

Special Economy and Enterprise Overview and Scrutiny Committee

28 July 2016

Consultation for proposed Durham Key Options (DKO) Letting Policy changes



Joint Report of Lorraine O'Donnell, Assistant Chief Executive and Ian Thompson, Corporate Director, Regeneration and Economic Development

Purpose of the Report

- 1 To consult Overview and Scrutiny Committee (OSC) on the proposed changes to Durham Key Options (DKO) Letting Policy. The results of the consultation (and the opportunity for OSC to evaluate the final changes) will be returned to OSC on 26 September 2016.

Background

- 2 Durham Key Options began in 2008, with East Durham Homes acting as a pilot to the Choice Based Lettings (CBL) scheme. CBL allows applicants who are registered for housing to bid for empty properties on a weekly basis. Dale and Valley Homes, Derwentside Homes, East Durham Homes, livin (formerly Sedgefield Borough Homes) and North Star (formerly Teesdale Housing) joined in 2009 and Cestria fully entered the scheme in 2010. All seven partners agreed to follow one combined Letting Policy and nominate 100% of their stock through DKO.
- 3 The DKO Lettings Policy was last reviewed, and amended, in 2013. This was in response to the Localism Act 2011 and impending changes to housing benefit.
- 4 The DKO Board has agreed an action plan for 2016-17 and the review of the letting policy is included as one of the actions. It is considered essential that the DKO Letting Policy reflects the changing climate in housing; considers the impact of welfare reform and the changing needs of clients. The main areas for review are qualification criteria, affordability and housing need. The next stage is to review the access to the scheme, how it is marketed and if it is meeting changing customer needs.
- 5 It is a legal requirement to consult with applicants, tenants and partners. The current consultation questions, a summary of the proposed changes mentioned in section 4, the time-line for consultation; and the current and proposed register model can be found in Appendices 2-5.

- 6 Arrangements have been made for the Housing Manager, Regeneration and Economic Development to attend the meeting on the 28 July to provide members with a presentation focusing on:
- Purpose for consultation
 - Background to change
 - Proposed changes
 - Recommendations to OSC

Proposed changes

- 7 **Banding:** Currently DKO Policy has 5 bands (A to E), band A being for those in highest housing need down to band E for those adequately housed. To create fairer assessment of need and increased competition (to attempt to increase demand through bidding) it is proposed to decrease to four bands: bands 1, 2, 3 and 4. Band 1 would be for those in highest housing need and band 4 would be those adequately housed. This point is included in consultation questions (appendix 2, question 1). Applicants in band B would be re-assessed.
- 8 Applicants currently in band B for 'High Medical' need would need to be reassessed based on new medical framework. Communities and Local Government (CLG) guidance states that two tiers of medical need is appropriate for local authority lettings policy (medical and urgent medical). This point is included in consultation questions (appendix 2, question 3).
- 9 It is also proposed to limit the amount of time applicants can spend in band 1. After a period of time (eg 12 months) applicants could be directly offered a suitable property of type and size (and area) and, if rejected, the applicant would be placed into band 2 with general housing need. This point is included in the consultation questions (appendix 2, question 4). *Note: Statutorily homeless applicants would continue to be given 6 weeks duty by the Council, in this band, before being made a direct offer of housing.*
- 10 Currently, applicants that can prove they may be homeless within 3 months are awarded band D 'Threatened with homelessness' and referred to the Council's Housing Solutions service. There are no reported positive outcomes towards prevention/ resolution by awarding this band. It is proposed to remove this banding reason, with all referrals still going to Housing Solutions for assistance and potential prevention. This point is included in the consultation questions (appendix 2, question 5).
- 11 At present, families *wanting* larger accommodation (eg a bedroom for each child, regardless of age) are given band D (low housing need) with the reason 'Needing larger accommodation (outside of the overcrowding)'. This is no longer sustainable. It's proposed to remove this banding reason from the policy. This point is included in the consultation questions (appendix 2, question 6).

