

HILLINGDON'S HOUSING STRATEGY 2012-15, TENANCY STRATEGY, TENANCY POLICY AND REVIEW OF THE HOUSING ALLOCATION POLICY

Cabinet Member(s)	Councillor Philip Corthorne
Cabinet Portfolio(s)	Social Services, Health and Housing
Officer Contact(s)	Neil Stubbings, Residents Services Paul Feven, Finance
Papers with report	Draft Housing Strategy 2012-15 (Appendix 1) Draft Tenancy Strategy (Appendix 2) Draft Tenancy Policy (Appendix 3) Draft Review of the Housing Allocation Policy (Appendix 4)

1. HEADLINE INFORMATION

Summary	The Housing Strategy (Appendix 1) illustrates how the Council will enable residents to live in homes of all tenures which are in good condition, energy efficient and well managed. It also describes services and specialist housing for vulnerable people who require assistance to live independently in the community. The strategy takes account of the flexibilities offered by the Government's localism agenda and implications of welfare reform. These flexibilities include the opportunity to offer fixed term tenancies for new social housing tenants rather than the long term secure and assured tenancies that are currently offered. The Tenancy Strategy (Appendix 2) is the Council's guide for all registered social housing providers regarding how they should implement fixed term tenancies in Hillingdon. The Tenancy Policy (Appendix 3) explains how the Council will implement fixed term tenancies in its own stock. The Localism Act also gives the Council new freedoms to revise the way in which social housing is allocated to reflect local priorities. The Review of the Housing Allocation Policy (Appendix 4) is also considered by this report. Cabinet is asked to approve the draft documents subject to a further report to Cabinet detailing the outcome of consultation with stakeholders.
Contribution to our plans and strategies	The Housing Strategy, Tenancy Strategy, Tenancy Policy and review of the Housing Allocation Policy support the objectives of the Sustainable Community Strategy and the Health and Wellbeing Strategy.

Financial Cost	There are no direct financial implications arising from the recommendation of this report. All associated costs will be contained within future budgets prepared within the MTFF framework.
Relevant Policy Overview Committee	Social Services, Health and Housing Policy Overview Committee
Ward(s) affected	All.

2. RECOMMENDATION

That Cabinet:

- a) Approves the Housing Strategy 2012-15, the Tenancy Strategy, Tenancy Policy and the review of the Housing Allocation Policy for consultation and;**
- b) Notes that a further report to Cabinet in April 2013 will present the outcome of consultation with stakeholders and the four documents for formal approval.**

Reasons for recommendation

The delivery of the Housing Strategy, Tenancy Strategy, Tenancy Policy and Allocations Policy review is intended to result in the following benefits for Hillingdon residents:

- Timely and effective help and advice for households who approach the Council with a housing need;
- Allocation of social housing in a clear and transparent way, taking account of criteria decided locally;
- Better use made of Council housing for those who need it;
- The development of affordable homes to meet the needs of families who cannot afford market housing;
- Empty homes are brought back into use;
- Homes in the Borough have improved energy efficiency and fewer households live in fuel poverty;
- Older people and other people in vulnerable groups have the choice of living in housing especially designed for them, where care and support are provided.

Alternative options considered / risk management

The alternative options available to Cabinet are not to approve the draft documents for consultation or to require amendments to the documents prior to approval.

Policy Overview Committee comments

None at this time but the Committee's input will be requested as part of the consultation process should Cabinet agree the recommendations in this report.

3. INFORMATION

Supporting Information

This report provides an overview of the four key housing documents which are appended. Once the drafts are agreed by Cabinet, a full consultation exercise will be undertaken, including online questionnaires and consultation meetings over a period of eight weeks. The outcome of the consultation will be reported back to Cabinet at its April meeting, along with the four documents for formal approval.

Housing Strategy 2012-15 (Appendix 1)

1 The strategy sets out the overall direction for housing services. The Council's housing mission is to enable residents to live safe, healthy and independent lives. Services will be developed according to three strategic priorities:

- **Managing demand** - keeping residents independent, investing in preventative services to stop or significantly delay residents becoming homeless, in housing need or requiring ongoing social care.
- **Managing supply** - commissioning private and voluntary housing services and social care, delivering support, choice and independence to vulnerable, complex and high dependency residents.
- **Managing the support** - efficient and effective in-house service provision that is focussed on reablement, delivering time-limited interventions to effect change so residents can learn or re-learn crucial skills to live independently.

