

**REPORT FOR: Tenants', Leaseholders'  
and Residents'  
Consultative Forum**

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**Date of Meeting:** 17 July 2012

**Subject:** **INFORMATION REPORT –  
Housing Changes Review  
Update**

**Responsible Officer:** Lynne Pennington, Divisional Director  
of Housing Services

**Exempt:** No

**Enclosures:** Yes  
Appendix 1 – Tenancy Strategy Interim  
consultation responses  
Appendix 2 – Allocation Scheme  
Update

## **Section 1 – Summary**

This report sets out an update on the Housing Changes Review which involves a full review of and completion of a range of housing strategy and policies as required by the Localism Act 2011. It concentrates on the draft Tenancy Strategy and proposals to change the Housing Allocation Scheme. TLRCF are invited to make comments for consideration by Cabinet on the 19 July 2012.

**FOR INFORMATION**

## Section 2 – Report

- 2.1 TLRCF received a report on the Housing Changes Review at its meeting on the 11 January 2012 following approval of a number of recommendations by Cabinet on the 15 December 2011. The report set out a number of policy options to be taken forward over the coming months in response to the flexibilities contained in the Localism Act 2011.
- 2.2 Since TLRCF last received a report on the Housing Changes Review, the government has introduced or is consulting on a number of other changes which impact on the Housing Service. These are:
- Amendments have been made to the Right to Buy (RTB) discounts from 1 April 2012. Qualifying tenants are now able to claim a discount of up to £75k (rather than £16k). Although the number of RTB applications has not yet significantly increased, unlike some other parts of London, future sales could impact on the viability of the HRA business plan especially as even with the ability to reinvest sales receipts the Council would still need to find significant additional resources to fund the replacement homes.
  - Consultation is underway on the minimum standards for private rented housing that can be offered to applicants to end the homelessness duty. In addition, the government is also consulting on the options to ensure that local authorities offer suitable housing in their local area and prevent the wide scale movement of families out of London.
  - The government published new statutory guidance on the allocation of accommodation under Part VI on the 29 June 2012.
  - Consultation is underway on proposals to make high earning social tenants pay higher rents.
- 2.3 The Housing Changes Review will update the following documents:
- **Housing Strategy** to set the overarching strategic housing vision and housing objectives for the next 3-5 years taking account of social housing and welfare reforms. On the 15 December 2011 Cabinet agreed revised objectives, policy options and an action plan.
  - **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** will set 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** is being reviewed 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** is being 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.

2.4 This report concentrates on providing an update on the draft Tenancy Strategy and Allocation scheme which are considered to have the most interest to TLRCF. There is a separate report on the agenda with regard to the Housing Business Plan. Updates on the other strategies are available if required and all are being reported to Cabinet on the 19 July 2012. It is proposed to ask Cabinet for approval for all of the strategies/policies within the Housing Changes Review in December 2012.

## **Section 3 – Further Information**

### **3.1 Tenancy Strategy Update**

3.2 The draft Tenancy Strategy sets out the Council's guidance on the introduction of flexible fixed term tenancies in Harrow. Initial consultation was undertaken in summer-autumn 2011 and the majority of respondents (69% of 210 respondents) were supportive of the introduction of fixed term tenancies for new tenants on the basis this would ensure that social housing in the future would be used to help those most in housing need. For example, family sized homes would only be available to those needing them.

3.3 The strategy sets out the Council's intention to support the introduction of fixed term tenancies for new tenants. It was generally agreed that longer term tenancies should be offered to vulnerable groups such as the elderly and those with disabilities and the draft strategy proposed two options to meet this requirement. When considering the renewal of fixed term tenancies the strategy considers that in the majority of cases tenancies are likely to be renewed because circumstances are unlikely to change. However tenancies would not be renewed where the property is larger than the household housing need and/or where the household could afford to find alternative suitable housing elsewhere.

3.4 The strategy proposes income and savings limits at which a household would be deemed to be able to find suitable affordable housing. The income limits are the gross income required to pay the median market rent for a property in Harrow assuming that housing costs should not

exceed 40% of net income (where net income is 70% of gross). These are:

<b>Household size</b>	<b>Income Limit</b>
1 bedroom property	£35,000
2 bedroom property	£45,000
3 bedroom property	£55,000
4 bedroom property	£70,000

The proposed savings limit is £16,000. The income limits would also be set out in the Allocation Policy and households earning above these limits would not be accepted as eligible for social housing in Harrow. This income would also be sufficient to enable purchase of shared ownership affordable housing (as an alternative to renting in the private rented sector).

