

**REPORT FOR: TENANTS',
LEASEHOLDERS' AND
RESIDENTS
CONSULTATIVE FORUM**

Date of Meeting:

4 December 2012

Subject:

Housing Changes Review update:
Consideration of key housing
strategies and policies including
Tenancy Strategy and Policy, draft
Housing Strategy, Homelessness
Strategy, Private Sector Housing
Strategy and Allocation scheme and
Housing Business Plan/Asset
Management Plan update

Key Decision:

Yes, when considered by Cabinet

Responsible Officer:

Lynne Pennington, Divisional Director
of Housing

Portfolio Holder:

Cllr Bob Currie, Portfolio Holder for
Housing

Exempt:

No

**Decision subject to
Call-in:**

Yes, when considered by Cabinet

Enclosures:

Appendix 1: Tenancy Strategy 2012
Appendix 2: Tenancy Policy 2012
**Appendix 3: Tenancy Strategy and Policy
consultation responses and summary of
amendments made**
**Appendix 4: Consultation draft Housing
Strategy 2012-2017**
**Appendix 5: Consultation draft
Homelessness Strategy 2012-2017**
**Appendix 6: Consultation draft Private
Sector Housing Strategy 2012-2017**

Section 1 – Summary and Recommendations

This report sets out the main objectives of the key strategies and policies included within the Housing Changes Review, which Cabinet is being asked to approve for adoption or for formal consultation at its meeting on 13 December.

Recommendations:

TLRCF is requested to consider the key housing strategies and policies included within the Housing Changes Review and make recommendations and/or comments to Cabinet to enable the approval of:

1. The final version of the Tenancy Strategy (Appendix 1);
2. The final version of the Tenancy Policy 2012 which will introduce 12 month probationary tenancies followed by fixed term 5 year flexible tenancies for all new Council tenants from 1 April 2013 (Appendix 2);
3. Consultation drafts of the Housing Strategy (Appendix 4), Homelessness Strategy (Appendix 5) and Private Sector Housing Strategy (Appendix 6);
4. The consultation draft of the proposed amended Housing Allocation Scheme and transitional arrangements as set out in para 26 – 36 of the report to amend the scheme now to place all homeless households in temporary accommodation in band C, regardless of whether they are in emergency B&B or hostel accommodation, or in longer term temporary accommodation; and
5. To comment on the Housing Business Plan/Asset Management Strategy update and highlight issues to be included in the final version of the Plan;

Reason: (For recommendation)

To ensure that TLRCF is consulted on key housing strategies and policies and to enable feedback to be made to the Council to assist with the decision making process.

Section 2 – Report

Introductory paragraph

1. Following Cabinet approval in December 2011, all of Harrow's current housing strategies and policies have been reviewed to take account of the Localism Act 2011 opportunities and to ensure that the Council has consistent and workable policies which operate together to:
 - a. increase the housing options available to the residents of Harrow;
 - b. ensure that the most vulnerable continue to have priority and access to locally affordable housing;
 - c. Support the continued sustainability of local communities in Harrow.
2. There has been extensive informal consultation on the main issues and principles of change which commenced in summer 2011. The consultation outcome has informed the development of the draft strategies and is available through the background papers (Housing Changes Cabinet report and associated appendices 15 December 2011) as well as previous update reports to TLRCF.
3. At its meeting on 13 December 2012, Cabinet is being asked to formally approve the Tenancy Strategy and Tenancy Policy and consultation drafts of the Housing Strategy, Private Sector Housing Strategy, Homelessness Strategy and Allocation Scheme. The main issues and objectives of each are summarised in the report.
4. An update on the Housing Business Plan is also attached, which is being progressed for completion and reporting to Cabinet in March 2013.

Options considered

5. The Localism Act 2011 enables local decisions to be made about how best to use existing social housing and enable the provision of additional social housing to meet local housing need. Through a consultation process that started in summer 2011, the Council has considered a range of options to meet its specific housing needs which have led to the detailed documents appended to this report.

