

# REPORT FOR: CABINET

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**Date of Meeting:** 11 April 2013

**Subject:** Housing Changes Review: Approval of Housing Strategy 2013/18, Homelessness Strategy 2013/18, Private Sector Housing Strategy 2013/18, Housing Allocations Scheme 2013, and update on Housing Business Plan 2013 and draft Asset Management Strategy 2013

**Key Decision:** Yes

**Responsible Officer:** Paul Najsarek, Corporate Director of Community, Health and Wellbeing

**Portfolio Holder:** Councillor Bob Currie, Portfolio Holder for Housing

**Exempt:** No

**Decision subject to Call-in:** Yes

**Enclosures:** Appendix 1: Summary of Consultation responses and amendments  
Appendix 2: Housing Strategy 2013-2018  
Appendix 3: Homelessness Strategy 2013-2018  
Appendix 4: Private Sector Housing Strategy 2013-2018  
Appendix 5: Housing Allocations Scheme and transitional arrangements

*[Note: Hard copies of appendices 1, 2 and 4 have been circulated to key Members and Officers only. Hard copies have been placed in the Group Offices and the Members' Library.]*

## **Section 1 – Summary and Recommendations**

This report recommends final approval of key strategies and policies included within the Housing Changes Review.

### **Recommendations:**

Cabinet is requested to:

1. Note the consultation responses and proposed amendments to the Housing Strategy 2013-2018, Homelessness Strategy 2013-2018, Private Sector Strategy 2013-2018 and Housing Allocation Scheme;
2. Approve the final Housing Strategy 2013-2018 attached at Appendix 2;
3. Approve the final Homelessness Strategy 2013-2018 attached at Appendix 3;
4. Approve the final Private Sector Housing Strategy 2013-2018 attached at Appendix 4;
5. Approve the final Housing Allocations Scheme and transitional arrangements attached at Appendix 5;
6. Note the position with regard to the draft Housing Business Plan and Asset Management Strategy.
7. Note the intention to enter into a Consortium agreement with the Greater London Authority (GLA) acting under the powers devolved from the Homes and Community Agency (HCA) to receive funding towards bringing empty homes back into use and delegate authority to the Corporate Director, Community, Health and Wellbeing and the Portfolio Holder for Housing to sign off the Consortium Agreement.
8. Grant delegated authority to the Corporate Director, Community, Health and Wellbeing, the Director of Finance & Assurance and the Portfolio Holder for Housing to approve individual cash incentive payments to Council tenants to enable them to move to settled private sector accommodation, supported by a business case, pending approval of a general scheme for cash incentive payments for council tenants to be included in the final Housing HRA Business Plan.
9. Grant delegated authority to the Corporate Director, Community, Health and Wellbeing and the Portfolio Holder for Housing to approve participation in a pilot National Mobility Scheme that will provide additional opportunities for tenants to move.
10. Note that from 1 April 2013 general RTB receipts (i.e. not those specifically set aside for new affordable housing) cannot be used for non-HRA purposes without penalty to the General Fund, and that the implications for the Housing Revenue Account will need to be considered in finalising the Housing Business Plan due to be reported to Cabinet in June 2013.

**Reason: (For recommendation)**

To enable adoption of key housing policy and strategy documents which clearly set out the Council's strategic Housing vision in responding to priority housing needs in Harrow.

