

**For General Release**

<b>REPORT TO:</b>	<b>CABINET 21 MARCH 2016</b>
<b>AGENDA ITEM:</b>	<b>7</b>
<b>SUBJECT:</b>	<b>Consultation on proposed amendments to the Council’s Housing Allocations Scheme</b>
<b>LEAD OFFICER:</b>	<b>Paul Greenhalgh, Executive Director of People</b>
<b>CABINET MEMBER:</b>	<b>Councillor Louisa Woodley, Cabinet Member for People and Communities and Councillor Alison Butler, Deputy Leader (Statutory) and Cabinet Member for Homes, Regeneration and Planning</b>
<b>WARDS:</b>	<b>All</b>
<p><b>CORPORATE PRIORITY/POLICY CONTEXT:</b></p> <p>Tackling homelessness and reducing the number of households living in temporary accommodation, (TA) is an urgent priority for the Council. This report also supports the commitments set out in the recent Cabinet report <i>Homes – Our Ten priorities</i> to:</p> <ul style="list-style-type: none"> <li>• engage homeless people sleeping rough to offer a “hand-up” off the streets</li> <li>• improve conditions for homeless families placed in temporary accommodation</li> <li>• set up a holistic service for families facing homelessness – our People Gateway</li> </ul> <p>The recommendations contained in this report support the delivery of the Housing Strategy objectives :</p> <ul style="list-style-type: none"> <li>• Customer-focused housing advice and options</li> <li>• Managing and sustaining strong, successful and thriving communities</li> </ul> <p>It is a statutory requirement for a local authority to publish a housing allocations scheme setting out how it prioritises applications for social housing, and other matters. This report recommends consulting on proposals to amend to the scheme that will make it clearer and easier to understand, increase the priority given to homeless applicants that accept homelessness prevention, increase the residency qualification to 3 years, incorporate new government policy on the Right to Move and fully introduce choice based lettings.</p>	
<p><b>AMBITIOUS FOR CROYDON &amp; WHY ARE WE DOING THIS:</b></p> <p>This report sets out how the Council will contribute to the priorities set out in <i>Ambitious for Croydon</i> to tackle the homelessness crisis and provide a fair housing policy for all of Croydon. It also contributes to a number of other outcomes included in the Independence and Liveability priorities through preventing homelessness.</p> <p>The final report of the Opportunity &amp; Fairness Commission identified housing affordability, the lack of secure affordable housing and homelessness as “<i>perhaps the greatest challenge the borough faces</i>”. The proposals in this report support the theme <b>Finding a home for all.</b></p>	
<p><b>FINANCIAL IMPACT</b></p> <p>Anticipated costs are associated with the consultation on the proposed changes to the Council’s Housing Allocation Scheme and will be absorbed within the council’s existing budget allocation. There will also be some additional costs associated with the implementation of choice based lettings, through introducing new online bidding arrangements.</p>	

A detailed analysis of all costs associated with this consultation and the budget availability to fund them will be included in a follow up report setting out the results of the consultation.

**KEY DECISION REFERENCE NO.: not a key decision**

The Leader of the Council has delegated to the Cabinet the power to make the decisions set out in the recommendations below;

**RECOMMENDATIONS** The Cabinet is recommended

- 1.1. To note the report and agree that the Executive Director People, in consultation with the Cabinet Member for People and Communities and the Cabinet Member for Homes Regeneration and Planning, be delegated authority to carry out the necessary actions set out in the report.
- 1.2. To authorise the Executive Director of People, in consultation with the Cabinet Members for People and Communities and for Homes Regeneration and Planning, to commence consultation on the proposed amendments to the Council's Housing Allocations Scheme in accordance with s.168 of the Housing Act 1996.
- 1.3. To note that a further report will be provided to Cabinet on the outcome of the consultation including recommendations to amend the Council's Housing Allocations Scheme, the finances associated with doing so, and the actions required to implement these amendments.

**2. EXECUTIVE SUMMARY**

- 2.1. Homelessness continues to be a pressure for Croydon Council. 880 applications were accepted by the Council in 2014/15 with the main housing duty, which is 15% more than the previous year.
- 2.2. The Council were accommodating 3,137 households in temporary accommodation (TA) as at 30 December 2015, with 806 in emergency bed and breakfast (shared and self-contained).
- 2.3. In 2014/15 the Council spent a net £4.8m in excess of the TA subsidy on providing temporary accommodation, compared to £1.8m in 2010/11. As well as these costs, there are wider social costs resulting from time spent in temporary accommodation to health, educational attainment and to successful and sustainable employment.
- 2.4. The Council is determined to continue to tackle homelessness in Croydon and this report sets out its strategy to tackle the number of households in temporary accommodation, and seeks agreement to consult on some proposed amendments to Croydon's Housing Allocations Scheme to support this approach. The strategy to tackle temporary accommodation in Croydon is through 3 stages of intervention:
  - I. Preventing homelessness so that people do not come into temporary accommodation in the first place
  - II. Moving households to less expensive alternative types of temporary accommodation

III. Ensuring that households are moved out of temporary accommodation into other forms of sustainable accommodation.

2.5. In making any changes to Croydon's Housing Allocation Scheme, any proposed amendments would need to:

- Complement and support the existing Housing Strategy;
- Empower applicants, by offering re-housing through a range of alternative housing options, choice and information which will enable them to make realistic decisions in relation to their future housing prospects;
- Encourage households to work with Gateway and Housing Needs Service to prevent homelessness;
- Remove perverse incentives that may reward or incentivise homelessness thereby making the Scheme fairer for everyone;
- Produce an allocations scheme which is transparent and easy to understand for tenants, staff, Council members and stakeholders;
- Comply with statutory guidelines as set out in Part VI of the Housing Act 1996 and the Allocations Code of Guidance.