Tenancy Strategy 2012 and Tenancy Policy 2012 (Appendix 1, 2 and 3). Cabinet is being asked to formally approve these documents.

6. These documents were reported to TLRCF on 26 September 2012. The second formal consultation period has now closed and there are no further amendments to be made to them. Cabinet is being asked to formally approve these documents.
7. Previous discussions at TLRCF have supported the principles. The adoption of the Tenancy Strategy and Policy will mean that all new Council tenants, apart from specified groups, will be given 5 year fixed term tenancies. At the end of the fixed term there will be a review process considering current housing need and ability to afford other

accommodation for all households apart from those in the specified groups, to decide whether the tenancy should be renewed.

8. The Tenancy policy will also introduce Introductory and Probationary tenancies for Council tenancies to be followed by a fixed term tenancy.
9. Income and savings limits will be introduced. Households earning more than the limits will be deemed able to find alternative suitable housing. The income limits are proposed as the gross income, excluding disability benefits, required to pay the median market rent for a property in Harrow assuming that housing costs should not exceed 30% of gross income. This income would also be sufficient to enable purchase of shared ownership affordable housing (as an alternative to renting in the private rented sector).

These are:

| Household Size | Income Limit |
|----------------|--------------|
| 1 bed | £30,000 |
| 2 bed | £38,000 |
| 3 bed | £48,000 |
| 4 bed | £60,000 |

10. The proposed savings limit is £24,000. These income and savings limits are set out in the Allocation Scheme and households earning above these limits would not be accepted as eligible for social housing in Harrow.
11. The Tenancy policy sets out the review and complaints process an applicant or tenant can use if they want to seek a review of any decision relating to the granting or renewal of a fixed term flexible tenancy.
- 12. Cabinet is being asked to approve the following documents for formal consultation. The intention is to seek formal approval to them in March 2013.**

Draft Housing Strategy 2012-2017 (Appendix 4)

13. The draft Housing Strategy is attached at Appendix 4. Cabinet approved the overarching objectives on the 15 December 2011. It sets out the overall strategic housing vision for Harrow. A key aim of the strategy is to increase the supply of affordable housing in the borough. Demand for this housing continues to increase as evidenced by the huge increase in the use of Bed and Breakfast accommodation over 2011/12.
14. Innovative options for increasing supply are being explored, including how best use is made of existing housing assets such as garage sites and the additional resources flowing from HRA reform, and whether there is appetite for institutional investment in new vehicles for developing new private rented housing. A bid has already been submitted to the GLA to help fund the development of new family homes on Council estates for sale to existing Council tenants on a shared ownership basis. The Council tenancies can then be relet to families in priority need on the Housing

Register. In addition we will be looking at options to free up / release council homes including: offering cash incentives to council tenants to buy properties elsewhere and buying back homes previously sold under the Right to Buy.

15. However, the housing strategy recognises that the social housing sector in Harrow will never be big enough to meet all the current and future demand for affordable housing. The private rented sector will continue to provide the most realistic housing option for households who cannot afford home ownership. Details on how we plan to support and enable a good quality private housing sector in Harrow are then set out in the draft Private Sector Housing Strategy.
16. As a result of welfare reform, for some households the most realistic long term housing option may mean considering a move out of Harrow and London to more affordable private rented housing. The detail on how we will support households to determine the housing solution that best meets their specific needs is set out in the draft Homelessness Strategy.
17. Making sure that we make the best use of existing social housing for those households who are most in need is a critical element of the overall housing strategy. The detail of how we plan to introduce flexible fixed term tenancies is set out in the Tenancy Strategy and Tenancy Policy. The draft Housing Allocations Scheme sets out the detail of a different approach to deciding who is prioritised for and given social housing in Harrow.
18. The Housing Strategy also sets out how we will continue to offer housing and support to vulnerable households, including Care Leavers. This may be through development of new specialist affordable housing schemes, ensuring that existing schemes continue to meet current and future needs and continuing to prioritise allocation of social housing to meet the needs of vulnerable adults, including Care Leavers.