- 3.5 The strategy also confirms the Council's approach to the new Affordable Rent model which requires housing associations to charge 80% market rents on new affordable housing schemes to compensate for a reduction in the level of capital grant subsidy. It accepts that it is necessary to allow housing associations to charge the higher rents to ensure that development of affordable housing continues in Harrow, this being a key objective. However, limits on the maximum rents to be charged are recommended depending on the size of the property and their local affordability taking into account the impact of welfare reform.
- 3.6 The draft strategy has been out to consultation since the 9 May 2012. It was discussed at a Voluntary Sector consultation meeting on the 10 May and a consultation questionnaire has been made available on the Council's website and invitations issued to relevant parties, including all tenants and Tenant and Residents Associations, to comment. A summary of the interim consultation responses is attached at Appendix 1. The main points to note are:
- Responses have been received from a wide range of people living in different housing tenures, including Council tenants.
  - Just over half of respondents think we should offer fixed term tenancies to most new tenants (apart from older people moving into sheltered accommodation) but there should be automatic renewal in some circumstances eg where the household has a member who is disabled, a severe learning disability or enduring mental health need (Option 2).
  - 45% agree with the proposed income and savings cap, 25% do not and 30% were not sure.
  - 66% support the approach to advice and assistance.
  - 69% agreed with the approach to the new Affordable Rents.
- 3.7 The Council's Tenancy Policy would follow the guidelines in the Tenancy Strategy but will also include the specific Reviews process to be followed with regard to the renewal of Council fixed term tenancies. It is also proposed to introduce Introductory and Probationary tenancies for Council tenancies alongside fixed term tenancies.

### **3.8 Housing Allocation Scheme**

- 3.9 A review of the current Allocation Policy has been underway for some time and there have been a number of consultation events over the past 2 years to discuss how it might be changed. The Localism Act has also introduced more flexibility for local authorities to decide who should get priority for social housing in their areas.
- 3.10 One of the main concerns highlighted through the consultation events has been the length of time that people have to wait for social housing and that for some people in the lowest priority need that there is an unreasonable expectation of being offered social housing. There is also concern that no consideration is given to applicants who are in employment or add value to their local community. Above all we must have fairness at the heart of our allocation scheme. The reports at Appendix 4 set out the direction of travel flowing from the consultation to date.
- 3.11 In order to achieve the goal of significantly shortening the waiting time for people who have a substantial need for social housing, the new allocations scheme will reduce the number of people the Council aims to house. To do this we will define much more narrowly the characteristics of those people whose needs could best be met by social housing. We also aim to lower the high expectations of the thousands of people who currently bid on Locata with no chance of ever being offered social housing (unless their circumstances change). The updates at Appendix 2 set out:
- the groups of applicants that could be considered for exclusion from the register, for example those with no or only short residence in Harrow.
  - the groups of applicants to whom we want to consider starting to give priority (low income working families, those who make a community contribution and ex-members of the armed forces)
  - the way in which we can provide targeted housing options advice for all applicants, even those who we do not allow to bid
  - the options for transition from the old scheme to the new scheme
  - the proposal to introduce financial limits for housing applicants. The limits proposed are the same as set out in the draft Tenancy Strategy (see para 15).
- 3.12 Tenants, Leaseholders and Residents will be invited to participate in further consultation to design the revised Allocations scheme before being reported to Cabinet for approval in December 2012.

## **Section 4 – Financial Implications**

- 4.1 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.

- 4.2 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.

## **Section 5 - Equalities implications**

- 5.1 An overarching equalities impact assessment was published for the Housing Changes Review with the intention to publish individual assessments for each strategy/policy at the point of consultation and this approach has been followed for the Tenancy Strategy.
- 5.2 The Tenancy Strategy EqIA (included in Appendix 3) 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 will be amended to reflect this.

## **Section 6 – Corporate Priorities**

- 6.1 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.

Name: Roger Hampson	<input checked="" type="checkbox"/>	on behalf of the Chief Financial Officer
Date: 2 July 2012		

## **Section 7 - Contact Details and Background Papers**

**Contact:** Alison Pegg/Jane Fernley  
Housing Partnerships and Strategy Manager  
Email: [Alison.pegg@harrow.gov.uk](mailto:Alison.pegg@harrow.gov.uk) or [jane.fernley@harrow.gov.uk](mailto:jane.fernley@harrow.gov.uk)

Tel: 020 8424 1933/ 020 8424 1283

**Background Papers:** Housing Changes Cabinet report and associated appendices 15 December 2011, Housing Evidence Base, TLRCF Housing Changes Report 11 January 2012 and 29 February 2012