### 3. BACKGROUND

#### **Homelessness in Croydon**

- 3.1. Cabinet and the Health, Social Care & Housing Scrutiny Sub-Committee have received a number of reports over the past three years describing the homelessness crisis, its impact on Croydon and detailing the efforts made to increase the supply of temporary accommodation to cope with the increased demand. The Council's recent focus has been on increasing the supply of temporary accommodation (including using council homes as temporary accommodation). However, this approach cannot be sustained in the long term and further measures need to be implemented.
- 3.2 Homelessness and rough sleeping has been increasing in England from 2010. The number of decisions made by local authorities on homeless applications has increased from 89,120 in 2009/10 112,340 in 2014/15. The number of people sleeping rough on a typical night in England has gone up from 1,768 in 2010 to 2,744 in 2014. Other "hidden" forms of homelessness have also increased, concealed households, sofa surfing, people living in commercial and other buildings have also increased. The greatest increases have been seen in highly populated urban areas, with pockets of deprivation and market housing increasing unaffordable to people in lower paid employment.
- 3.3 Homelessness is caused by a combination of factors which are complicated, interlinked, and individual to the person or family experiencing it. There is no one factor that triggers homelessness or is necessary for it to occur. Factors relating to an individual, their relationships, housing and employment all play a part.
- **Housing affordability**  
Obviously housing market trends particularly the affordability of market housing have a direct impact on homelessness, as do housing and welfare

policies that provide access to private rented (housing benefit/universal credit) or social housing (housing waiting list policies, the right to buy, and funding to develop affordable housing). Market housing in London and the South East of England is becoming less and less affordable for people on modest incomes to rent or buy. So called “generation rent”, in other words people that cannot obtain a large enough mortgage or raise a sufficient deposit to buy a home, now have little choice but to rent which increases competition and fuels rent inflation. Reforms to housing benefit introduced in 2011 have also meant that very few properties available to rent are affordable to people on housing benefit. Paying housing benefit direct to tenants rather than landlords in most cases, something which has been given a high profile in the introduction of Universal Credit, has put off many private landlords as they see it as too risky and are able to rent to working tenants not receiving benefits just as easily.

- **Housebuilding**

Housebuilding in England has failed to keep up with housing demand, and national housing need assessments over the past 10-15 years have consistently set annual housebuilding targets in excess of 200,000 new homes which have not been met. In London and the South East demand for housing is greater due to the employment and business opportunities it provides. The London Housing Strategy states that housebuilding in London must at least double to keep pace with demand. Investment in affordable housing for people in housing need and on low incomes has also declined. The 2011/2015 Affordable Housing Programme saw a 60% reduction in affordable housing investment compared to the previous programme. The right to buy has also had a significant impact with 1,902,100 social homes sold in England since 1980. The reinvigorated right to buy promises a one for one replacement of social homes sold within three years (as does the extended right to buy), however, to date only a small proportion have been replaced with a new home<sup>1</sup>.

- **The wider economy**

Economic and labour market factors are also obvious causes of homelessness including unemployment, redundancy, reduced hours, and pay freezes. They have a less immediate impact on homelessness as they can be mitigated or delayed by entitlement to welfare benefits, or by relative/friends stepping in to provide accommodation while an individual or family “gets back on their feet”.

- **Individual vulnerability**

Individual factors including vulnerability, mental and physical health, support needs, addiction and substance misuse also play a part, and can be exacerbated by poverty and disadvantage. Family and other relationships, which help support people and prevent homelessness, can also be strained by economic circumstances and result in relationship breakdown and loss of accommodation.

- **Home ownership policy and affordability**

The government’s current housing policy focus is on increasing

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<sup>1</sup> Right to buy sales statistics published in December 2015 reported 3,387 (11.4%) new homes had been started over the three years from 2012/13 to 2014/15 to replace 29,509 homes sold under the right to buy in that period.

homeownership. Proposals included in the Housing and Planning Bill for starter homes and to extend the right to buy to housing association tenants (including the requirement for local authorities to sell “high value” council homes) will reduce the current stock of social housing, reduce the future supply of social homes (particularly for rent), and will reduce the funding available to local authorities to provide new social housing (as starter homes will be exempt from planning requirements to contribute towards new social housing and towards other infrastructure – the Community Infrastructure Levy). Other proposals included in the bill and in the Welfare Reform and Work Bill (requiring high earning social housing tenants to pay market rent, known as “pay to stay”, and a 1% reduction in social housing rents over the next 4 years) will further impact on new social housing supply, as well as on the maintenance of homes and estates, and the support provided to vulnerable tenants and to tackle social exclusion and worklessness.

- **Affordability of starter homes**

Affordable housing in the form of low cost home ownership products (including shared ownership homes) and starter homes are increasingly unaffordable to individuals and families. Research by Shelter has found that starter homes for families earning average wages will be unaffordable in over half (58%) of local authorities across the country in 2020, and families on the National Living Wage will only be able to afford a Starter Home in two percent of local authorities. The policies described above will force private developers and housing associations to reduce the number of homes they build at affordable rent, and increase the number they build as starter homes and shared ownership homes.

- **One for one replacement of right to buy homes**

The government has committed to replacing social housing sold under the right to buy on a one for one basis (including housing associations homes sold under the extended right to buy). However, there is concern expressed in analysis carried out by the CIH and others that the money raised through sales will not cover the cost of repaying the current discounts offered on housing association homes to housing associations, and the cost of building a new social home to replace the one sold.