2 The strategy will also need to take into account the Government's housing agenda. Meeting people's housing aspirations is one of the priorities of the Government's decentralisation and localism agenda. In particular, the Government's plans for the reform of social housing and for welfare reform will have an impact on housing in the Borough. In addition, the proposed Care and Support Bill is likely to include a new duty to ensure that adult social care and housing services work together.

Evidence of need

3 Key points from the evidence of housing need contained within the Housing Strategy are:

Household growth - According to Government projections (DCLG, November 2010) household numbers in Hillingdon were expected to grow from an estimated 107,000 in 2013 to 131,000 in 2033, an increase of 22%. Household numbers in Outer London overall were also expected to grow by 22%, and in London overall by 21% over the same period.

The first results of the Census 2011, published in 2012, showed that 273,936 people were normally resident in 100,214 households, indicating that the previously published projections for Hillingdon are higher than is in fact likely to be the case.

Housing requirement - The number of households on the Council's housing register has increased during 2011/12 by 31% to 9,800. While this is not a reliable indicator of need for social housing, as the majority of applicants will not

have a priority need within the Council's policy for allocating social housing, it is however an indication that there is an increasing number of households who cannot easily afford to buy or rent on the open market. Hillingdon's most recent Housing Market Assessment found that a net additional 2,624 homes a year over five years would be required to meet the current and newly arising need for affordable homes.

Affordability – Hillingdon's average house prices are seven times the average household income. The continuing squeeze on mortgage finance makes home ownership less accessible to residents of the Borough. Mortgages for buy to let property and shared ownership schemes have also been severely affected.

Affordable Housing – Supply and Demand in Hillingdon

4 The supply of affordable housing available to Hillingdon's residents is a challenge. Despite the successes that Hillingdon has achieved – regularly over-delivering on affordable housing targets – many Hillingdon residents are concerned about the affordability of their own housing and the availability of good quality, affordable housing for their children when they need it.

5 In terms of people who rent accommodation in the Borough, the majority live in the social rented sector. The total number of social rented homes let during 2011/12 was 765. The demand for social housing far outweighs the supply of this scarce resource. The majority of social housing in the Borough has 2 bedrooms or fewer.

6. The greatest concentration of private sector rental property is in the south of the Borough where rent levels are generally lower. However, private rents in Hillingdon are increasing caused by a combination of the greater demand for rental property and the fact that more renters are moving to outer London as central London becomes unaffordable. Over a quarter of those households living in the private rented sector rely upon Local Housing Allowance (LHA).

7 Between 2008/9 and 2011/12 1,699 affordable homes were completed in the Borough (social rented or intermediate). These were developed by housing associations, by the Council or by private housing developers as a condition of planning permission on larger housing sites. While Hillingdon has been very successful in developing affordable housing above and beyond the targets that have been set by the Greater London Authority, supply remains a constant challenge.

Outline of key proposals

8 The strategy contains a number of proposals to deliver future housing services which are aligned with the Council's strategic priorities and the national housing agenda.

Homelessness prevention

- There will be more advice and support for people needing help with their housing problems. Proactive work to prevent households becoming homeless has already commenced with a focus on Hillingdon residents whose housing benefit payments will fall as a result of planned Government changes.

Homelessness duty

- The Council is investigating how good quality private rented housing can be secured for households to whom we have accepted a housing duty. Currently, such households are

able to refuse suitable accommodation in the private rented sector that is offered as a settled home. New legislation means that the Council is able to discharge the duty with offers of suitable accommodation in the private rented sector, without requiring the applicant's agreement. The Council will retain the need to assess whether a homelessness duty is required for a two year period in the event that the private sector tenancy is ended (unless the reason is intentional homelessness). Local authority housing duties to children (as enshrined in Section 20 of the Children's Act 1989) are met by strong corporate working across Council services delivering housing and children's social care.

