

## Cabinet

19 October 2016

### Durham Key Options Lettings Policy Changes



### Key Decision R&ED/08/16

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**Report of Corporate Management Team**  
**Ian Thompson, Corporate Director of Regeneration and Local Services**  
**Councillor Eddie Tomlinson, Portfolio Holder for Assets, Strategic Housing and Rural Issues**

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#### Purpose of the Report

- 1 To update Cabinet on the outcomes of the recent consultation on the proposed changes to the Durham Key Options Lettings Policy and to seek approval to implement policy changes as set out in the report.

#### 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, Durham City Homes, East Durham Homes, livin and North Star (formerly Teesdale Housing) joined in 2009 and Cestria fully entered the scheme in 2010. All seven housing 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 In order to ensure appropriate letting of social housing properties in County Durham, DKO must continue to ensure that the future homes of their applicants are suitable and affordable. The client's current housing need must be balanced with their future need, both in terms of housing need and affordability. Applicants must be assisted with all their housing options and a holistic approach needs to be considered, so that residents are not placed into tenancies that may lead to arrears, other debt, and unsustainable living.
- 5 The purpose of the current review is to ensure that the needs of the customer are absolutely at the heart of the scheme, especially in light of changes in legislation which may affect how various policies impact on customers. It is considered essential that the DKO Letting Policy reflects the changing climate in housing; the impact of welfare reform and the changing needs of clients.

Overall, the aim is to offer suitable and affordable homes, with an easier application process and a more efficient bidding system; a more customer friendly scheme, with a better matching of stock to needs.

- 6 The DKO Board, which is made up of representatives of all landlords involved with DKO, has agreed an action plan for 2016-17. A review of the letting policy is included as one of the actions. Other actions include the review of access to the scheme, how DKO is marketed and the study of customer's changing needs in County Durham.

## **Consultation**

- 7 The Council's Consultation Officers Group (COG) agreed the 10 questions (also agreed by all DKO partners) which formed the consultation for these changes. These are set out in appendix 4.
- 8 All DKO partner landlords carried out their own consultation with their stakeholders, including their own Boards and management teams.
- 9 Over 5,000 emails were sent to applicants currently on the register with an invite to reply to the consultation. All 10,000 applicants on the register could apply through each partner website along with existing tenants and the general public. Consultation responses could also be made at all customer access points.
- 10 There were exactly 800 returns in response to the consultation, across all 7 landlord partners. The response was largely in favour of all changes with at least 72% agreeing with each change. The results of this consultation can be found at appendix 4.
- 11 A report was collated by each DKO partner and returned to the CB Co-ordinator at Durham County Council; equality and diversity information was collected in all customer correspondence.
- 12 A consultation event was held by DCC on 11 August 2016 with both representatives from the third sector (and relevant DCC services), and Registered Providers signed up to the Council's Nomination Agreement.
- 13 All parties unable to attend the event above were briefed of the change by email and invited to return an attached questionnaire. A response was given to each questionnaire returned, explaining the changes or adding further detail.
- 14 A presentation and report on the proposed changes was provided to the Economy & Enterprise Overview and Scrutiny Committee in July 2016, with an update on consultation results due in September 2016. The committee made a response to the consultation which has been incorporated in the final changes.