## **Section 2 – Report**

### **Introduction**

1. Cabinet has now received a series of reports setting out the direction of travel in relation to a wide range of housing policy and welfare reform changes introduced by the Government. To recap the policy changes are:
  - The Localism Act 2011 introduced flexibilities to make best use of existing social housing opportunities by introducing fixed term tenancy options for new tenants, enabling the homelessness duty to be ended through the offer of a suitable private rented home and by allowing broader allocation criteria. In addition funding for new social housing has been changed by reducing up front capital grant subsidy which has been replaced by revenue subsidy generated through increased rents of up to 80% market rents.
  - Housing Revenue Account (HRA) self financing started on the 1 April 2012. Although Harrow has had to take on additional borrowing we are some £2m per annum better off as we no longer have to make payments back to the government.
  - The Welfare Reform Act is now in place confirming the introduction of Universal Credit on a phased basis from October 2013. In advance of Universal Credit, we anticipate the cap of £500 per week total benefits (£350 per week for single households) will be introduced from 15 July 2013. In addition the Act also introduces benefit reductions for working age households who live in social housing that is larger than they need (often referred to as the bedroom tax) and proposes to end the direct payment of Housing Benefit to social landlords. Together with changes to the way that housing benefit is assessed for households living in the private rented sector and which have capped the amount of benefit particularly for four bedroom or larger properties, the future particularly for large non working families is bleak.
  - In addition the recently approved Council Tax Support Scheme, to be introduced in April 2013, will require the majority of current claimants to pay a proportion of their Council tax from their household income. This will further squeeze the incomes of the poorest households in Harrow many of whom will be living in social housing and the lower quartile private rented sector.

- Amendments were made to the Right to Buy (RTB) discounts from 1 April 2012 to enable qualifying tenants to claim a discount of up to £75k (rather than £16k). On 20 March 2013, the government announced this would be increased further to £100k in London, effective from 25 March 2013. The number of RTB applications has already increased (17 so far in 12/13 compared to none in 11/12). Even with the ability to reinvest sales receipts the Council would still need to find significant additional resources to fund replacement homes as required by government.
  - Guidance has been issued on the minimum standards and location of private rented housing that can be offered to applicants to end the homelessness duty.
2. 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 increase the housing options available to the residents of Harrow, ensure that the most vulnerable continue to have priority and access to locally affordable housing and that they support the continued sustainability of local communities in Harrow. The strategies and policies included within the Housing Changes Review are:
- **Housing Strategy** which sets out the overarching strategic housing vision and housing objectives for the next 5 years taking account of social housing and welfare reforms.
  - **Tenancy Strategy** sets out guidance to all social landlords in Harrow on how the Council wants the new fixed term tenancies and new Affordable Rent model to be introduced and used locally.
  - The **Tenancy Policy** sets out how the Council will introduce and use fixed term tenancies for its own housing stock including a review and Complaints process.
  - **The Housing Allocations Scheme** has been revised to ensure it meets local priority needs and makes best use of limited social housing opportunities.
  - The Council already uses private rented sector options in its successful prevention approach to homelessness. However this combined with welfare reform means we are looking at options for housing families in other boroughs and areas of the country. The **Homelessness Strategy** has been updated to reflect this.
  - A **Private Sector Housing Strategy** to strengthen our plans for ensuring there is a good quality private rented housing sector locally.
  - **Housing Business Plan** to set out the overarching vision and objectives for Housing including a new 30 year business plan which also takes account of the social housing and welfare reforms.
  - **Asset Management Strategy** will identify and map stock condition, investment needs, take account of wider sustainability agenda and look at how best we strategically use all of our housing assets.
3. The housing strategies and policies support services across the Council and complement other documents such as the Local Development

Framework (LDF) Core Strategy, Economic Development and Climate Change Strategies. The availability of affordable housing and other private rented sector housing options, how we prioritise applicants for social housing and its affordability impacts on the Council's ability to provide cost effective services for looked after children and vulnerable adults.