- **Recent Supreme Court judgments**

There have been two recent judgments issued by the Supreme Courts that will have significant implications for the use of temporary accommodation and the assessment of vulnerability of homeless applicants. These judgments will make placing homeless households in temporary accommodation more complex, and will mean that a higher proportion of vulnerable homeless people are accepted as homeless:

- *Nzolameso v City of Westminster* [2015] decided the question of when a local authority may lawfully provide accommodation outside its district to a household owed the 'main housing duty' under Part 7 of the Housing Act 1996.
- *Hotak & Others v Southwark LBC & Others* (2015) changed the legal definition of vulnerability under English homelessness law

- **Welfare reform**

Other factors could potentially also have an impact on levels of homelessness in future, including:

- The roll out of Universal Credit
- The reduction in the household benefit cap to £23,000 per year

3.4. The impact of homelessness on Croydon has been particularly hard, and harder than that felt by other London Boroughs. This is the result of a combination of local factors which include Croydon's comparatively small social housing stock, household incomes in Croydon being lower than the London average, Croydon residents being employed in occupations more vulnerable to the economic downturn and reductions in public expenditure, and the important role previously played by local private landlords in helping to meet housing need.

### **Households placed in temporary accommodation**

3.5. The number of homeless households placed in temporary accommodation increased from 1,749 at the end of March 2012 to 2,770 in March 2015 and increased during the year to a peak of 3,265 at 31 October 2015. As at February 2016 there were 3137 households in temporary accommodation.

*Table 1: Homeless decisions, acceptances and households in TA*

	2011/12	2012/13	2013/14	2014/15	2015/16 To Feb 16
<i>No. Homeless decisions</i>	2279	2879	2459	2412	1,019
<i>No. Homeless acceptances</i>	847	912	762	880	637
<i>No. households in TA</i>	1749	2161	2414	2770	3137

### **Time spent in temporary accommodation**

3.6. Despite the Council improving its "offer" to private landlords in terms of the rent levels that will be paid, financial incentives provided and an ongoing marketing and awareness campaign including a recent well attended landlords day, it has proved very difficult to acquire enough private sector lets to dramatically improve the number of households leaving temporary accommodation.

3.7. This has meant that households are spending longer periods in expensive emergency accommodation and in TA overall as the table below shows. The latter compares the number of homeless households for whom the main duty ended and the time they had spent living in TA in Q3 2010/11 and five years later in 2015/16. The proportion of households spending three years or more in TA has tripled over that period, and the proportion where the duty ended within six months has more than halved.

*Table 2: Time spent in TA by bed size - Q3 2009/10 and 2015/16*

	<6 months	6mths – 1 year	1-2 years	2-3 years	3-4 years	4-5 years	5+ years	Total
Households where main duty ended in quarter 3	93 (47%)	43 (22%)	31 (16%)	12 (6%)	4 (2%)	2 (1%)	13 (7%)	198

2010/11								
Households where main duty ended in quarter 3 2015/16	26 (20%)	28 (22%)	22 (17%)	14 (11%)	15 (12%)	12 (9%)	12 (9%)	129

- 3.8. Table 3 below provides a current snapshot of households placed in all forms of TA, which shows that almost half have been waiting three years or more for permanent rehousing, and over 300 for more than five years.

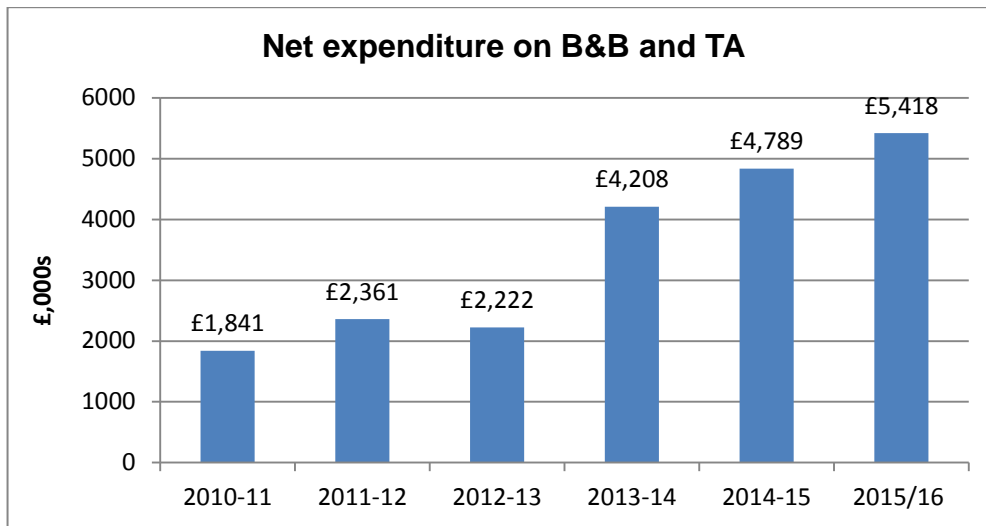
*Table 3: Time spent in TA by homeless households (as at 19 February 2016)*

<i>Time spent in TA</i>	<i>No. Homeless Households</i>
0-1 year	1041
1-2 years	635
3-5 years	1120
5-10 years	237
10 years +	92

#### **Expenditure on temporary accommodation**

- 3.9. Although most temporary accommodation in Croydon has, in the main, been cost neutral (i.e. the Council has received enough subsidy to cover the cost), emergency accommodation, which is nightly paid, almost always exceeds the amount of available subsidy. This has been the case for some years and the Council has taken this up with the Housing Minister, asking for a review of funding arrangements. With more households presenting as homeless and fewer opportunities to secure permanent housing, there has been an increase in the use of emergency accommodation. Placements into this type of accommodation have exceeded the number of households being placed in longer term TA, leading to increased costs week on week to the Council. Chart 1 below shows the net expenditure (after housing benefit has been applied) on providing emergency bed and breakfast and temporary accommodation over the past six years.