- 12 **Quotas:** Currently, all adverts for social homes are advertised with preference given to either band B, C or D applicants (after band A are prioritised). Band E applicants are only offered homes that applicants in higher bands have expressed no interest in. Quotas prevented those in the highest of housing need from 'cherry picking' the best homes in the best areas. Quotas gave customers in all bands the chance to access social housing when DKO experienced high demand for all stock, pre-Welfare Reform.
- 13 Demand for homes has decreased to the point where applicants in lower demand are now accessing social housing without the need for a quota system; homes are naturally 'filtering' down to give all applicants, of all household types and backgrounds, the chance to be rehoused, regardless of their current housing need. It is proposed to remove the quota system from the scheme. This point is included in consultation questions (appendix 2, question 2).
- 14 **Marketing of properties:** Currently there is just one advertising cycle running Thursday to Tuesday, and all shortlists are worked through on a Wednesday. DKO are to utilise an IT option with its provider by moving to weekly cycles starting each working day. For DKO partners this will be hugely beneficial as a void can be advertised the first day it is known to be available, instead of waiting to be advertised on the next Thursday cycle start. In some cases this will reduce minimum waiting time from 13 days to just 7 days.
- 15 **Qualification:** At present, a current tenant can register a new application with DKO immediately after moving, even if they are adequately housed. This creates increased voids and associated costs. DKO propose to refuse tenants back on to the housing register during the first 12 months of their new home, unless they have a housing need in that time. This point has been included in consultation questions (appendix 2, question 7).
- 16 Currently, DKO uses a guideline of 8 weeks (or 2 months) rent/mortgage arrears for disqualification from DKO. It is proposed to lower the guideline for disqualification to nil (£0) rent arrears. This does not mean a 'zero tolerance' approach to rent arrears- all applications will be assessed on their own merit and applicants will be allowed to qualify, even with arrears, if they can display good reason for accruing arrears and/or begin to set up a repayment plan (or clear a significant amount). This point has been included in consultation questions (appendix 2, question 8).
- 17 **Affordability:** Currently, single applicants and couples are allowed access to 2 bed homes, even if they do not have the finance to cover the full rent. Families are granted minimum size eligibility in line with housing benefit rules but are also allowed an extra bedroom for each child, even if they cannot afford it.
- 18 DKO propose to amend its framework to state that people will only be allowed access to larger homes if they can afford it. This point has been included in consultation questions (appendix 2, question 9).

Shared tenancies

- 19 DKO is asking for comments around the feasibility and 'appetite' for shared tenancies. With the changing market and legislation around benefits, sharing a home may be the only route into social housing for single applicants in the future. This point is included in the consultation questions (appendix 2, question 10).

Further Information

- 20 DKO partners have devised a guidance document for their customer consultation, with an explanation of current policy against proposed policy. This document is set out at Appendix 6.

Recommendations

- 21 This report and all proposed changes to DKO Policy should be noted and commented upon, with all comments directed to John Kelly, CBL Co-ordinator (contact details below). This consultation will inform DKO Board's decision on a final submission of changes. The Head of Economic Development and Housing will continue to have delegated powers to make minor policy amendments in future, beyond those stated in this report.

Background Papers:

- DKO Letting Policy April 2016 v4 (amended from April 2013 v1 - v3)
- CLG Allocation of accommodation: guidance for local housing authorities in England 2012

Contact: John Kelly, Housing Team Leader
Tel: 03000 262 545

Appendix 1: Implications

Finance

There are no financial implications for DCC during consultation.

Staffing

Some small resource will be required for consultation of the Third Sector and other Registered Providers (signed up to the Nomination Agreement).

Equality and Diversity

An EqIA of the CBL scheme will be undertaken during consultation and finalised based on any agreed amendments.

Accommodation

None

Crime and Disorder

None

Human Rights

None

Consultation

Consultation is being undertaken with all relevant parties/stakeholders.

Procurement

None

Disability Issues

None

Legal Implications

DCC's Legal section will be consulted on all changes, following the completion of this report.

DKO Consultation 2016 (questions)

- 1) Do you agree with changing from 5 priority bands (bands A - E) to 4 priority bands (bands 1 - 4)?
- 2) Do you agree with the **removal** of the current banding quotas where 45% of adverts prioritise applicants in bands A and B; 40% in bands A and C; and 15% in bands A and D (ie all homes would be allocated strictly in banding order in future)?
- 3) Do you agree with changing from three tiers of medical assessment (urgent, high and 'medium') to two tiers of medical assessment (urgent medical and medical)?
- 4) Do you agree with limiting the amount of time the highest priority applicants (band 1) can spend in the top band, where it is reasonable a home could have been found in that time (eg 12 months)?
- 5) Do you agree with removing the banding reason 'Threatened with homelessness' (band D) for those providing notice from landlords; replaced with a direct referral to the Council's Housing Solutions section (for advice and assistance)?
- 6) Do you agree with removing the banding reason 'Wanting larger accommodation, outside of the overcrowding criteria' (band D)?
- 7) Do you agree that current tenants of DKO landlords, **assessed as having no housing need**, will not be allowed to re-apply to DKO for 12 months after a move (note: tenants in housing need will still be able to apply)?
- 8) Do you agree with changing the guideline to disqualify applicants with rent/mortgage arrears (and rechargeable repairs) from 8 weeks arrears to zero weeks?

Discretion would still be used to assess genuine reasons for the arrears, and (as now) applicants can show signs of change by clearing arrears or setting up an agreeable repayment plan.

- 9) Do you agree that applicants should only be offered homes if they can afford to pay the rent for that size home?

Currently, single applicants can apply for 2 beds; applicants with two children can apply for 3 beds; and people with three children can apply for 4 beds (etc) even if they can't afford the rent. In future, applicants that can afford a larger home will be allowed access to them, even if policy had previously restricted them.