4. In developing our approach we have also been able to contribute to the development of cross Council schemes such as the Harrow Help scheme which will assist with mitigating the impacts of welfare reform by providing a holistic approach to the provision of advice and support by making best use of all available resources across Harrow. HRA resources will be contributed to a Hardship Fund for which there will be a single point of access.
5. There has been extensive informal consultation on the main issues and principles of change which commenced in summer 2011. The informal consultation informed the development of the final strategies that have been consulted on formally. Formal consultation was carried out from the 2 January 2013 and closed on the 27 February 2013 (eight weeks). The consultation questionnaire was available on-line and by hard copy on request as well as distributed at various events. Advertorials were placed in a local newspaper and also on the Targeted Housing Options website. Various meetings were also arranged during the formal consultation period to seek responses from voluntary partners, housing associations, Council and private sector tenants.
6. 98 responses were received during the formal consultation period. This is less than during the informal consultation process but is not unexpected given the length and technical nature of the documents comments were being sought on. There is general support for the proposals contained in each strategy. A summary of both the informal and formal consultation responses together with the Council's response to these is attached at Appendix 1.
7. Cabinet approved the Tenancy Strategy and Tenancy Policy in December 2012. Amendments have been made to the Housing Strategy, Homelessness Strategy, Private Sector Housing Strategy and Housing Allocation Scheme taking account of the consultation responses, the details of which are outlined below and in the appendices and are now being presented to Cabinet for approval.

### **Options considered**

8. 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 consideration of length of tenancies, the Affordable Rent model, allocation of social housing and discharge of homelessness duty. 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.

9. The options considered were:

- i) Do nothing – that is, do not make use of any of the freedoms and flexibilities available through the introduction of the Localism Act 2011 such as the opportunity to introduce fixed term flexible tenancies;
- ii) Adopt some but not all of the freedoms and flexibilities;
- iii) Adopt all of the freedoms and flexibilities.

10. Taking account of Harrow's specific housing needs, facts with regard to local housing tenure and local housing costs and consultation responses, the attached housing strategy documents follow option iii above to ensure that the Council continues to be able to meet its statutory housing requirements as well as enabling a range of economically realistic housing choices for residents.

### **Housing Strategy 2013-2018 (Appendix 2)**

11. The final Housing Strategy is attached at Appendix 2. 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. Harrow has a low supply of social housing stock – 10% of its total housing stock is social housing compared to a London average of around 24% and a national average of around 17%. The need for this housing continues to increase as evidenced by the huge increase in homelessness resulting in the much higher use of Bed and Breakfast accommodation compared with 2011/12.

12. 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. Recently the Council has been successful in bidding for funding from the GLA to help develop 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. We have several tenants interested in moving from their family homes to buy elsewhere now, and we are therefore seeking delegated authority to approve individual cash incentive payments pending approval of a general scheme for cash incentive payments to council tenants which will be included within the Housing HRA Business Plan due to be reported to Cabinet in June 2013.

13. Delivery of all new housing, including affordable housing, is dependent on delivery of viable planning permissions placed within the context of housing growth set out in the LDF Core Strategy. The LDF and related planning process places responsibility upon the Council to manage housing delivery in line with minimum housing targets set out in the London Plan. New development, including utilising housing land assets and funding, has an important role to play in securing contributions for

affordable housing and in providing a mix of tenures and property types in line with the borough's housing need.

14. 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 Private Sector Housing Strategy.
15. As a result of welfare reform, some households will have to consider new and economically realistic long term housing options for 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 Homelessness Strategy.
16. 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 Tenancy Strategy and Tenancy Policy adopted in December 2012 sets how we are going to introduce 5 year flexible fixed term tenancies. The Housing Allocations Scheme sets out the detail of a different approach to deciding who is prioritised for and given social housing in Harrow.
17. A proposal is being developed to establish a national mobility scheme to enable social housing tenants/homeseekers to move across local authority boundaries and between landlords. The service would aim to create opportunities for people to find a home that better matches personal and financial circumstances than would otherwise be the case. This could potentially offer additional options to Harrow tenants and others in priority housing need. An expression of interest to participate in the pilot scheme has been registered and delegated authority is requested to enable Harrow to proceed with the scheme once the details have been confirmed,
18. The Housing Strategy also sets out how we will continue to offer support to meet the additional needs of people facing particular challenges that put their housing at risk. For example, frail older people, people with mental health needs, families fleeing domestic violence, people with learning disabilities or young people leaving care.
19. The consultation responses support the objectives of the Housing Strategy, considering it a practical approach to the specific housing issues facing Harrow. The responses particularly endorse the objective to increase the supply of affordable housing, particularly for families with children.
20. Various amendments have been made to the Housing Strategy and are detailed on page 1 of the revised Housing Strategy attached at Appendix 2. The main amendments to note are:
  - Inclusion of information about the benefits of the joint work between the West London boroughs for example in obtaining external grant funding for a wide range of activities;

