

MAIDSTONE BOROUGH COUNCIL

STRATEGIC HOUSING ADVISORY COMMITTEE

5 JANUARY 2011

**REPORT OF THE DIRECTOR OF REGENERATION
& COMMUNITIES**

Report prepared by John Littlemore

1. Local Decisions: a fairer future for social housing

1.1 Issue for Consideration

1.1.1 The consultation document proposes a number of significant changes to the way in which social housing is allocated, the type of tenure offered, as well as amendments to the homelessness and other housing legislation. The Cabinet Member is asked to consider the observations made by the Head of Housing and Community Safety to the consultation paper and agree the response from Maidstone Borough Council.

1.2 Recommendation of the Director of Regeneration & Communities

1.2.1 That the Cabinet Member notes the comments of the Head of Housing & Community Safety and agrees the response to the consultation as contained in Appendix A attached to this report.

1.3 Reasons for Recommendation

1.3.1 The coalition government released at the end of November 2010 the '**Local decisions: a fairer future for social housing**' consultation document, which set an 8 week consultation period ending on 17th January 2011.

1.3.2 The document considers that the previous government has left a system that is 'broken, centrally controlled and in need of urgent reform'. The intention of the document is review 'the way social housing is provided, at the way people access social housing and the terms on which it is granted'. The document covers 8 key themes:

- Tenure
- Empty Homes
- Social housing allocations

- Mobility within social housing
- Homelessness
- Overcrowding
- Reform of social housing regulation
- Council housing finance (relating to existing council housing stock)

1.3.3 Flexibility and identifying local solutions are words used frequently in the document. Some alterations will be made through the authority derived from the wording of existing legislation but those changes requiring statutory amendments will be delivered through the Localism Bill.

1.3.4 Tenure

Proposed change	Comment
Flexible tenancy - minimum 2 years, with the option to extend	<p>Broadly speaking this proposal is welcomed as it provides a new way of providing state-funded housing and intends to make housing more accessible to a wider range of household.</p> <p>An alternative to life-time social housing tenancies; landlords can still offer assured tenancies.</p> <p>Tenancy can be granted for any fixed term but not less than 2 years. Can be extended at the discretion of the landlord</p> <p>Intended to provide flexibility with the suggested ability to provide affordable housing to those who need a period of stability before being able to move either into homeownership or the private rented sector</p>
Existing tenants unaffected unless they transfer	This may prove to be a disincentive to tenants seeking to move to downsize
Rent level equivalent to 80% of market rent	<p>Likely to be the only form of tenure to attract HCA funding on new build</p> <p>Clarity required as to how this impact on special needs housing</p> <p>Additional rent accrued to be reinvested in new homes or refurbishment</p>

	<p>Housing Benefit will remain available, which could increase the housing benefit burden; potential increase in discretionary HB claims</p> <p>Clarity required as to the effect of Part VI Housing Act 1996 which requires nominations to be in accord with the allocation scheme, which is needs lead</p> <p>Landlords may reject nominations on the basis that the applicant may not now or in the future be able to pay the rent</p> <p>There does not appear to be a ring-fence to require the additional rent accrued to be reinvested in the same area</p>
<p>One right of succession, landlord discretion to grant further successions</p>	<p>Clarifies the current position, which can be confusing as landlords can interpret differently – this clarification is welcomed</p>
<p>New tenure can be offered on new build and existing property as they become empty</p>	<p>Unclear from the consultation document how this ties in with the duty on the local authority to produce a policy on tenancies</p> <p>Intended to be determined locally, even where the landlord may have property in more than one local authority area</p> <p>Clarity required as to the relationship between existing nomination agreements where tenure is stipulated and landlord's ability to designate a property for affordable rent</p>
<p>Duty on all local authorities to publish a strategic policy on tenancies</p>	<p>This policy will determine how affordable tenure should be applied, in what circumstances, what type of property, circumstances under which tenancies will not be renewed etc.</p> <p>Applies equally to for non-stock holding authorities; which is applauded due to the links with the Local Development Framework and its associated documents</p>

	Clarification required as to compunction on landlords to comply with the policy
Secretary of State to produce a tenancy standard	Unclear whether this will follow the TSA standards or seek to lessen or extend what was previously consulted on

1.3.5 Empty Homes

Proposed change	Comment
Empty homes brought back into use will attract the New Homes Bonus	<p>More detail required to understand what type of intervention to bring back empty homes will then attract the NHB; however this offer is a positive move</p> <p>Funding will come from the existing new affordable housing pot</p>

1.3.6 Social Housing Allocations

Proposed change	Comment
Remove transfers from the requirement to appear on housing lists	<p>This will have little or no impact to Maidstone as transfer cases currently have their own quota of empty social housing e.g. 25% for Golding Homes</p> <p>Consideration to be given as to whether the council maintains transfer lists for landlords</p>
Preference categories for priority remain unchanged	Officers have lobbied for local authorities to determine locally the preference categories but government states this should be determined centrally
Greater freedom for local authorities to determine who can appear on their housing list	<p>Acknowledgment that open housing lists required by Homelessness Act 2002 has resulted in large number of applicants who have little or no prospect of receiving an offer of accommodation</p> <p>Suggestion that maintaining these lists is inefficient and the proposal is to allow local authorities to be more restrictive as to who can join the housing list but with the proviso of enhanced housing advice</p>

	for those applicants who are excluded
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1.3.7 Mobility