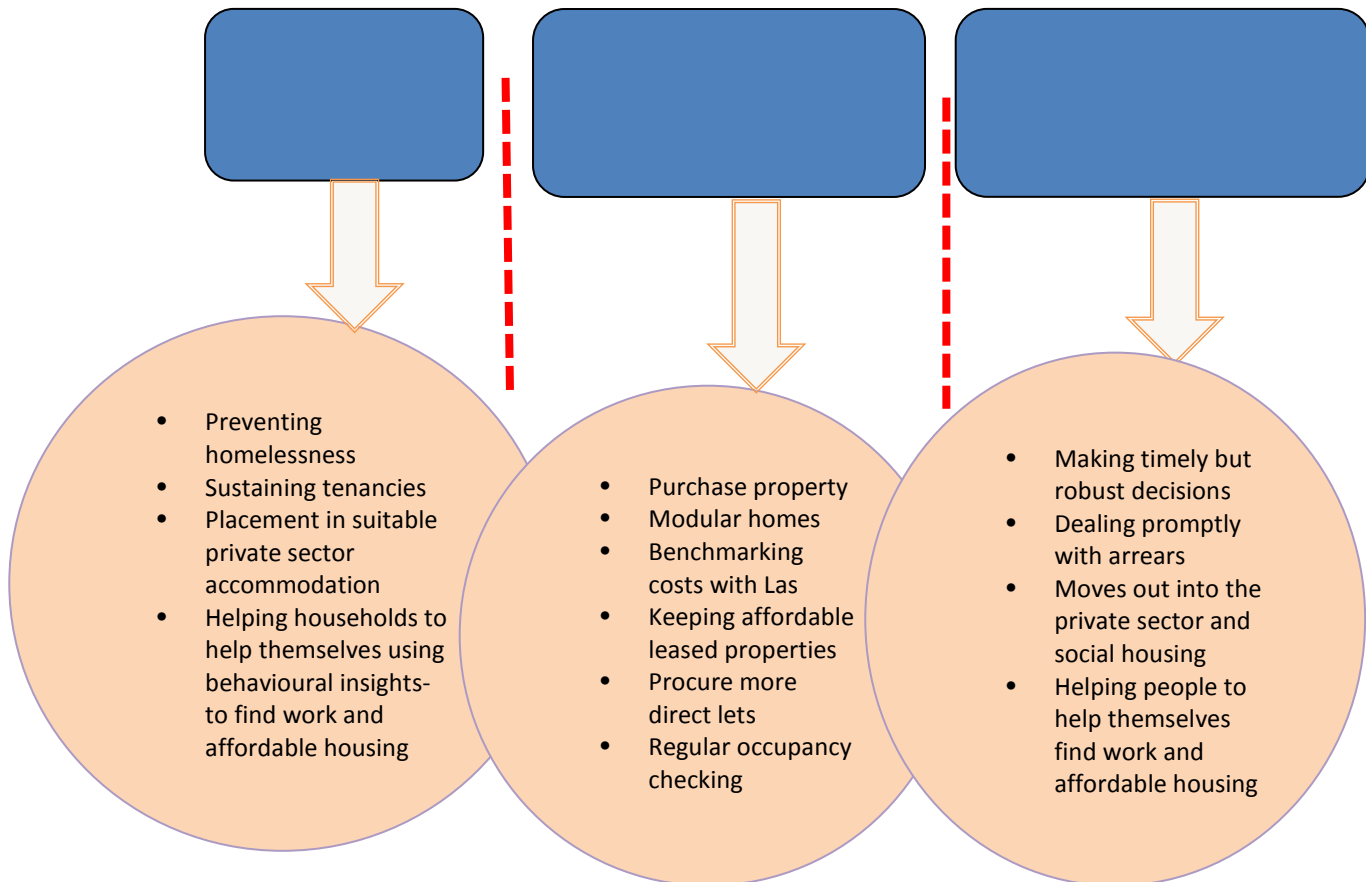
*Chart 1: Net expenditure on B&B and TA – 2010/11 to 2015/16*



3.10. The Council's future approach to tackling increasing homelessness and expenditure on temporary accommodation will focus on:

- I. Homelessness prevention and intervention
- II. Proactively managing the supply of temporary accommodation
- III. Prioritising homelessness prevention and introducing choice based lettings

as set out as described in the diagram below:



3.11. The impact of this new approach will be felt in a number of ways:



- Homeless applicants will have the opportunity to access housing options advice and the opportunity to access a solution to their homelessness throughout the homelessness process. **This will reduce the number of households going into and staying in TA.**
- Homeless households will also be supported to develop budgeting skills, financial resilience, improve their employability through accessing training and skills development, and to access employment. **This will help deliver sustainable housing solutions, improve tenancy sustainment and prevent repeat homelessness.**
- Homeless households will be placed in emergency accommodation for as short a time as possible, decisions on their homeless application will be made as quickly as possible, and they will move into longer term temporary accommodation when it becomes available. **This will introduce a homelessness temporary accommodation “pathway” which will minimise stays in expensive emergency accommodation, move households into cheaper longer-term TA as units are freed up, and this pathway will inform the Council’s TA procurement to ensure a sufficient longer-term portfolio is available.** This will contribute to restraining increases in TA expenditure. The Council will also stop using council homes as temporary accommodation, and only allocate them via the Housing Allocation scheme.
- Subject to the outcome of consultation, proposed changes to the Council’s Housing Allocations Scheme would:
  - Prioritise households who work with the Council to prevent their homelessness by accepting a prevention offer of alternative Private Rented Sector (PRS) accommodation, or are prepared to remain in their current accommodation (following negotiation) with their landlord. **This would act to change behaviour, reduce demand from statutory homeless households and align the Council’s policy to the outcomes it wants to achieve.**
  - Allocate social housing through an online bidding system. Applicants will have different levels of priority (i.e. currency to bid with), but everyone will be able to choose to make a bid on the properties available. **This would enable all housing applicants to exercise choice about the property, area, community they want to live in, and thereby reduce the rate of refusals, reduce appeals and challenges, and help boost community cohesion.**