Homelessness Strategy 2012 - 2017(Appendix 5)

19. Homelessness in Harrow is on the increase, as a result of the economic situation and Housing Benefit changes for those living in the private rented sector. This is predicted to get worse with the introduction of the overall benefits cap from April 2013. Since January 2011 the numbers of families the Council has to provide emergency accommodation for has increased significantly from a handful to 63 families at the end of September 2012. This is predicted to increase to 100 by the end of March 2013 due to the impacts of housing benefit changes last year which the council was able to delay for 18 months but are now starting to impact. Given the small social housing stock in Harrow, the vast majority of people are helped to find suitable accommodation in the private rented sector. Unfortunately the supply of such housing in Harrow is limited and unaffordable especially to larger families.
20. The draft Homelessness Strategy attached at Appendix 5 sets out how we propose to make use of the flexibilities introduced in the Localism Act to formalise the option of private rented housing as a solution to

homelessness rather than a presumption of an offer of social housing which has resulted in families waiting very many years, often feeling unsettled, before a social housing solution is given. This will also allow us to prioritise social housing to those with the greatest need rather than those who simply experienced a brief period of homelessness.

21. We have considered the impact of the welfare benefit reforms on households who the Council has assisted to find private rented housing in Harrow in the last three years. Initial modelling suggests that a significant proportion would not be able to afford housing in Harrow.
22. Given the constraints on the availability of affordable private rented housing locally we have consulted on how we might help homeless applicants to move to other areas either in London or further away to find an economically realistic housing solution and what factors should be taken into consideration in deciding what is suitable accommodation. Taking into account the recent guidance issued by the government with regard to suitability and location and the outcome of informal consultation our proposals are set out in the draft strategy.
23. The strategy also sets out how we intend to assist non statutory single homeless and rough sleepers.

Private Sector Housing Strategy 2012 – 2017 (Appendix 6)

24. 90% of the housing in Harrow is in the private sector and we increasingly use the private rented sector to meet housing need especially at the lower end of the market. In view of the Council's limited resources the draft Private Sector Housing Strategy attached at Appendix 6 focuses on what the Council can do to encourage and facilitate the continued provision of a good quality private rented housing sector working in partnership with other boroughs, landlords, developers and private tenants whilst using available enforcement resources to tackle the worst conditions.
25. The draft strategy and action plan takes account of all the recommendations contained in the Scrutiny Review report on "Private rented sector housing in Harrow".

Housing Allocations Scheme (This is a 95 page document so rather than print it, it is available as a background paper and a hard copy will be available at the meeting). The main changes proposed are summarised below.

26. Most Councils are reviewing their housing allocations schemes in the light of the Localism Act 2011, because it gives an opportunity to ensure that public rented housing goes to those with the most need, as defined by local, rather than rather abstract and arbitrary national standards.
27. There is a statutory requirement for the council to have an Allocation scheme and a review of the current scheme has been underway since 2010. Informal consultations were carried out during 2010, seeking the

views of voluntary groups and advocacy organisations representing different groups of people who aspire to move to public rented housing, health, social services and housing organisations, tenants' organisations, councillors, and individuals who had applied for housing. Further questions were asked as part of the major "Housing Changes" consultation in the summer of 2011. The major items of change proposed in the new policy achieved broad support, resulting in Cabinet agreement last December to produce a new allocations scheme incorporating these headings for Cabinet in December 2012 to approve for formal consultation.

28. The main aims and desired outcomes of changing the scheme are:

A. That the relatively few citizens who are in the most housing need wait a much shorter time than they do at the moment for an allocation of public rented housing.

B. That allocations to public rented housing are fairer than before and, in particular, that homeless applicants in suitable accommodation are not treated more favourably than other applicants who have a high level of housing need.

C. That low-paid working people (with young children) who are experiencing financial hardship have access to public rented housing.