Allocation of social housing

- The Council's allocations policy is under review in 2012/13. The review explores whether some non-priority households should be able to apply for housing. Access may be increased for some local preference groups. The aim will be to focus future effort on those in greatest housing need and ensure that residents are fully aware of the likelihood of being rehoused. The section on the review of the Allocations Policy in this report provides further details.

New housing provision

- A minimum provision of 5,475 additional homes is planned until 2026, based on known sites coming forward to be developed. On sites with a capacity of ten or more homes, the Council will aim for 35% affordable homes, with a tenure mix of 70% for social rent and 30% for intermediate housing. Affordable housing should reflect the need for family sized homes. High quality design is a priority for housing in all tenures.

Flexible social housing tenancies

- The Council's Tenancy Strategy sets out how the flexibilities in the Localism Act 2011 will be used in Hillingdon. It will be possible to move away from long term secure and assured tenancies and ensure that social housing is available to people for as long as this is required which may be for shorter periods. The sections of this report on the Tenancy Strategy and Hillingdon's Tenancy Policy provide further details.

Energy efficiency

- The Council will continue the very successful strategy to access resources for energy efficiency work. This includes assessing how local residents and landlords can best be supported to benefit from the Green Deal when it is introduced. The Council will work with the Mayor of London to ensure the scheme's introduction is as effective as possible.

Council housing stock condition

- The Council's Asset Management Strategy, determining how future investment in Council housing is made, will focus on essential work, on electrical and fire safety, maintaining the Decent Homes standard, supporting independence at home for older and vulnerable residents, energy efficiency measures and improving estates and shared spaces.

Mobility and choice

- The Council will continue the successful mobility schemes enabling existing Council tenants to move to more appropriate accommodation within Council owned stock or the social rented sector. The Council will take part in the Mayor's pan London mobility scheme which prioritises under occupiers and helps social tenants to move in order to find employment.

Supported housing

- The Council is currently considering plans to deliver (in partnership with registered providers) a programme of supported accommodation over the next three years to meet identified need. The Council's first two social rented extra care schemes together provide 95 extra care places for older people, including people with learning or physical disabilities.

Tenancy Strategy (Appendix 2)

The Tenancy Strategy is a document that all registered providers should have regard to in setting their tenancy policy for Hillingdon. Discussions held with providers show that they will generally be following Hillingdon's expectations.

9 Before the Localism Act, social landlords were normally only able to grant long term secure and assured tenancies. Sometimes this meant that people acquired a social home at a moment of crisis in their life and continued to live there long after their need for it has passed. Meanwhile, social rented housing remains much sought after with demand far outstripping supply. The Government has introduced the freedom to grant flexible fixed term tenancies as a way of enabling local authorities to make use of this scarce and valuable public resource.

10 The security and rights of existing social housing tenants are protected, including when they move to another social rented home. However, provisions in the Localism Act allow for more flexible arrangements for people entering social housing in the future. Social landlords can grant tenancies for a fixed length of time with the expectation that five years in Hillingdon will be the norm but with a minimum period of two years in exceptional circumstances. At the end of the fixed term, the household's circumstances will be reviewed by the social landlord and if the household still needs the accommodation, the tenancy can be renewed.

11 There is no upper limit on the length of tenancy and social landlords can still offer long term secure and assured tenancies if they wish. Fixed term tenancies can however enable social landlords to manage their social homes more effectively and deliver better results for local communities. The intention within Hillingdon is for a five year period to be the norm.

12 The Localism Act requires local authorities to publish a tenancy strategy to guide registered social housing providers in developing tenancy policies for their own stock.

13 Registered social housing providers (including the Council in its landlord role) must publish a tenancy *policy* before they can use flexible tenancies and in doing so should have regard to the Council's tenancy *strategy* for the Borough covering the following points:

- the kinds of tenancies that are granted;
- the circumstances in which a tenancy of a particular kind will be granted;
- the lengths of the tenancies where fixed term tenancies have been introduced;
- the circumstances in which a further tenancy will be granted once a fixed term tenancy has come to an end.