## Existing policy and the nine proposed changes

- 15 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) it is proposed to decrease to four bands: bands 1, 2, 3 and 4 (see appendix 2 for proposed banding structure). It is expected that fewer bands will be more customer-friendly and 90% of all those responding to the consultation agreed. All existing applicants in band B for High Medical will be re-assessed and placed in one of the top two bands under the new structure, band 1 and 2.
- 16 Applicants currently in band B for 'High Medical' will be reassessed based on the new medical framework. Currently, DKO has three levels of priority for those in medical need. Communities and Local Government (CLG) guidance states that just two tiers of medical need are appropriate for local authority lettings policy (these being medical and urgent medical). DKO is working with Occupational Therapists to devise new guidelines for a two tier approach, to ensure fairness of assessment. Applicants registering with DKO with medical needs will be assessed against this new framework, jointly created by DKO partners (including DCC) but administered by the landlord registering the form.
- 17 It is also proposed to limit the amount of time applicants should spend in band 1. After 12 months applicants will be directly offered a suitable property of type and size (and area) and, if rejected, the applicant may be placed into band 2. All cases will be looked at individually and an inability to move at any given time and/or availability of stock will be considered. *Note: Statutorily homeless applicants would continue to be given 6 weeks duty by the Council before being made a direct offer of housing, in line with homelessness legislation.*
- 18 Currently, applicants that provide DKO with a letter from landlords, stating they may be homeless within 3 months, are awarded band D 'threatened with homelessness'. 40% of all these cases over the last three years have not been positively resolved by DKO, and a third of those that have been housed have moved after the 3 month timeframe. It is proposed to remove this banding reason, with all referrals going to Housing Solutions for assessment by them. Any homeless applicants with a priority need will receive band 1 and homeless applicants without priority need will receive band 2 (both higher than the current low level band D for this group). This change should ensure fairness to all applicants, increase housing options for this group, and improve the chance (and speed) of a move into social housing. 85% of people agreed with this change in consultation.
- 19 At present, all applicants *wanting* larger accommodation (but not considered to be overcrowded) are given band D with the reason 'needing larger accommodation (outside of overcrowding)'. This can be confusing for applicants that may not be able to afford larger homes. It is proposed to remove this banding reason from the policy. 82% agreed with this change in

consultation. Those that can afford larger homes will still be entitled but will be assessed under their current housing need.

- 20 In the existing scheme, 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 give customers in all bands the chance to access social housing when DKO experienced higher demand for their stock. Due to changing demand it is proposed to remove the quota system from the scheme. This should make the scheme more 'user friendly'. This proposed change has been warmly welcomed by customers in particular who find the quota system confusing and have welcomed a more streamlined process.
- 21 By current policy, a new tenant can register a fresh application with DKO immediately after moving; even if they are now adequately housed (ie their need has been addressed by their recent move). This creates increased voids and is unfair on other applicants who are moving from other tenure types. DKO propose to refuse tenants back on to the housing register during the first 12 months of their tenancy, unless they have a new housing need in that time (in which case they will be assessed as normal). Again this proposed change has been welcomed by partner landlords and customers to ensure greater fairness in the system.
- 22 Currently, DKO uses a guideline of 8 weeks (or 2 months) rent/mortgage arrears for discussion with the customer regarding their suitability to be an 'acceptable' tenant of DKO. It is now proposed to consider all arrears when deciding whether an applicant is an acceptable tenant for DKO. This gives DKO the opportunity to address overall financial issues and suggest suitable action to the applicant. Addressing arrears earlier allows for preventative measures to be put in place and appropriate referrals to relevant organisations to be made. DKO will continue to show flexibility and every case will be judged on its own merits, as it is now. 74% of customers agreed with this change but the third sector has queried how fairly this would be administered county-wide. DKO Board has arranged a special meeting to revise the definition of an 'unacceptable tenant', of which various examples are then listed- this includes the reference to rent/mortgage arrears. Procedures will be solidified to ensure fairness and consistency, whilst at the same time seeking to support customers earlier and offer greater prevention.
- 23 Since DKO began, single applicants and couples have been 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. DKO propose to amend its framework to state that people will only be offered larger homes if they can afford them. This will ensure that applicants are only placed into suitable homes and sustainable tenancies; and increases their options for future moves via DKO (or into any other tenancy types) by way of good landlord references. Individual circumstances and availability of housing stock in certain areas will be taken into account; and DKO will include

safeguards in the policy to ensure vulnerable applicants are assisted into social housing.