- Change in emphasis with the regard to the objective on homelessness to emphasize the primary role of prevention;
- Making clear that the Council's main objective is to support vulnerable people facing challenges that put their housing at risk, and that services are consistent with the priorities of offering personalised services, promoting independence and making the most effective use of reducing resources.

### **Homelessness Strategy 2013 – 2018 (Appendix 3)**

21. 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. Since January 2011 the numbers of families the Council is providing emergency accommodation for has increased significantly from a handful to 85 families at the end of February 2013. This is predicted to get worse with the introduction of the overall benefits cap in summer/autumn 2013. 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.
22. The Homelessness Strategy attached at Appendix 3 confirms 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.
23. 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.
24. 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.
25. The consultation responses generally support the approach we have proposed in the Homelessness Strategy accepting that for some families there may not be an available local housing solution that meets their needs. Various amendments have been made and are detailed on page 1 of the revised Homelessness Strategy attached at Appendix 3. The main amendments to note are:
  - Clarification in the action plan that there will be quarterly monitoring to ensure the priority actions are completed and the objectives are delivered;



- That we will develop a policy setting out how we might assess a reasonable amount for a household to contribute to their housing costs due to the restrictions through the overall benefit cap and other welfare reforms, in the absence of any nationally or regionally agreed methodology. This is to assist us in helping families to decide on the housing options that best meets their needs;

#### **Private Sector Housing Strategy 2013 – 2018 (Appendix 4)**

26. The Private Sector Housing Strategy attached at Appendix 4 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.
27. The strategy and action plan takes account of all the recommendations contained in the Scrutiny Review report on “Private rented sector housing in Harrow”.
28. The strategy makes clear the Council’s commitment to bringing empty homes back into use. In January 2012 the West London boroughs submitted a consortium bid to the HCA (whose London powers have now been devolved to the GLA) for a share of a £100m pot set aside nationally to bring empty properties back into use as affordable housing. West London boroughs bid for just over £3m.
29. The aim of the 2012-15 programme is to continue bringing empty homes back into use as affordable housing. The bidding guidance requires the rents charged to be 80% of market rents and leases or nomination periods to be a minimum of 5 years in exchange for an average grant of £13,000.
30. The HCA announced the successful bids on 5 March 2012. West London was awarded £2.7m for 209 units. The indicative allocation (subject to contract) for Harrow is £386,093 to deliver 30 units over three years to March 2015. Under the consortia arrangements, one of the West London boroughs will act as Lead Borough with the other boroughs being Consortium Members.
31. In order to access the allocated funding, local authorities are required to enter into a legal agreement. Legal advice on the draft GLA Consortium Agreement concluded there does not appear to be any foreseeable risk in the Council entering into the Agreement as a Consortium Member. The final version of the Agreement has now been received and has been passed to Legal for further advice. Delegated authority is sought to enable the Council to enter into the Consortium Agreement, subject to Legal advice, to allow the Council to use the HCA funding to bring empty properties back into use.
32. The consultation responses generally support the approach we have proposed in the Private Sector Housing Strategy. Various amendments have been made and significant changes are detailed on page 2 of the strategy attached at Appendix 4. The main amendments to note are:

- Information added about the objectives of the London Mayor's 2012 Private Rented Sector housing covenant including the voluntary London Rental Standard;
- New aim to promote the rights and responsibilities of private rented tenants and publicise where tenants and landlords can obtain advice;
- New aim for the Council to explore with landlords how to increase the security of tenancies in the private rented sector, for example through longer tenancies;
- Added a commitment to investigate and tackle "beds in sheds";
- Added a new intention to explore the feasibility of selective licensing to improve property standards in the private rented sector;

## **Housing Allocations Scheme (Appendix 5)**

33. 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 approval of the draft revised Allocation Scheme for consultation in December 2012.