3.12. The following sections set out the detailed actions the Council has taken in the recent past and the further steps it intends to take in the future.

### **Reducing the Flows into temporary accommodation Prevention and intervention**

3.13. The Council’s initial response to the coalition government’s welfare reforms introduced in 2013 (the bedroom tax and the benefit cap) was very successful

and prevented the vast majority of households affected by the reforms from having to apply as homeless. The Council has extended this model as part of the Croydon Challenge and is in the process of developing a single gateway service - the Gateway Service.

3.14. The Gateway Service has developed an approach to homelessness based on a clear “end to end” understanding of the process and the key areas of focus are as follows:

- speeding up the homelessness decisions making, and tackling processing pinch points to ensure the assessment service is as efficient as possible;
- targeting people already placed in emergency accommodation under the homelessness duty and supporting them to find a housing solution and thereby reducing their length of stay;
- supporting households that have had to move out of a parent or relative’s home;
- targeting people making appointments with housing options officers via the online housing options self-help tool and offering support with a focus on preventing potential homelessness through landlord negotiation and increasing income collection.
- Housing options sessions are included as part of half-term play sessions in our temporary accommodation blocks home finding skills, as well as benefits and welfare advice.

3.15. The outcomes from the Gateway prevention and intervention approach achieved to date are summarised below:

#### **Homeless decisions backlog**

- 360 additional homeless applications have been decided.
- 54% of these decisions were made within 33 days.

#### **New prevention team:**

- 157 homeless households have been engaged.
- Homelessness has been prevented for 50 households (32%)
- 9 households were supported to move to affordable privately rented homes.
- 24 households could remain with their landlord following negotiation
- 15 households could remain with their friends or relatives following mediation.
- 2 households were assisted with advice and guidance.
- Only 11 households had to go into the statutory homeless service.

#### **Discretionary support team**

- 198 households have moved to affordable homes avoiding a homeless application being made.

#### **Reducing length of stay**

- 25 households have moved out of B&B by Enablement & Welfare.

#### **Targeting the most costly Top 10**

- 5 households have moved (2 housing initiatives, 3 cheaper B&B, 2 referrals to housing initiatives for moves.

- 3 households are engaging with the service to bring down their arrears in order to be eligible for a private offer.

3.16. Although the number of households presenting as homeless is still on an upward trajectory, the number of successful preventions is increasing. Although it is early days, prevention measures appear to be having a positive impact on flows into emergency accommodation.

### **Finding Cheaper Forms of temporary accommodation**

3.17. The Council continues to approach the task of increasing the amount of temporary accommodation in a wide variety of ways detailed below:

- Improving the “offer” to private sector landlords, advertising in the property press, on billboards and in other media to promote the council’s “offer”, contacting estate and letting agents, landlords and property owners advertising properties. Developing the offer includes “Guaranteed Rent” scheme, in addition to the existing suite of offers to the private rented market, which includes Croylease and Croybond.
- Setting up the expanding temporary accommodation (ETA) scheme to purchase properties on the open market to use as temporary accommodation. To date more than 94 ETA properties have been let to homeless households.
- Investing £30m in the Real Lettings Property Fund (RLTP) – provided a return on investment and nomination rights to 90+ properties. The RLTP was shortlisted for a LGA Award. (Details of RLTP next investment tranche and nomination rights have been negotiated).
- Taking out long leases for Concord, Sycamore and Windsor Houses to provide 230 units of good quality, value for money temporary accommodation.
- Converting hard to let council retirement housing and redundant council buildings into temporary accommodation (e.g. Gillett Road and Tonbridge House).
- Ensuring that empty properties brought back into use with assistance from the Council, are provided to households in housing need. In 2014/15 89 empty properties were brought back into use this way, and the Council intends in 2016/17 to target family sized properties via the Council’s Croylease scheme.
- Developing a new lodgings scheme for young homeless parents which have delivered excellent outcomes. The scheme has recruited 25 householders and has accommodated over 40 homeless families with young children.
- The Council also is investigating participation in a Dynamic Purchasing System with a number of other London boroughs. Croydon Council is currently in negotiations with Bromley, Greenwich, Southwark and Lewisham to agree a pricing mechanism for a DPS scheme for temporary accommodation with a view to further reduce the costs of nightly paid accommodation.

### **Moving People Out of Temporary Accommodation**

#### **Exiting from using council homes as TA – behaviour change**

3.18. A further key part of the overall plan is to reduce the use of council homes as TA. Croydon has one of the highest uses of its own housing stock as TA for homeless households. The number is gradually increasing, however, this

approach is not sustainable in the long-term, and significantly reduces the supply available to housing register applicants. Social housing can be seen to be an attractive housing option for some in terms of its location, discounted rent levels, the right to buy and other rights enjoyed by secure tenants. Social housing is also well managed as well as being maintained to the decent homes standard. Applying to a local authority and being accepted as homeless is one route to being allocated social housing, and can be seen as attracting demand. Part of the overall approach to managing the demand from homelessness is to change this perception and to introduce priority for social housing for those who work with the Council to prevent homelessness. The increase in households placed in Council homes as TA is shown in Table 4 below.