Outline of key proposals for Hillingdon

Fixed term tenancies

14 The use of fixed term tenancies is recommended (following on from introductory or probationary tenancies) as they provide a clear way of making the best use of the limited

resource of social housing. Adoption of the Tenancy Strategy by all registered providers working in the Borough would ensure that new tenancies were on similar fixed terms, providing a clear and straight-forward offer to those seeking to access social housing. Existing social tenancies would be protected and remain unchanged from their current status.

Tenancy length

15 A minimum of a five year fixed term tenancy is proposed for most households. It is also recommended that all fixed term tenancies should be preceded by a one year introductory tenancy. For households in specific circumstances the Council may want to express the following preferences for tenancy lengths, including those longer or shorter than five years:

Households with a disabled household member (adult or child)

- Five year fixed term tenancies are recommended for disabled adults with health and/or care needs e.g. mental ill health or a physical or learning disability;
- For people with serious and enduring long term conditions i.e. where there is no likelihood that housing circumstances or other needs will change, living in appropriately adapted or supported accommodation, the expectation is that the fixed term tenancy would be renewed, provided the property still meets the needs of that person .

Families with children

- Five year fixed term tenancies are recommended for all families, including those where children are of school age or younger;
- Shorter fixed term tenancies (e.g. two years) would be acceptable in circumstances where fostering or adoption is the main reason for a social tenancy being allocated.

Single person households and childless couples of working age

- Five year fixed term tenancies are recommended for most single people or couple households;
- Five years fixed term tenancy are recommended for young people leaving care
- Shorter fixed term tenancies e.g. two years, are recommended where it is felt that this; will contribute towards enabling the individual to work towards greater independence and other positive outcomes, for example specialist housing schemes for care leavers.

Older people (over 60)

- Five year fixed term tenancies for general needs accommodation;
- “Life-time” tenancies for extra care and sheltered accommodation.

Other circumstances

- Secure tenants moving to an Affordable Rent property could be offered an appropriate incentive to move. This could be in the form of a “life-time” tenancy. This could be advertised through the Locata process;
- Secure tenants under-occupying their current property and who are willing to move to a smaller home could be offered an appropriate incentive to move such as a long term “life-time” tenancy;
- Supported housing tenancies require a more tailored approach, depending upon the nature of the scheme. The proposal acknowledges that it will be important to ensure that throughput is maintained in supported housing schemes by enabling tenants to move on at the appropriate time. This may be after a very short period (e.g. for a refuge), after 6 months, two years or longer.

Tenancy renewal

16 The Council would expect a clear and transparent review process to be in place which would be understood by the tenant at the time of tenancy sign up. This would be to ensure that, during the 6-9 months before the tenancy is due to expire, the landlord reviews the tenant's housing needs and states before the six month date of expiry whether it intends to renew the tenancy or not, giving appropriate reasons where the latter applies.

17 The proposal is that while there should be no presumption that a tenancy would be renewed, the Council would expect a large proportion of tenancies to be renewed where tenancy conditions have been met and the tenant's (or tenants') circumstances have not substantially changed.

Tenancy policy (Appendix 3)

18 The Tenancy Policy shows how Hillingdon Council, as a registered provider of social housing, will allocate and manage social housing tenancies. The Council's Tenancy Policy reflects the flexibilities included within the draft Tenancy Strategy.

Outline of key proposals

New tenancies (after the date of publication of the Tenancy Policy)

19 Flexible, fixed term tenancies are recommended after one year probationary tenancies. Five year tenancies are proposed as the norm, with two year and secure and assured tenancies offered for individual household and property types will in accordance with the draft Tenancy Strategy for the Borough. If the household still needs the accommodation the presumption will be that their tenancy will be renewed.

Tenancy reviews

20 Formal tenancy reviews are proposed no later than seven months before the end of the tenancy. The tenant would receive six months written notice of intention to reissue a tenancy for the household's current home or not to reissue a tenancy but to assist in finding another home before the current tenancy ends.