34. The formal consultation responses broadly support the main aims and desired outcomes of the revised scheme which 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.

35. The formal consultation responses broadly support the significant changes to current policy which are:

- i) 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.

- ii) Applicants whose medical need to move is comparatively variable, slight or moderate will no longer receive priority on medical grounds.
- iii) 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.
- iv) 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.
- v) 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). A minimum Harrow residency requirement of 5 years will be introduced.

36. People who will have an improved priority under 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

Working applicants (with primary school age children) who are experiencing financial hardship, regardless of overcrowding or medical need.

Serving and ex-members of the armed forces with urgent housing needs.

37. 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.

38. People who will have a lower priority under 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 and 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).

39. As a result of the consultation, various amendments have been made to the Housing Allocation Scheme, many of which are technical changes to improve clarity, and the details of which are set out in Appendix 5. The significant changes/comments to note from the consultation are:

- The majority of respondents did not support the idea to introduce a priority for community contribution mainly because there was no clear and fair way that could be agreed on to assess this priority. We propose to collect information about the nature and extent of volunteering among housing applicants on the online form and reassess the value of including it when the scheme is next reviewed;
- Most respondents agreed with the introduction of a residency requirement although there was debate about whether five years was the right period of time. Other West London boroughs have also adopted a five year residency requirement, apart from Hillingdon who require ten years;
- Rough sleepers with a previous 5 year residence in Harrow will be allowed to register;
- There was some concern that by not registering applicants with lower housing need and short local residence the Council would be artificially hiding the demand for affordable housing. This is not the case, because records of need and reasons to move of all applicants will continue to be collected using their online applications so that we continue to capture all demand, even of those not considered a priority for allocation. We have made a technical change to make the policy

fairer so that, instead of putting some of these applicants in band D and disqualifying others, all will be disqualified from bidding for social housing but, if they live in Harrow they will be able to access targeted housing options advice instead;

- The majority of respondents were in agreement to prioritise low paid working households with children who are experiencing financial hardship for social housing and this group will now be able to register subject to the residency requirement;
- There was some concern about the proposal to exclude adult children aged 21 and above when calculating overcrowding especially when it is too expensive to find affordable single persons accommodation and does not take into account cultural practices of extended families. For clarity, the Allocation scheme does not propose to remove adult children from the household but it is up to each family how it meets its housing needs, balancing economic and overcrowding considerations.
- It is clarified that the scheme is being amended so that people discharged into the private rented sector retain their current housing priority for 12 months.

### **Housing Business Plan and Asset Management Strategy Update**

40. When we last reported on the updated HRA business plan, we indicated that we would be presenting the full Housing Business Plan and Asset Management Strategy to Cabinet as part of the Housing Changes Review. Since then, it has become clear that further work was required in respect of the Asset Management Strategy, in terms of re-drafting several sections and then going through a consultation process. This has delayed production of the final version, and we now anticipate that this will be presented to Cabinet at the June meeting.
41. Information relating to stock condition is one of the key elements of the HRA, both in capital and revenue terms and the Housing Business Plan therefore needs to be consistent with the Asset Management Strategy. In addition to issues relating to stock condition information, there are several other issues that will need consideration or that otherwise impact on the HRA because of the timings involved. These issues include:
- the framework for the HRA hardship fund (within the umbrella of the wider Harrow HELP scheme) needs to be developed sufficiently so that we can allocate a proportion of the additional income generated through the increased rents to a specific budget, rather than just leave it within the HRA balance - failure to do this would present an over-optimistic picture of the HRA;
  - given the change in government policy from 1st April 2013, we need to consider the use of general RTB receipts going forward. From 1st April general RTB receipts (i.e. not those specifically set aside for new affordable housing) cannot be used for non-HRA purposes without penalty to the GF, in the form of a reduced interest payment from the HRA. We will therefore need to decide whether these will be available

to support the HRA investment programme or whether they would be reserved to support new affordable housing development, assuming this is possible within the HRA;