### **Shared tenancies**

- 24 All tenancies starting after 1<sup>st</sup> April 2016 are subject to new benefit legislation from 1<sup>st</sup> April 2018. Tenants will only receive housing benefit up to the amounts stated for that area, known as Local Housing Allowance (LHA). Currently, only private tenancies are considered for LHA. These rates differ depending on age (single applicants under-35 receive less than those 35 years and over) and area. LHA rates across County Durham will vary, as they are calculated across local authority borders.
- 25 In light of the substantial impact that under-35s will face in paying their rent if out of work, DKO asked for comments from around the feasibility of shared tenancies for single applicants applying to the scheme, who would not be able to afford their own tenancy. Shared tenancies are an option that DKO could utilise to ensure all applicants can access social housing. This question returned the lowest percentage in favour of change during consultation, with 72% agreeing it was worth consideration.
- 26 Shared tenancies have not been a popular choice in recent years in County Durham (and are not widely promoted across the other local authorities in the North East) although they are proving popular in other places, especially amongst younger people in more urban locations. DKO landlords are considering the response from consultation and will continue to work closely with the Council to ensure social housing is available to all people who require it in County Durham and whilst Registered Providers are currently piloting several shared tenancy schemes to learn lessons for the future, at this stage, there are no proposed changes to policy regarding shared tenancies.

### **Marketing of properties on the customer website**

- 27 Currently, DKO has one advertising cycle running Thursday to Tuesday, and all shortlists are worked through on a Wednesday. DKO propose to move to weekly cycles starting each working day. This means a newly void property can be advertised the first day it is available, instead of waiting to be advertised on the next Thursday cycle start. This will improve the average waiting time for customers in the highest housing need to be rehoused. This proposal has been widely welcomed by customers and partners alike and should decrease void times whilst at the same time increasing competition with the private rented sector. There are no staff revenue implications because the number of void properties and associated shortlists will remain the same but instead of offers being administered on one focused day, shortlisting will be carried out each working day, in smaller numbers.

### **Further information**

- 28 The Enterprise and Economy Overview and Scrutiny Committee supported the current review of the DKO Letting Policy and welcomed the opportunity to provide comments to feed into the ongoing consultation. Members commented that in relation to rent or mortgage arrears at zero this would

result in a greater number of assessments to be undertaken by DKO to determine if an applicant with rent or mortgage arrears would be allowed onto the housing register. This has been noted by DKO Board.

- 29 The committee members recognised that this was a “measure to prevent applicants experiencing financial hardship and that DCC would be working with housing providers in the county to develop the mix of housing, including one bed properties at affordable rental costs to meet the needs of applicants in the county”.
- 30 An appeals process remains in place for any applicant who feels aggrieved by decisions they disagree with, either at point of application or thereafter, including at point of any offer. The Head of Economic Development and Housing will continue to have delegated authority to make any necessary minor changes to the lettings policy.
- 31 DKO partners are mindful of changing legislation in both benefits and housing, and will continue to monitor central and local government policy to ensure that DKO Letting Policy reflects the housing market. The first formal review of the proposed changes will take place after 6 months and then there will be an annual review undertaken every April.

### **Next steps**

- 32 Subject to Cabinet approval, DKO partners will spend the coming months reviewing the procedures that sit behind the DKO Letting Policy. DKO Board will create a robust procedure for the assessment of rent and mortgage arrears, as well as clarifying how affordability will be assessed by the scheme.
- 33 The procedure document will be revised to include all other changes, by the DKO Steering Group and the Choice Based Lettings Co-ordinator (employed by DCC).
- 34 The policy document will be revised and checked by the Clear English scheme. All other DKO literature will be updated and also sent for Clear English approval.
- 35 Staff training will be carried out across all partners (and co-ordinated by the Council) to ensure all changes are understood, both in terms of their reasoning and potential impact.
- 36 The DKO website and partner websites will be updated to promote all changes to the public. Other advertising (such as the Durham County News magazine) will be utilised to ensure all changes are widely promoted.

### **Recommendations**

- 37 Cabinet are recommended to agree to amend the Durham Key Options Letting Policy as set out in appendix 6.

**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

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## **Appendix 1: Implications**

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### **Finance -**

There are no financial implications for DCC.

### **Staffing -**

None beyond the initial training of staff re: policy changes.

### **Equality and Diversity -**

A full impact assessment has been carried out as part of the consultation. There are impacts in relation to age, disability, pregnancy and maternity, and gender. There will be positive impacts for some applicants with a disability regarding the realignment of medical framework; and there will also be some positively affected by gender regarding affordability and size eligibility. Negative impacts have been identified for some in terms of age, disability, pregnancy and maternity, and gender. These will be mitigated by specific actions listed in the Equality Impact Assessment.