D. That those who have lower levels of housing need are able to access alternative housing solutions to empower them to improve their quality of life.

29. The significant changes to current policy comprise:

1. Applicants who need only one additional bedroom will no longer receive priority on grounds of overcrowding. Overcrowding will be measured by the national "bedroom standard" rather than by the current Locata standard.

NB: However, children/relatives aged 21 or over will be disregarded unless they are part of the household in order to give or receive care.

2. Applicants whose medical need to move is comparatively variable, slight or moderate will no longer receive priority on medical grounds.

3. Homeless applicants in emergency non-self-contained accommodation will no longer receive a higher priority than other accepted homeless applicants when the full homelessness duty is accepted.

NB: This change is proposed to be made to the existing policy now for the reasons set out in paragraphs 38 – 40 below.

4. Applicants with no priority according to the new allocations scheme, including those with no statutory entitlement to priority who have financial assets or property or income above certain published thresholds, will no longer be able to bid on Locata for public rented housing, but will be able to access personalised online advice and options through Locata.

5. Applicants from outside the borough will, with a few exceptions, be excluded from registering (e.g. exception where the council has itself accommodated them outside the borough). In addition, following discussions with Members, a minimum Harrow residency requirement of 5 years is proposed.

30. People who will gain from the new scheme: As a result of the anticipated reduction in the numbers of people with high priority for a move some groups of applicants will have improved priority and should experience a shorter waiting time for an offer of housing, including:

- Applicants who are overcrowded by 2 or more bedrooms
- Applicants with a severe medical or welfare need to move
- Accepted homeless applicants who are working or volunteering in the community
- Working applicants (with primary school age children) and community volunteers who are experiencing financial hardship, regardless of overcrowding or medical need.
- Serving and ex-members of the armed forces with urgent housing needs.

31. There will be little change to the priority currently given to citizens with a severe medical or welfare need to move, special quotas of young people leaving care and people who are ready to “move on” from supported housing, older people wishing to move to sheltered housing and many accepted homeless people in temporary accommodation.

32. People who will be disadvantaged by the new scheme: Transitional arrangements will be put in place to ensure existing applicants with the longest waiting times are still able to obtain public rented housing if their priority otherwise would have reduced under the new scheme. This group will comprise people currently registered in band C because:

- they are overcrowded by only 1-bedroom
- their priority for overcrowding is based on the old Locata standard but would not count as overcrowding under the national bedroom standard
- their priority for overcrowding includes family members aged 21 or over who do not need to live in the household either to receive or provide care and essential support.
- Their medical or welfare priority to move is of a variable or comparatively mild or moderate nature.

Other people in current bands A, B and C whose priority will be reduced under the new scheme, and to whom transitional relief will not apply, are:

- Those with income or savings over the newly designated limits for eligibility for an allocation of public rented housing.

Other people in any of the current bands whose registration will be closed under the new scheme, and to whom transitional relief will not apply, are:

- Those who are not currently resident in Harrow at the date of implementation of the new scheme (unless a Harrow social care service has responsibility for their welfare, such as looked after children)
- Those who have not lived in Harrow for 5 years at the date of implementation of the new scheme (unless they have been accepted homeless, or are previously homeless people who accepted a qualifying offer in the private rented sector, or a Harrow social care service has responsibility for their welfare, such as looked after children)

33. Our current Allocations scheme awards residents in Bed & Breakfast (B&B) and hostels band B status. In the past this was not a problem as households only stayed in this accommodation for a short time. Now with the homelessness pressures and shortage of temporary accommodation, some homeless applicants in B&B or hostels are getting to the point where they can successfully obtain permanent housing through band B (in a matter of weeks or months). This is very unfair on households who have waited many years in Temporary Accommodation in band C and still are not successful in their bids for social housing. It also gives applicants an incentive to refuse moves to other temporary accommodation and stay in expensive B&B.
34. We propose making an urgent amendment to the Allocations Scheme now in advance of completing the comprehensive Allocations Review, to remedy this so that all homeless households would be placed in band C, whatever Temporary Accommodation they were occupying.
35. If agreed, this amendment would come into effect following the Cabinet call in period. Existing applicants in band B by virtue of being in B&B or hostel accommodation will be re-assessed as band C from that date.
36. This will be implemented by deleting references in the Transfer and Lettings Scheme on Page 44 (band B) to “Homeless making own arrangements, or accommodated in B&B, or in Hostel Accommodation” and deleting any other such references.