- we are due to receive a report at the end of April on the range of affordable housing development options that may be available to the Council. It would seem sensible to have had the ability to consider that report and to potentially include at least some element of HRA new build within the business plan, using the resources projected to be available (e.g. affordable housing pot, other receipts, one-for-one replacement RTB receipts, or indeed general RTB receipts, should these be made available for this purpose).

42. A version of the business plan model has been produced with the first four years corresponding to the budget and MTFs agreed by Cabinet on 14th Feb, and including the additional rent income generated by the increase in property values. This model will be the basis for the Business Plan we will report on in June, once the above issues have been considered and/or factored in.

## **Legal comments**

43. The Council has a statutory duty to publish a Housing Strategy under the Local Government Act 2003 and a Homelessness Strategy under the Homelessness Act 2002. The Localism Act has amended the Homelessness Act 2002 so that there is new duty to have regard to the Allocation scheme, Tenancy strategy and London Housing Strategy when formulating or modifying the Homelessness Strategy.

44. It can be seen from the legislative requirements, that the statutory policies and strategies are very closely linked and when making decisions about one, the Council should have regard to the others.

## Equality duties

Section 149 of the Equalities Act 2010 created the public sector equality duty. Section 149 states:-

- (1) A public authority must, in the exercise of its functions, have due regard to the need to:
- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
  - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
  - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

45. When making policy decisions, the Council must take account of the equality duty and in particular any potential impact on protected groups. An Equality Impact Assessment ("EQIA") has been completed for all the strategies and has helped inform their development. The EQIA's were

published for consultation alongside the consultation draft strategies and comments and impacts have been taken into account in formulating the final documents.

## **Financial Implications**

46. The thrust of the Housing Changes Review, as set out in the overarching Housing Strategy, 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. With regard to the private rented sector we propose to continue providing Empty Property Grants funded through the Council's capital programme to enable use of empty private properties to meet priority housing needs. Capital funding of £200k was approved by Cabinet on the 28<sup>th</sup> February to support this objective. This will be complemented by the HCA (GLA) Empty Homes funding of £386,093 once we are in a position to sign off the Empty Homes Consortium Agreement.
47. At the present time, we continue to estimate growth in homelessness costs as a result of welfare reform of a minimum of £1m. There has been a significant increase in the Discretionary Housing Pot (DHP) for 2013/14 to assist with mitigating the welfare reform changes that will take place from April 2013. The proposals set out in the Homelessness Strategy, including how we might help homeless applicants to move to other areas either in London or further away to find an economically realistic housing solution, will make a major contribution to restricting growth to the minimum estimate. Failure to do so will result in significantly increased costs to the General Fund.
48. The development of the Housing Business Plan, which provides the financial base for the Housing Strategy, and the key financial issues to be addressed are set out in the report. The benefits of HRA reform will need to be maximised to support the development of options that will contribute to tackling homelessness.
49. We propose to offer individual cash incentive payments to council tenants pending approval of a general scheme for cash incentive payments which will be included within the Housing HRA Business Plan due to be reported to Cabinet in June 2013. All payments will be subject to appraisal through an individual business case and will only be approved if sufficient budget is available.
50. We have also expressed an interest in participating in a pilot National Mobility Scheme for which there will be an estimated cost to participating landlords of £10k in the first year of operation. This cost can be contained within the existing budget set aside for new initiatives.
51. The revised Housing Allocations Scheme together with the already adopted Tenancy Strategy/Tenancy Policy will ensure that the existing social housing stock is used more effectively to meet local priority housing

needs, including the needs of homeless households. 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. The current IT systems (Locata and Northgate) will also need to be updated to reflect the new Allocation scheme which is estimated to cost around £40k and which will be budgeted for within the HRA.