### **Accommodation -**

None

### **Crime and Disorder -**

None

### **Human Rights -**

None

### **Consultation -**

Consultation has been undertaken with all relevant parties/stakeholders by the relevant DKO partner. All DKO partner boards support the proposed changes, along with senior management teams within the Council. The outcome of the consultation is set out at appendix 5. The results show an overwhelming majority are in favour of each change.

### **Procurement -**

None

### **Disability Issues -**

None

### **Legal Implications -**

Housing legislation requires certain steps to be taken in advance of changes to the DKO Letting Policy. Housing Solutions has liaised with DCC Legal to ensure that all necessary legal requirements have and will be complied with. Steps have been taken to minimise the risk of legal challenge; these steps include consultation and the completion of the EqlA for these policy changes.



<b>Band 1</b>
Regeneration
Urgent Medical
Overcrowded by 2
Supported Accommodation
Statutory Homeless
Care Leavers
<b>Band 2</b>
Medical/welfare
Overcrowded by 1
Hardship
Non-statutorily homeless
Armed Forces
<b>Band 3</b>
Independent Living (including relationship breakdown)
<b>Band 4</b>
Adequately housed

## Time-plan: DKO Policy changes

## Appendix 3

Milestone	Start date	End Date	Resources
Finalise policy banding	05/04/2016		DKO Board
Begin consultation	06/04/2016	19/08/2016	All partners
Consultation with OSC	28/07/2016		Marie Smith
Papers out for CMT	01/08/2016		
Draft policy report to Corporate MT	03/08/2016		Ian Thompson
Re-draft policy report following consultation	19/08/2016		DKO Board
Results of Consultation to OSC	26/09/2016		
Final policy report to CMT	28/09/2016		Ian Thompson
Papers out for Cabinet	30/09/2016		
<b>Final policy report to DCC Cabinet</b>	<b>19/10/2016</b>		
Policy to go to DKO partners' boards for info	20/10/2016	-	All partners
Proposed go live for Policy	04/01/2017		All partners

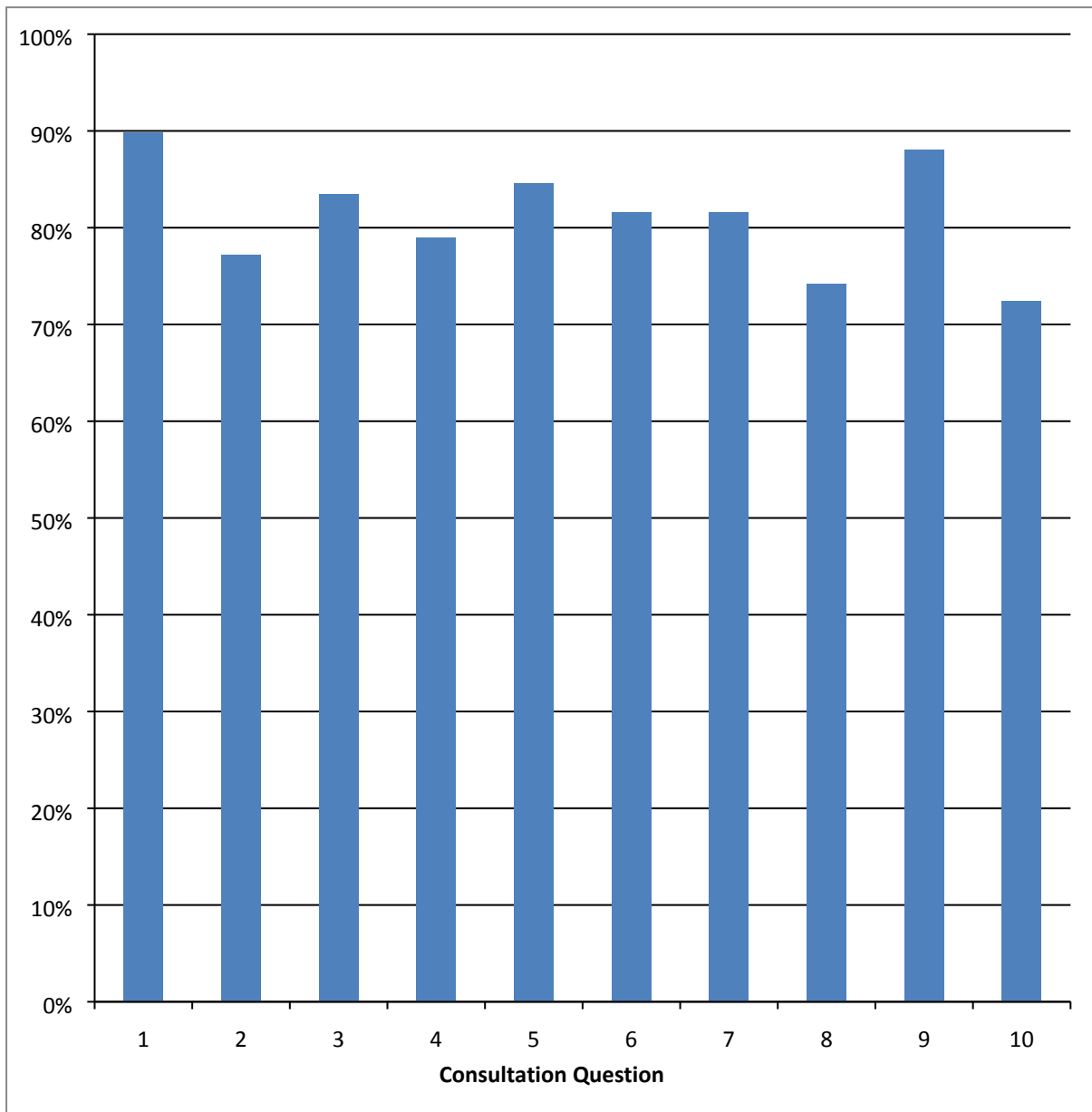
- 1) Do you agree with changing from 5 priority bands (bands A - E) to 4 priority bands (bands 1 - 4)?
- 2) Do you agree with the **removal** of the current banding quotas where 45% of adverts prioritise applicants in bands A and B; 40% in bands A and C; and 15% in bands A and D (ie all homes would be 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 of the proposed changes