*Table 4: Homeless Households in council's homes as TA*

31/03/2013	30/09/13	31/3/2014	30/09/14	31/0315	30/09/15	31/01/16
942	1,062	1,159	1,152	1,275	1,152	1,110

### **Increasing the supply of private rented lettings**

- 3.19. The Council is also focusing on the increasing the number of private sector lettings to discharge our homelessness duty. As mentioned above, the Council will continue to promote its offer to private landlords to ensure it is as attractive as possible faced with a very challenging PRS (private rented sector) market enabling discharge of the homelessness duty and provide an important exit route out of TA.
- 3.20. The Council currently achieves around 15 units each month as direct lets for homelessness duty discharge, but needs to increase this procurement to 30 units each month following the introduction of new PRS products by our Housing Solutions Service. Analysis of homelessness acceptances and discharges of duty indicates that the Council will need to procure an additional 320 direct lets over the next 12 months (26 per month) to ensure that the number of cases discharged exceeds the number of households accepted and placed in TA long-term. The Council can then stop using use its own housing stock as temporary accommodation. To respond to the very challenging PRS market conditions, the Housing Initiatives Team has been restructured and given a stronger focus on the private sector, the Council's products have been rebranded to ensure they appeal to private landlords, and the ongoing marketing to attract new landlords to the Housing Needs Service will continue.

### **Assist and encourage households to find their own accommodation in the private sector**

- 3.21. Regular events for households in temporary accommodation to come along to will be held with demonstrations on the best ways to find accommodation in the private sector or via various Mobility Schemes. Homeless households will receive financial assistance towards a deposit for rented accommodation. This activity will be supplemented with self-help sessions and the use behavioural insights to make it easier. The Council will monitor the impact of these approaches on the number of households living in temporary accommodation.

### **Proactive management of TA**

- 3.22. The efficient and effective management of TA resources is a key aspect of this approach given the large number of households placed in temporary accommodation, some at considerable distance outside Croydon. There is a

risk that some of those units may be abandoned or occupied illegally. Regular checks are undertaken by Council officers on occupancy: (so far 900 visits have been made) and 44 (5%) unoccupied rooms recovered and relet. Council officers plan to visit (1,000) units of TA in 2016/17 and if a similar proportion is found to be unoccupied, around 50 units of TA could be recovered, providing a saving of £337,500.

### **Increasing overall housing supply to tackle housing demand**

- 3.23. Tackling the structural factors driving homelessness by increasing the supply of housing generally, and the supply of affordable housing in particular, will make a key contribution to reducing homelessness and meeting housing need. Local authorities play a key role in developing housing strategies and effective planning policies to enable sustainable growth in their districts. To date, in 2015/16 261 new social homes were delivered, saving the general fund £1.7m on temporary accommodation expenditure<sup>2</sup>.
- 3.24. Increasing the supply of housing across the borough is the key to addressing overall housing demand, and to delivering more affordable homes for households in housing need to be rehoused into. The 'Croydon Promise' approved by Cabinet in September 2014 sets out an ambitious Growth Plan which will see over £5bn invested in the borough, the creation of 16,000 new jobs and 9,500 new homes started over the next five years, including:
- The Housing Delivery Plan - the Council will work with developers and registered providers to deliver an ambitious target of starting 9,500 new homes over the next five years - double the housing supply achieved in recent years;
  - Reviewing strategic 400 sites across the borough. The review will identify 50 sites that will become the focus for the delivery of 8,600 new homes and over 10,000 new jobs;
  - A Revolving Investment Fund which will ensure that the sites identified in the review are prioritised for financial support. The fund will recycle any "profit" and reinvest it in future regeneration projects;
  - A Development Company to increase the supply of new housing, deliver economic regeneration and key infrastructure projects. The Development Company will enable the Council to control and deliver new development projects;
  - Supporting Registered Providers (housing associations) by encouraging those with the ambition and commitment to work with the Council to develop new large mixed housing and regeneration projects, whilst continuing to support the development of smaller affordable housing schemes;
  - Introducing a new minimum affordable housing requirement of 50% on new residential schemes across the whole borough;
  - Increasing the number of affordable homes in Taberner House from 60 to 120, in line with the Council's new affordable housing policy.

### **Permanent rehousing – proposals to amend the Housing Allocations scheme**

- 3.25. The overall approach of this plan is to be consistent throughout the

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<sup>2</sup> On average it cost a net £6,750 per year to accommodate a homeless household in emergency temporary accommodation

homelessness process in providing support that enables families and individuals to resolve their own housing and associated problems. The Council proposes to amend its housing policies and its practice to ensure they are consistent with and support this approach and do not include any perverse incentives that may reward or incentivise homelessness, and are fairer, transparent and easy to understand for tenants, staff, Council members and stakeholders.

