and is also included at **Essential Reference Paper B**.
- 2.11 The Village Priority procedure was developed to give additional priority to residents with a connection to the smaller settlements in East Herts to either remain or move back, if they still have close family connection. The Housing Register and Allocations Policy states that the Council will advertise, through Choice Based Lettings, general needs (i.e. not sheltered), un-adapted properties in settlements of less than 1,000 residents with a priority to local residents. This village connection priority, or community cohesion, is considered when the short list of applicants for the property is being drawn up by the Housing Options Team.
- 2.12 Since 1 May 2013 the Housing Options Service has advertised and allocated 191 general needs, un-adapted properties for rent through Choice Based Lettings. Of these properties 34 (18%) met the criteria for being advertised with a village connection priority. Of these 34 properties one had no bids over 100 points and four had the top ranked applicants as having a connection to the village

therefore in these five cases the procedure was not applicable.

The remaining 29 properties were offered as follows:

- Properties where applicants had a connection to the village, had more than 100 points and had their priority on the short list increased over applicants that had no village connection and more points: 3 applicants.
- Properties where no applicants with both a village connection and more than 100 points had placed a bid and so policy not applicable: 27 applicants.

2.13 Looking at the outcomes the current policy has a small effect for those in housing need in the smaller settlements. To amend the level of points at which the procedure is enacted (currently 100) would have a detrimental impact on the balance the Council needs to maintain between local priorities and meeting its statutory duties of allocating homes to applicants who are in a reasonable preference as cited at 1.2 and therefore in housing need. Therefore it is recommended that the procedure for Village Priority should not be amended.

2.14 **Household Income and Savings threshold.** The current policy has a qualification bar, for applicants requiring general needs accommodation, which prevents households (the main applicant and any joint applicant) with an income over £48,000 from earned income and savings from accessing the Register. This figure was derived by using the average salary level for residents living and working in the district using ASHE survey (Annual Survey of Hours and Earnings). The original figure proposed and agreed during consultation with our RPs was £60,000 but was reduced at the Executive on 5 March 2013.

2.15 Analysis of the Housing Register shows that the Housing Options Team have registered for housing 756 qualifying households since 1 May 2013. An additional 15 households were not found not to qualify, three because they had income or savings above the threshold and the remaining 12 for other reasons, the primary one being they had an outstanding housing debt with either the council or a Registered Provider.

2.16 An analysis of the 1,992 applications on the Register shows that 1,107 or 56% are on benefits or low income and have been awarded Limited Means Points. These points are awarded to households whose income is at or below the benefit cap level of £500 a week for couples and families or £350 a week for single person households. This gives a priority to those households on

low income or benefits over higher income households.

- 2.17 Households on the council's Register that are employed are often in employment that is either less secure or the income is variable. This makes it difficult to monitor household income for applicants after their initial application and before a home visit is carried out prior to nomination. However, RPs have to report details of all new tenants onto the Government's CORE reporting system (COntinuous REporting) at the point of a tenancy being taken up. This is one of the most accurate ways of reporting household income for new tenants to general needs accommodation (i.e. not sheltered) in East Herts and the economic status of the head of the household. The annual figures for 2013/14 are yet to be published but the figures for 2012 /13 showed an average weekly household income of £243 (£12,636) and for the first 6 months of 2013/14 £262.54 (£13,127 annually). In 2012/13 the economic status of the head of household was listed as follows: in full time or part time work- 36%, Job seeker – 14%, not seeking work – 21% and long term disability – 20%. The remaining 9% are cited as 'other'.
- 2.18 The housing associations are keen, in the interests of balanced and mixed communities that not all their residents should be on housing benefits to assist with the payment of rent. With affordable rents being significantly higher than social rents the income levels of residents needs to be higher to meet the new rent levels without the subsidy of Housing Benefit.
- 2.19 A snap shot of private rent levels in Hertford was done based on the properties advertised on one day in June 2014. The median rent level for each size of property was compared to the Local Housing Allowance rates and the number of properties that were at or under the LHA rate was recorded. In addition analysis was carried out of the average net income needed to access the median rent level for each size of property using the recognised best practice figure of rent should not be more than 35% of a households net income (Shelter 2012). In the same week the cost of an affordable rent property was also recorded. The table below shows a summary of the analysis and the approximate gross income needed to access a median rent in the private sector.

Hertford	1 bed flat	2 bed house/flat	3 bed house
Number properties advertised:	15	43	7
Median Rent	£750	£1,100	£1,350

Highest rent	£1,100	£1,550	£1,725
Lowest rent	£600	£825	£1,150
Monthly Local Housing Rate 2014	£628.85	£799.97	£959.48
Number of private properties at or below LHA	3	0	0
Registered provider affordable monthly rent	£513.44	£659.59	£954.00
Net income required if assume 35% of net income spent on Median rent	£25,714	£37,714	£46,285
Approx Gross Income required	£38,571	£56,575	£69,427

2.20 Attached at **Essential Reference Paper C** is a table of income qualification bars for other local authorities in Hertfordshire and Essex and also that of our three main registered providers. Five out of the other nine local authorities in Hertfordshire don't publish figures and look at each case individually depending on an applicant's circumstances for example whether they require an adapted property. Of the remaining, two have an income qualification bar below our own, two above and for the remaining two local authorities figures were not obtained.

Therefore it is recommended that the household income bar of £48,000 for combined salaried income and savings, above which a household would not qualify for the housing register, should not be amended. The figure will be subject to annual review, against published annual average income levels for East Herts residents and compared against private rent levels.

2.21 The government published statutory guidance in December 2013 titled 'Providing social housing for local people – Strengthening statutory guidance on social housing allocations'. The document re-iterates statutory guidance on social housing allocations for local authorities in England that was published in 'Allocation of Accommodation: Guidance for Local Housing Authorities in England' and aims to assist them to take advantage of the provisions in the Localism Act 2011. The current Housing Register and Allocations policy was drafted taking into account the flexibilities in the Localism Act and published statutory guidance and the Housing Register and Allocations Policy is compliant with Government Guidance.

Background Papers

None

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