## Appendix 6

The banding structure will be reduced from 5 bands (A to E) to 4 bands (1-4). The existing quota system will also be removed so all allocations are awarded based solely on housing need, with all applicants being shortlisted in the order of their band (1-4) with their date of application acting as a tie breaker.

To accommodate the new 4 band structure, all applicants in high medical need will be assessed against a new two-tier medical framework, devised by DKO in partnership with Occupational Therapists. All applicants with a medical need will be placed in either band 1 with an urgent medical need, or band 2 for all other medical needs.

All applicants placed in band 1 will be expected to be rehoused (pending suitable accommodation available) within 12 months. If suitable accommodation has been deliberately overlooked or refused then the applicant may be placed in band 2, but only after a direct offer of accommodation has been made. Each case will be reviewed at the 12 month stage and where suitable accommodation has not been available (or where the applicant's circumstance means they have been unable to bid) then their time in band 1 will be extended. The 6 week timeframe to rehouse statutorily homeless applicants will remain in the policy, with a direct offer made after a 6 week period.

To increase engagement with the local authority's housing solutions service, DKO will remove the low level banding reason 'threatened with homelessness within the next three months' (that would have fallen into the new band 3). All applicants will be given their housing options but referred to the local authority for full homelessness advice (any potential homeless application required). Applicants found to be homeless and in priority need through a homeless application will be placed in band 1, those that the authority find they have no duty to, will be placed in band 2.

DKO will also remove the banding assessment reason 'wanting larger accommodation (outside of overcrowding)', currently in band D. All applicants that can afford larger accommodation will still be given access to it but will not be assessed as having a housing 'need' when they are adequately housed.

Applicants assessed as adequately housed that have moved within the last 12 months through the DKO scheme, will not be allowed to register until the end of that 12 month period (from date of move). If the applicant (or household) requires a new housing need to be assessed (eg welfare, hardship, medical) then their application for housing will be accepted at any time.

All rent/mortgage arrears will be assessed when considering applicant's current circumstance and acceptability as a future tenant. Every case will be dealt with on its own merits including the reason for accruing the arrears and 'signs of change' since.

Applicants will only be granted access to the size of home they can afford to pay the total rent for (whether in full, or part housing benefit).