## Performance Issues

52. There are a number of Performance Indicators within the Housing Scorecard relating to the issues arising from the Housing Changes Review in respect of housing demand and supply. It is intended that the introduction of new and revised policies will positively impact on performance in the long term, for example by supporting the management of the numbers of homeless families in Bed and Breakfast.
53. However current performance set out below reflects the pressures from rising homelessness and the difficulties in finding suitable private rented housing. These difficulties are projected to continue and will impact on future performance.
54. Whilst current supply of affordable housing shows good performance, future supply can only be maintained by continuing to explore a range of new supply models. The Housing Capacity targets agreed for Harrow are development of 350 new per homes per annum. The policy target for the proportion of this to be provided as affordable housing is therefore 140 new affordable homes per annum. The intention is to aim to achieve more than this through new affordable housing opportunities as set out in the Housing Strategy.
55. After the new strategies and policies are approved and as part of the 2013/14 service planning cycle we will develop a new set of performance indicators to ensure we are able to monitor the ongoing impact of welfare reform and of the agreed policy changes in mitigating them.

Performance Indicator	Q3 2012/13 Performance	Q4 target	Red Amber Green
Total number of households to whom we have accepted a full homeless housing duty	84	150	Green (acceptances are rising and there is a backlog of approvals)
Average number of households in B&B	59	100	Green (NB this has risen to 85 at the end of Feb 2013)



No of households with dependent children and/or pregnant women in B&B for 6 weeks or more (P1E)	16	-	
No of households living in Temporary Accommodation	373	400	Green
Number of households we housed in the private rented sector	207	400	Red
Number of cases where positive action is taken to prevent homelessness	833	1050	Green
Number of affordable homes delivered (gross)	243	270	Green
Empty private dwellings returned to use	166	200	Green

## Environmental Impact

56. The outcomes from completion of the Housing Changes Review will have a positive impact and contribute to the Council's Climate Change Strategy and Delivering Warmer Homes strategy through:

- Improving energy efficiency and reducing CO2 in all housing tenures.
- New affordable homes in London being required to achieve a minimum of level 4 of the Sustainable Building Code.
- Other environmental improvements often included in new affordable housing developments or retrofitting of existing social housing include: provision of green roofs, solar thermal hot water systems to meet the target for use of renewable resources and resulting reduction in CO2 emissions, improved biodiversity as a result of increased tree planting and landscaped communal open spaces, provision of Sustainable Urban Drainage Systems, and green travel plans to encourage use of public transport and walking.

## Risk Management Implications

Risk included on Directorate risk register? Yes

Separate risk register in place? No

57. 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 revised Allocation scheme is not approved 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.

58. 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. Although the number of responses to the formal consultation is lower than anticipated, the majority of responses do support the appended final strategy documents.

## Equalities implications

59. An overarching draft equalities impact assessment was published for the Housing Changes Review in December 2011 and draft individual assessments for each strategy/policy were published along with the consultation strategy documents and comments invited.

60. Through the consultation process amendments have been made to the EQIAs and, as a result, to the strategy documents as follows:

### Housing Strategy

- Concern: The Council should be collating evidence and monitoring the impact on low income households of rising housing costs. Response: The Council has limited data on low income households struggling due to the cost of housing, unless in receipt of Housing Benefit and identified as facing a loss in Housing Benefit as a result of welfare reform. The Housing Strategy Action Plan has been amended to include a monitoring action with regard to this issue.

### Homelessness Strategy

- Concern: That the EQIA did not adequately recognise the impact that moves out of London could have on members of particular black and minority ethnic groups that may want to live in the same area and/or may have caring responsibilities. Response: The EQIA has been revised to recognise the impact may be differential. The Council intends to mitigate any potential differential by adopting an individual household assessment of need taking into account such factors in deciding what might be suitable accommodation. The Council is working to establish links with areas outside London that would support the cultural needs of specific black and ethnic minority groups.