3.26. Subject to consultation, it is proposed to amend the current Housing Allocations Scheme in the following ways:

- Homeless applicants that work with the Gateway Service to prevent their homelessness will be given higher priority, and the priority will increase the longer the homelessness is prevented (as set out below)
- Increasing the current residency qualification for social housing from 1 to 3 years. Current exceptions to this criterion will be retained including members of the armed and reserve forces, older people applying for sheltered housing, existing social housing tenant applying to live in Croydon through housing moves, and homeless households placed outside the borough in temporary accommodation.
- Incorporating 'Right to Move' reasonable preference category that has been introduced by the government. This means that social tenants who need to move to Croydon to avoid hardship, and because they work or have been offered work in Croydon (and have a genuine intention to take up the offer) will be enabled to do so.
- Making some minor amendments to clarify the council's policy on housing relating to:
  - Members of the armed services
  - Care leavers
  - Medical priority

3.27. Under the Housing Act 1996, a local authority must set out a housing allocations scheme (the Scheme) explaining how it will assess housing applications and determine priorities for the allocation of social housing. If the local authority proposes to make major changes to its allocations scheme, it must bring the proposed changes to the attention of those likely to be affected by the changes within a reasonable period. The Council will therefore carry out consultation with housing applicants on the housing register, homeless households, Registered Providers with which the Council has nominations agreements, and other stakeholders to obtain their comments and feedback on the proposed changes.

3.28. The Council will therefore seek the views of housing applicants, registered providers and other stakeholders on the following detailed proposals:

**Prioritise homelessness prevention**

- Households that are homeless or threatened with homelessness will be eligible to go into Band 3 for a period of up to 28 days prior to losing their accommodation and for 6 months afterwards.

- Housing options support via the Gateway Service will be offered to help applicants decide how to best meet their housing needs.
- Households will move into Band 2 (in line with homelessness law and the Council's wider priorities) once they meet the criteria outlined below:
  - They are threatened with homelessness and have accepted a private rented sector offer from the Council to help prevent your homelessness. This band will be awarded if they would normally be owed the main homelessness duty by the Council. They will be eligible for Band 2 if their homelessness is prevented for at least six months.
  - They are threatened with homelessness but the Council has negotiated for them to remain in their accommodation for at least 6 months. This band will be awarded if they would normally be owed the main homelessness duty by the Council. They will be eligible for Band 2 if their homelessness is prevented for at least six months.
  - They applied to the Council before it started to use its powers under the Localism Act (in February 2013) and they accept a tenancy in the private rented sector that ends the Council's main homelessness duty to their household – a qualifying offer. They will be eligible for Band 2 if they have lived in the private rented sector for six months.

#### **Increase the residency criteria**

- Applicants applying to be placed on the Housing Register will have to have lived in Croydon for at least 3 years before they qualify to go on the register.

#### **Introducing Choice Based Lettings**

- 3.29. The Council's current Allocation Scheme and procedures provide a degree of choice for applicants over the location in which they would accept an offer and over the choice of landlord (council or housing association). However, this rather limited version of "choice" does not empower applicants sufficiently, or engage them in the process of actively choosing a home they want to live in. The Council therefore proposes to introduce Choice Based Lettings.
- 3.30. This would represent a significant shift in the way Council properties in Croydon are allocated. Instead of the onus being on the Council to offer property to the individual seeking to be rehoused, this is changed to the individual being responsible for actively pursuing their own housing needs by bidding to express their interest. As part of this process, those seeking housing will have to be provided information on the numbers, types and locations of properties available and also information on the priority and length of waiting time of those who are successful. By doing this, it is possible to see what level of priority and waiting time will be required to bid successfully for certain types of property or certain areas.
- 3.31. As advised above, instead of the traditional way the Council has allocated its housing for many years by offering available council property to households seeking housing, residents would instead be responsible for actively pursuing their own rehousing by bidding on vacant properties to express their interest in, if they would like to be considered for that property. Properties would be made available for bidding on line via the Croydon Council, or another bespoke

website.

- 3.32. At the end of the bidding cycle, the Council would select a shortlist of applicants to view the property and a final offer is made after the viewing according to the highest priority case who wishes to accept the property. The results of the weekly adverts will be published to enable applicants to judge their own chances if they applied for a similar property in a similar area. This contributes to the process being more transparent and accountable. When a property is let, details of the priority band and application date of the successful applicant and how many applicants in total applied for the property will be published in the same places as the details of the current vacancies/homes. In this way, applicants will be able to rate their prospects for a similar property by comparing their application date and priority band with the successful applicant.
- 3.33. Many local authorities now operate a choice based lettings system that enables applicants once registered on the housing register to bid for vacant properties, and applicants assessed as having greater or more urgent needs are given more priority (effectively “currency”) to bid with.
- 3.34. This type of allocations system delivers a range of subsidiary benefits which include:
- Tenancy sustainment
  - Community cohesion and sustainment
  - Lower vacant relet times
  - Less administration associated with “points chasing”
  - A scheme perceived as fairer
  - More transparent mechanism to allocate housing
- 3.35. A choice based lettings approach reinforces the enabling approach and empowers people to make decisions over where they live and exercise choice. If a household has chosen where they want to live rather than the Council deciding for them they should be happier in their homes which then promotes community cohesion and sustainment. Certain groups of applicants can be given higher priority to bid, or time limited priority depending on their need and circumstances. This could include homeless applicants and could potentially reduce the resources the administrative impact of responding to suitability reviews, judicial reviews and other legal challenges. The circumstances in which direct offers will be made to applicants will also need to be set out in the proposed consultation, for example, where there are child or public protection issues, or where it may prove costly to the Council if the applicant is not moved.
- 3.36. Support will be provided to vulnerable households to enable them to make an informed choice about where they wish to live, to navigate the bidding system and this support will be provided in partnership with the VCS, other partners and stakeholders. The role of Housing staff will also change from assessors and administrators, to facilitators and enablers. Staff will be able to liaise more with voluntary organisations and Adults and Childrens services to be proactive in helping more vulnerable applicants exercise choice.