Housing Business Plan and Asset Management Strategy (Appendix 7)

37. The final Business Plan will be presented to Cabinet in March, and will incorporate the budget decisions being worked on at this time and over the next few months. This report provides a progress update and is intended to be a snapshot of where we are currently in terms of the development of the plan.

38. Since last reported we have taken forward service development in line with our stated intentions at the time the last budget was set, and have also started to develop some new initiatives intended to increase the supply of affordable housing available to the Council. In addition we held a housing finance workshop for tenants, leaseholders and councillors on 26 November, which covered the principles of the HRA under the new self financing regime and some options for consideration as part of the future Harrow business plan. The workshop was well attended and received..
39. Revised projections are included in Appendix 7 for both revenue account and capital programme and financing, and show a healthy revenue position with revenue balances of £167m accruing over 30 years. In the previous version of the projections seen by Cabinet, this figure was quoted as being £242m. The difference between the two is a combination of the impact of proposals to reallocate staff resources (Support Service Charges (SSCs)) from General Fund housing to HRA housing as a result of changing requirements following HRA reform, and the ongoing impact of improvements to services to ensure that we can get closer to our customers. We are currently also showing a fully-funded capital programme, although the increased costs arising from the ongoing initiatives and additional SSCs mean that some of the flexibility over the first 10 years of the plan is no longer there.
40. Work is well underway in respect of the Asset Management Strategy, and by December we should have detailed proposals for investment in the Housing stock over the next three years and outline proposals for the remainder of the 30-year projections. The work currently being carried out will determine the extent to which the additional repairs expenditure detailed in Appendix 7 will need to be continued going forward.
41. The detailed investment plans will also include any investment works projected to be carried out in respect of leasehold properties, and the extent to which these will be recoverable. It is essential that these are identified in advance as this will enable the necessary consultation to be undertaken to ensure that there are no barriers to being able to recover the relevant amounts.
42. An appraisal of the long term suitability of the stock is also underway to ensure that investment is not directed at properties for which demand is limited or those without a long-term future. Properties identified within these categories will then be assessed as part of Housing's affordable housing development strategy to determine whether alternative approaches to significant investment in the properties may be appropriate. Such alternative approaches could include disposal for regeneration, establishing a Special Purpose Vehicle or Joint Venture Vehicle with partners to enable redevelopment, or indeed considering the feasibility of such redevelopment being possible within either the General Fund or HRA, depending on the availability of resources and the stage the HRA was then at.
43. We have started a project to help us achieve our objectives in respect of new housing development, and this will build on the ideas we already

have, some of which have been outlined above, but also help with the development of new ideas and potential options for delivering new housing. This project will help to shape the way we will be delivering new housing over the coming years, and will inform the structures and relationships we need to have in place to ensure that we can deliver on our promises and commitments to tenants and residents.

Financial Implications

44. The thrust of the Housing Changes Review is to make the most effective use of our existing social housing stock as well as the private rented sector, increase new housing supply and other housing options that ultimately will assist in mitigating General Fund revenue pressures relating to the predicted rising costs of homelessness.
45. The development of the Housing Business Plan and the key financial issues to be addressed are set out in the draft report attached at Appendix 7. The benefits of HRA reform will need to be maximised to support the development of options that will contribute to tackling homelessness.
46. The introduction of fixed term tenancies for Harrow Council stock may have resource implications in terms of staff resources and training to undertake tenancy reviews. However these are anticipated to be cost neutral in terms of the additional lettings generated and no additional resource is budgeted for at this time.
47. Additional temporary staff resources will be required to implement the new Allocations scheme and manage the transition from the old to the new scheme and which have been budgeted for.