### Housing Allocation Scheme

- Concern: Rough sleepers may be adversely impacted by the 5 year continuous residence requirement. Response: Rough sleepers will not be disqualified from the Housing Register if they have had a previous 5 year local connection to Harrow.
- Concern: there is no fair way to assess priority for housing on the grounds of community work. Response: This proposal has been

deleted from the proposed scheme. We will collect data on the issue so that we can review whether to include this as a priority in the future.

- Concern: Adopted children have a high need to have settled accommodation which can only be provided through an offer of social housing. Response: Accept that adopted children have a need for settled accommodation but not that this can only be public rented housing.
- Concern: Potential adverse impact of excluding adult children from the calculation of overcrowding and the number of bedrooms needed by a family. Response: The Council is not proposing to remove adult children from the household. It is up to each family how it responds by balancing economic and overcrowding considerations. The EQIA has been updated to respond to this issue.

61. A key outcome of the consultation and formalised in the EqIAs is an action to ensure we closely monitor the impact of the change in policy, particularly with regard to the Homelessness Strategy and Housing Allocation scheme against the protected characteristics where an adverse impact is potentially identified. A review will take place 12 months after implementation of the appended strategies/policies.

### Corporate Priorities

62. This report incorporates the following corporate priorities by involving residents in determining future housing policies and strategies that support people in priority housing need:

- 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: 27 March 2013		
Name: Paresh Mehta	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 27 March 2013		

## Section 4 – Performance Officer Clearance

Name: Martin Randall

on behalf of the  
Divisional Director  
Strategic  
Commissioning

Date: 11 March 2013

## Section 5 – Environmental Impact Officer Clearance

Name: Andrew Baker

On behalf of the  
Divisional Director  
(Environmental  
Services)

Date: 11 March 2013

## Section 6 - Contact Details and Background Papers

**Contact: Alison Pegg, Housing Partnerships and Strategy  
Manager, Tel 020 8424 1933 or email**

[Alison.pegg@harrow.gov.uk](mailto:Alison.pegg@harrow.gov.uk)

### Background Papers:

1. Housing Changes Cabinet report and associated appendices 13 December 2012  
<http://www.harrow.gov.uk/www2/documents/g61074/Public%20reports%20pack,%20Thursday%2013-Dec-2012%2019.30,%20Cabinet.pdf?T=10>
2. Housing Changes Cabinet report and associated appendices 15 December 2011(<http://www.harrow.gov.uk/www2/documents/g60643/Public%20reports%20pack,%20Thursday%2015-Dec-2011%2019.30,%20Cabinet.pdf?T=10>)
3. Housing Changes Cabinet report and associated appendices 19 July 2012  
(<http://www.harrow.gov.uk/www2/documents/g61070/Public%20reports%20pack,%20Thursday%2019-Jul-2012%2019.30,%20Cabinet.pdf?T=10>)
4. Housing Evidence Base  
([http://www.harrow.gov.uk/downloads/download/3646/housing\\_evidence\\_base\\_21](http://www.harrow.gov.uk/downloads/download/3646/housing_evidence_base_21))
5. Report of the Overview and Scrutiny Committee review of “Private rented sector housing in Harrow” presented to Cabinet on the 13<sup>th</sup> September 2012  
(<http://www.harrow.gov.uk/www2/documents/g61071/Public%20reports%20pack,%20Thursday%2013-Sep-2012%2019.30,%20Cabinet.pdf?T=10>)
6. Equality Impact Assessments for the Housing Strategy, Homelessness Strategy, Private Sector Housing Strategy and Housing Allocation Scheme

**Call-In Waived by the  
Chairman of Overview  
and Scrutiny  
Committee**

**NOT APPLICABLE**

*[Call-in applies]*

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