- 10) In light of the changing benefit rules for single applicants under 35 years old, do you agree it is a good idea for DKO landlords to consider shared tenancies for single applicants (who can't afford rent on their own) to access social housing in future?

Summary: Proposed changes to DKO Policy

- Bands A to E, to be potentially renamed bands 1 to 4, with some band B and C groups 'merged'.
- Quotas: to be removed if re-aligning bandings 1 to 4. If 5 bands remain, quotas will continue to be discussed with removal a possibility.
- *High Medical* (in band B) to be possible removed, if combining bands B and C (to provide clarity for staff and customers on medical assessments).
- Investigate whether higher bandings, in particular *Urgent Medical*, could be given a 12 month limit to bidding, before a direct offer is made.
- *Threatened with Homelessness within 3 months* to be removed from band D.
- *Needing larger accommodation* to be removed from band D. DKO will not award priority for this 'want' (rather than a need) in future policy, as it can contradict affordability and under occupation by housing benefit rules.
- Amend policy to advise transferring tenants will not qualify in the first year of a tenancy.
- Guideline of 8 weeks for rent arrears/rechargeable repairs (and inclusion of court costs) to be investigated further, for future policy change.
- Eligibility for bedroom sizes to be based on affordability- process to be considered.
- Consider bidding cycles starting 5 days a week (Mon-Fri) with shortlists being created on the 7th day. This would allow voids to be advertised immediately, but gives customers a standard week to bid on all properties still. Resources will then be spread on a daily basis instead of weekly. Property comes in on a Monday- advertised Mon-Sun (7 day wait); comes in on a Tuesday- advertised Tue-Mon (7 day wait) and so on. This would improve the current waiting times of void on a: Mon 9 days, Tue 8 days, Wed 7 days, Thu 13 days, Fri 12 days.

Current and proposed register model

	Current	Proposed
Register size (approx.)	10000	9000
Banding groups	5	4
Banding reasons	17	13
Band A		Band 1
Urgent Medical	185 applicants	300 applicants
Regeneration	10	10
Band B		
High Medical	620	n/a
Overcrowded by 2	100	100
Supported Accommodation	50	50
Stat Homeless	30	30
Care Leavers	10	10
Band C		Band 2
Medical	2400	2900
Overcrowded by 1	600	600
Hardship	100	100
Non-stat homeless	50	50
Armed Forces	15	15
Band D		Band 3
Want larger accommodation	100	n/a
Threat of homelessness (3 months)	100	n/a
Independent Living	900	1200
Relationship breakdown	300	n/a
Band E		Band 4
Adequately housed	4000	3400

Time-plan: Consultation and DKO Policy changes

Milestone	Start date	End Date	Resources
Discuss policy options/dynamics	22/12/2016		DKO Board
Request delegated report go to DCC for removal of Priority Transfers and Under Occupation bandings from 01 April 2016	26/01/2016		DKO Board
Delegated Decision to remove Priority Transfers (in band A)	01/04/2016		Sarah Robson
Delegated Decision to remove Under Occupancy banding reasons (in B and C)	01/04/2016		Sarah Robson
Finalise policy banding	05/04/2016		DKO Board
Contact all existing Under Occupancy applicants in band B and C for reassessment	22/04/2016	20/05/2016	John Kelly
Begin consultation	13/06/2016	12/08/2016	All partners
Discuss policy options/changes with Abrisas	15/06/2016	31/07/2015	John Kelly
Draft policy report to EDMT	13/07/2016		
Draft policy report to Red MT	21/07/2016		
Papers out for CMT	tbc		
Draft policy report to Corporate MT	if required		
Consultation with OSC	28/07/2016		
Sign off configuration with Abrisas	tbc		John Kelly
Consultation with Tier 5 Manager's meeting (Housing Solutions)	09/08/2016		
Consultation with DCH Board	15/08/2016		
Consultation with DVH Board	16/08/2016		
Consultation with EDH Board	17/08/2016		
Return of consultation evidence	17/08/2016		All partners
Consultation with CDHG Board	18/08/2016		
Re-draft policy report following consultation	19/08/2016		DKO Board
Final policy report to EDMT	24/08/2016		
Final policy report to RED MT	01/09/2016		
Papers out for CMT	tbc		
Final policy report to CMT	14/09/2016		
Results of Consultation to OSC	26/09/2016		
Papers out for Cabinet	tbc		
Final policy report to DCC Cabinet	19/10/2016		
Amend procedures and DKO literature	01/10/2016	30/10/2016	John Kelly
Policy to go to DKO partners' boards for info	19/10/2016	-	All partners
Train all staff in new policy	19/10/2016	30/10/2016	All partners
Review High Medical applicants within DKO (re-assess based on new policy)	19/10/2016	30/10/2016	Steering Group
User Acceptance Training (Abrisas)	tbc		John Kelly
Proposed go live for Policy	02/11/2016		All partners

Nb. Board dates for Cestria, Derwentside Homes, Ivin and North Star not confirmed as of 27 June 2016