#### **4. CONSULTATION**

- 4.1. Under s.168 of the Housing Act 1996, when a Council makes a major



alteration to the Allocations Scheme, the Council should bring the effect of the alteration to the attention of those likely to be affected by it. It is proposed that this will be undertaken by way of prior consultation on revisions to the Allocations Scheme with stakeholders, including those directly affected and Registered Providers for a period of twelve weeks. The consultation will be carried out digitally and through focus groups and events.

4.2. Consultation will also be carried out with a wide range of stakeholders including members of the Health, Social Care and Housing Scrutiny Sub-Committee, public sector agencies, registered providers, the voluntary sector as well as the neighbouring authorities and the GLA. Consultation with residents and stakeholders will include:

- A survey of applicants on the housing register.
- A mail shot to all tenants
- Public consultation meetings
- Choice based lettings demonstration sessions
- A stakeholders' consultation seminars and focus groups
- Display and information stands in Access Croydon
- Meetings with Voluntary Sector organisations and representatives.

## **5. FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS**

### **5.1. Revenue and Capital consequences of report recommendations**

Costs anticipated are associated with the consultation on the proposed changes to the council's allocation scheme and these will be absorbed within the council's existing resources. Detailed analysis of what these costs are is still to be undertaken.

There may also be a financial implication to the council as a result of any write off of arrears accrued by households placed in temporary accommodation.

There will also be some additional costs associated with the implementation of choice based lettings through introducing new online bidding arrangements,

Detailed modelling and analysis of the costs and how they will be funded will be undertaken during the consultation period and will be included in a follow-up report that will be issued on the results of the consultation.

### **5.2. The effect of the decision**

The current combined forecast overspend position (period 10) across Temporary Accommodation and Emergency Accommodation is £2.8m. In 2016/17 £500k growth has been allocated to this budget, based on the current demand, without a change in how our provision is managed, the will be a recurring pressure on this budget. This paper outlines a methodology to change our management in order to move from more expensive emergency accommodation to cheaper more affordable temporary accommodation, which alongside other efficiency plans will enable us to manage this pressure down to a budgeted break even position.

### **5.3. Risks**

Careful consideration, in line with the Council's policies, will be given to

homeless households being considered for the offer of a permanent tenancy of their current temporary accommodation where they already owe rent arrears. Households will be encouraged to clear their arrears before an offer of permanent accommodation is made.

**5.4. Future savings/efficiencies**

Detailed modelling of these savings will now be carried out and they will be included in the paper that will be provided following on from the consultation.

Approved by – Lisa Taylor – Head of Finance and Deputy S151 Officer

**6. COMMENTS OF THE BOROUGH SOLICITOR AND MONITORING OFFICER**

6.1 The Solicitor to the Council comments that there are four necessary elements to statutory consultation:

- it must take place at a time when proposals are still at a formative stage;
- the proposer must give sufficient reasons for any proposal to permit intelligent consideration and response;
- adequate time must be given for consideration and response; and
- the product of consultation must be conscientiously taken into account in finalising any statutory proposals.

6.2 The Public Sector Equality Duty as set out contained in Chapter 1 of Part 11 of the Equality Act 2010 has three principle requirements which can be summarized as the need to:

- eliminate discrimination (in all its forms, including direct and indirect discrimination);
- advance equality of opportunity; and
- foster good relations between those sharing or not sharing protected characteristics.

6.3 Again, in considering this duty and making any decisions, case law has identified the key principles that must be observed:

- Those taking the decision must be aware of their duty to have “due regard” to the requirements of the PSED;
- The “due regard” duty must be fulfilled before and at the time that a particular policy that might affect protected groups is being considered by the public authority in question. It involves a conscious approach and state of mind;
- The duty must be exercised “in substance, with rigour and with an open mind”.

- 6.4 The Council's Housing Allocations Scheme must take into account the interests of children as required under the Children Act 1989

**(Approved by Gabriel Macgregor, Acting Council Solicitor and Acting Monitoring Officer.)**

## **7. HUMAN RESOURCES IMPACT**

- 7.1 There are no immediate human resources implications arising from this report for LBC staff

(Approved by: Deborah Calliste, HR Business Partner, on behalf of Heather Daley, the Director of Human Resources)

## **8. EQUALITIES IMPACT**

- 8.1 The council has a duty to comply with the provisions set out in the Equality Act 2010. A full Equality Impact Assessment will be completed and published alongside the proposed revised Allocation Scheme. Initial analysis of homelessness and housing allocations identifies that the households who will be affected by the proposed changes to the Housing Allocation Scheme are more likely to be younger, single parents and from BME communities than the general population. Consultation will test the views of applicants, residents and other stakeholders on the fairness of the proposed Allocation Scheme. The Council will ensure that the work of the Opportunity and Fairness Commission concerning housing and homelessness, including significant recommendations made in its final report, are taken into account as part of the development of the revised Housing Allocation Scheme. The impact of the consultation will be tested and fed into the final EQIA for the revised Housing Allocations Scheme.

## **9. ENVIRONMENTAL IMPACT**

- 9.1 No specific adverse environmental impacts have been identified resulting from the recommendations contained within this report.

## **10. CRIME AND DISORDER REDUCTION IMPACT**

- 10.1 There are no crime and disorder impacts as a result of the recommendations contained within this report

## **11. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION**

- 11.1 The report sets out an action plan that will contribute to improving outcomes for homeless households in Croydon, help achieve the manifest commitments to tackle the homelessness crisis, and help restrain the increasing cost to the council of providing temporary accommodation for homeless households.

## **12. OPTIONS CONSIDERED/REJECTED**

12.1 None

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**CONTACT OFFICER:** Mark Meehan, Director of Housing Needs (X65474)

**BACKGROUND PAPERS - LOCAL GOVERNMENT ACT 1972:** none