Risk Management Implications

Risk included on Directorate risk register? Yes

Separate risk register in place? No

48. The key risks if the principles set out in the various strategies are not adopted are:
 - There will be a fall in the numbers of affordable homes completed. This will lead to longer waiting times for affordable housing and increased levels of accepted homelessness (above current projections) at increased cost to the Council;
 - That if housing options out of Harrow and London are not considered for the households most affected by welfare reform, there will be increased levels of accepted homelessness (above current projections) at increased cost to the Council;
 - That if the Allocation scheme is not revised and the Tenancy Strategy/Policy not adopted that we will not be able to ensure that social housing in Harrow is used effectively to meet the highest priority housing needs;

- That if an enabling approach to supporting the lower quartile private rented sector is not continued that private rented supply in Harrow would reduce and homelessness increase as set out above.
49. The risk of the proposed principles not being adopted has been mitigated through the Housing Changes consultation approach, the outcomes of which have informed development of the key principles.

Equalities implications

50. An overarching draft equalities impact assessment was published for the Housing Changes Review with the intention to publish individual draft assessments for each strategy/policy at the point of consultation and this approach has been followed for the Tenancy Strategy.
51. Following consultation the final Tenancy Strategy EqIA concluded on a range of actions to remove the identified adverse impacts and better promote equality. For example the strategy proposes options to ensure that fixed term tenancies do not adversely impact on the health and well being of households that include someone with a disability. Through the consultation process an amendment has been suggested with regard to Careleavers to ensure that the introduction of fixed term tenancies does not lead to an increased vulnerability for this priority group and the EqIA has been amended to reflect this.
52. Separate draft EqIA's have been developed for the draft Housing Strategy, Private Sector Housing Strategy, Homelessness Strategy and Allocation Scheme and will be published as part of the formal consultation process. The main points to highlight are:
- The draft EqIA's identify a positive impact on a number of protected characteristics on actions that will increase the supply of affordable housing in the borough either through building new homes or making best use of the existing housing stock.
 - The draft Private Sector Housing Strategy EqIA identifies a positive impact on a number of protected characteristics on actions that will improve and maintain conditions in the lower quartile private rented sector.
 - The draft Homelessness Strategy and Allocation EqIAs propose a number of mitigations to tackle any adverse impacts arising from the proposed changes in policy which will be tested through the consultation process.
53. The draft EqIAs will be reviewed following the consultation period before being finalised and presented as part of the final decision process for the strategies in March 2013. The adoption of any changes in policy will need to be closely monitored against the protected characteristics.

Corporate Priorities

Please identify which corporate priority the report incorporates and how:

- United and involved communities: A Council that listens and leads.
- Supporting and protecting people who are most in need.

Section 3 - Statutory Officer Clearance

| | | |
|-----------------------------|-------------------------------------|---|
| Name: Roger Hampson..... | <input checked="" type="checkbox"/> | on behalf of the Chief Financial Officer |
| Date: 26 November 2012..... | | |
| Name: Paresh Mehta | <input checked="" type="checkbox"/> | on behalf of the Monitoring Officer |
| Date: 28 November 2012..... | | |

Section 4 - Contact Details and Background Papers

Contact: Alison Pegg/Jane Fernley, Housing Partnerships and Strategy Manager, Tel 020 8424 1933 or email: Alison.pegg@harrow.gov or jane.fernley@harrow.gov.uk

Background Papers: Draft Housing Allocation Scheme, Housing Changes Cabinet report and associated appendices 15 December 2011, 19 July 2012 and Housing Evidence Base, report of the Overview and Scrutiny Committee review of “Private rented sector housing in Harrow” presented to Cabinet on the 13th September 2012, housing Changes Update reports to TLRCF on the 26 September 2012, 17 July 2012, 29 February 2012 and 11 January 2012.