Tenancy succession

21 The Localism Act makes changes to the statutory right of succession for all secure and assured and fixed term tenancies starting after 1 April 2012. (The succession rights of existing secure and assured tenants and those living with them are unaffected.) From the date of the Tenancy Policy's introduction, in accordance with the Act it is proposed to limit succession to one succession which can only be taken up by the deceased tenant's spouse (husband, wife, common law partner or partner from a civil partnership), rather than by the broader list of family members which has been in use in Hillingdon.

Council tenants on higher incomes

22 The Council could decide to increase the rent for a Council property to at least 80% of market rent in cases where the tenant's income is higher than a threshold set by Government. The reasoning behind this is that the household could afford either to rent privately or purchase on the open market. Guidance has not yet been published but Government consultation has set the possible figure at £60,000 or above. This income threshold is included in the review of the Allocations Policy. The additional rent would be used as a contribution to the cost of new affordable homes.

Review of the Housing Allocation Policy (Appendix 4)

23 The Localism Act introduces new freedoms for local authorities to determine how they allocate social and affordable housing. There is opportunity to revise the Housing Allocation policy to give priority to certain groups, reflecting local need and to build more sustainable communities. The options presented for approval by Cabinet are made in light of the provisions of the Localism Act 2011, Welfare Reform Act 2012 and GLA Housing Strategy. The review takes account of new regulation, changes in housing market conditions and local priorities.

24 The review of the allocations policy supports the objectives of the Housing Strategy, Tenancy Strategy and Tenancy policy and ensures that:

- The scarce resources of social housing is used flexibly and not provided to those households who do not require it;
- Social housing is used as effectively as possible to meet housing need in the Borough
- The use of social housing reduces reliance on inappropriate and costly forms of temporary accommodation;
- Vulnerable people within social housing are provided with stability and support
- Allocation of housing tackles health inequalities.

Outline of key proposals

Reasonable preference

25 In order to maintain the protection provided by the existing statutory 'reasonable preference' criteria, Councils must continue to give priority to those most in need. They are:

- Homeless households;
- Overcrowded households;
- Households living in unsatisfactory housing conditions;
- Households with medical and welfare need.

Local flexibilities

26 Councils are encouraged to set their own criteria and decide who is eligible to join the housing register. In addition, Councils are entitled to give priority to other categories of applicants in order to meet local needs, provided they do not dominate the scheme. The following options are recommended for Hillingdon:

- **Excluding households with no housing need (Band Ds)** - this will enable the Council to operate a more focused waiting list which better reflects local circumstances and can be understood more readily by local people. It will also help in managing unrealistic expectations by excluding people with little or no prospect of being allocated accommodation. They will be signposted and given relevant information and advice through the use of mechanisms such as 'Targeted housing option' website.
- **Ex-service personnel** – recent government guidance recommends that members of the armed forces should not be disqualified on residency grounds. In addition to this, it is recommended that further priority is given to members of the forces who have continuously resided in the Borough for 10 years before signing up for the service and have not been dishonourably discharged. In addition, the provision will be extended to family members.

- **Rewarding those who work** – Additional priority will be awarded to those in housing need and working.
- **Introducing a residency criterion** - applicants would be required to demonstrate that they have been residing in the Borough for a minimum of 10 years in order to join the housing register, regardless of their other needs. Exceptions are set out in the Allocation Policy in Appendix 4.
- **10 year continuous local residency** – Households in housing need who have lived in the Borough continuously for a minimum of ten years at the time of applying for re-housing will be awarded additional priority. This will support stable communities and reward households who have had a long term attachment to the Borough.
- **Financial circumstances** – households with sufficient income or assets would be excluded from the Housing Register. This will apply to any household which owns or has an interest in a property, has a gross income above the level required for local cost home ownership and/or has savings or assets of or above £30k. For homeless households, an affordability test will continue to be applied to ensure there is consistency of outcome.
- **Other specific local priorities** – couples over 21 years without children who are working will be awarded additional priority.
- **Encouraging personal responsibility** - it is proposed to introduce a more effective system where applicants who bid for and refuse more than 3 reasonable offers within a 6 month period are suspended from bidding for a period of 6 months. It is also proposed that where homeless households in temporary accommodation do not bid over a period of time, a direct allocation can be made by the Council.

Financial Implications

27 The Housing Strategy set out in this report will be contained within resources approved by Council over the life of the strategy. The Resources Section within the Housing Strategy document provides further information. The resources outlined could be increase by further funding from additional grants which could be made available to the Council in the future. These will be submitted to Cabinet as they become available.

28 In general the Strategy, by setting out priorities, can also ensure that the approved resources are used in the most effective and efficient manner.

4. EFFECT ON RESIDENTS, SERVICE USERS & COMMUNITIES

What will be the effect of the recommendation?

29 A revised housing offer will be developed for Hillingdon residents. As a result residents will find that:

- Allocation of social rented housing is conducted in a more transparent way;
- Local factors are taken into consideration when social rented housing is allocated;
- Households will receive proactive advice and support if threatened with loss of housing benefit;

- Their homes are more energy efficient as a result of funding for planned improvements;
- Well designed new homes including new affordable homes are provided to meet local housing need;
- Flexible length tenancies will help the social housing stock be better used to meet need;
- Council homes are kept safe, in good repair and up to date;
- Vulnerable residents are able to live independently at home with the care and support they need.

Consultation Carried Out or Required

30 In the initial stages of the development of the Housing Strategy, Cabinet gave its approval for consultation with a range of stakeholders. The stakeholders included partner registered social landlords, local strategic partners, tenants and residents organisations and voluntary and community groups. Significant further public and tenant consultation will be carried out as indicated in this report, before any decision is made by the Cabinet / Council.

5. CORPORATE IMPLICATIONS

Corporate Finance

31 Corporate Finance has reviewed this report and accompanying Appendix that lays out a proposed Housing Strategy and priorities for 2012-15. Although acceptance of the recommendation to approve the outlined strategy in principle prior to further consultation does not give rise to any immediate financial implications such programmes, once planned in detail will require resource allocation. This will be done via the Council wide MTFF process and aligned to budget setting for the Council as a whole whilst recognising the ring-fenced nature of resources provided through the HRA.

The Localism Act has seen the abolition of the Subsidy system whereby rents were largely pooled nationally and redistributed. This strategy covers the first four years under the self-financing regime introduced in April 2012 and should eliminate instability caused by annual determinations of subsidy thus enabling improved long term strategic planning. In the transition from subsidy to self-financing, Hillingdon was required to undertake £191.6m of national housing settlement debt in return for retention of annual subsidy payments of approximately £15m which were due to rise to £20m over the forthcoming years. A treasury portfolio has been designed according to the principles agreed by Cabinet to finance this debt at an average weighted rate of interest of 2.5%, thus, leaving sufficient resources to make provision for the repayment of both settlement and existing principal debt over the next 30 years alongside resources for enhancement of service provision and headroom for future housing development. However, current investment plans for Phase 2 Shared Equity and 126 Supported Housing schemes will utilise some of this headroom. The treasury strategy designed for Settlement assumed an additional £24m of borrowing for these schemes. Any additional borrowing above this level will require additional ongoing revenue resources to finance.

The process of producing detailed budget plans within the MTFF will also necessitate consideration of risks that self-financing may bring with it alongside changes such as Right To Buy, housing benefit reforms and additional financing costs from increased borrowing that could impact substantially on HRA future income streams. These may also lead to financial implications within the General Fund (GF) in terms of GF Housing and Council Tax benefits. However, significant elements of the proposed capital strategy is to provide sheltered housing

units that have substantial synergies across the GF for which savings are already incorporated into the MTFF.

Legal

This report seeks authority for the Council to consult with stakeholders on the Housing Strategy 2012-15. There are no specific legal implications arising at this stage, but more detailed legal advice will of course be provided to Cabinet when it considers the outcome of this consultation.

Corporate Property and Construction

Corporate Property and Construction are in support of the recommendations in this report. The proposals for flexible tenancies and more local flexibility in allocations would support the objectives of the Corporate Asset Management Strategy which is to optimise the use of property assets. At a time of high demand for affordable housing more flexibility is needed to make the best use of stock available to Hillingdon residents.

Relevant Service Groups

None at this time

6. BACKGROUND PAPERS

NIL