Proposed change	Comment
Provision of a national database for mutual exchanges	This can be supported
Review what barriers exist to mutual exchanges	Currently tenants of housing associations do not have an automatic right to assign their tenancy by way of mutual exchange. This proposal provides an opportunity to give equity across social housing providers and clarify the grounds for refusal

1.3.8 Homelessness

Proposed change	Comment
More coordination across Government to address the needs of the single homeless	Welcomed - Government recognises the need to address the issue of single homelessness and the links with certain client groups such as former service personnel and ex-offenders, however, some of the changes to benefit entitlement may make this role more difficult e.g. raising the age of single person HB entitlement to 35 years old
Priority needs groups unchanged	This does appear to be a missed opportunity to fundamentally tackle who is entitled to social housing; e.g. potentially perverse incentives that may contribute to teenage pregnancies The impact of the other changes may result in less housing being available for those clients the council has a statutory duty to secure accommodation for; this could lead to an increase in B&B or other temporary accommodation
Greater flexibility to end the homeless duty into the private rented sector	This welcome amendment will enable the council to secure accommodation for applicants in the private rented sector A minimum requirement of a 12 month

	<p>tenancy is proposed but this may prove difficult to achieve with landlords who offer 6 month assured shorthold tenancies</p> <p>When coupled with the other benefit changes there is no incentive for landlords to participate in this initiative</p>
Duty remains for 2 years to those housed via the private rented sector	Clarity is required. The duty to secure accommodation remains for two years but should this be the case if the applicant's circumstances change and they no longer have a priority need?

1.3.9 Overcrowding

Proposed change	Comment
Review the statutory definition of overcrowding	<p>The current definition dates back to 1985 and is set quite high.</p> <p>A review is required as the more recent Housing; Health & Safety Rating System introduces a different test.</p> <p>However, changing the definition will not provide larger housing and this issue can only be tackled using a holistic approach</p> <p>The document assumes that a number of measures will improve the prospects for overcrowded social housing tenants to move. All these measures are currently in place in Maidstone; unlikely therefore to see any impact from these proposals</p>
Explore how tenants under occupying larger homes can be encouraged to move	Suggested mechanisms are available in Maidstone. Fixed term tenancies will help to encourage movement but the impact of this is a generation away

1.3.10 Reform of Social Housing Regulation

Proposed change	Comment
Removal of the Tenant Services Authority	The reduced regulatory role will now be fulfilled by the Homes & Communities Agency.

Role of regulator to set clear standards that are monitored locally	The consultation anticipates a greater role for tenants to perform a consumer protection function through tenant panels set up by their landlord; together with a new standard on tenant involvement
Review dispute-resolution mechanisms through local solutions involving elected councillors and MPs	The document suggests a resolution mechanism provided locally and involving elected members but no detail is provided. The regulator will only become involved in <i>serious</i> failures against the new standards

1.3.11 Reform of Social Housing Finance

Proposed change	Comment
The current system of local authority rents being pooled centrally and then redistributed to be revised	Maidstone Council closed its Housing Revenue Account following stock transfer and this part of the document is not relevant to MBC

1.4 Background

- 1.4.1 Maidstone Borough Council holds a housing waiting list of over 3,500 applicants that consists of both home-seekers (2,900) and transferring tenants (755) of social landlords with stock in Maidstone. A broad range of affordable housing is offered in addition to social rented accommodation. This includes intermediate rent (similar to affordable rent) and low-cost homeownership products such as shared and equity stake ownership. There were an additional 645 applicants seeking affordable housing other than social rent on the list maintained by our Zone Agent, Moat Housing, for low cost homeownership products.
- 1.4.2 During 2009/10 a record number of households were housed into social housing – 718. The increased availability of affordable housing at that time played a key role in reducing the need for expensive and unsuitable temporary accommodation at a time of increased demand because of the recession. In the first 2 quarters of 2010/11 the number of households provided with housing is 316. Of these 95% of applicants had a direct connection with Maidstone.
- 1.4.3 The recent Strategic Housing Market Assessment identified a shortfall of 1,081 affordable dwellings a year, of which 850 per annum were required for acute housing need. Shortages of affordable housing of all sizes were noted but larger homes in particular are required. The need

relative to supply is by far the greatest for 4-bed accommodation and the SHMA evidence suggests a split of 40% smaller (one/two bedroom) dwellings and 60% larger (three or more bedrooms).

1.5 Alternative Action and why not Recommended

1.5.1 The council could decide not to respond to the consultation, however, there are a number of significant changes that will affect the duties MBC is required to perform in relation to housing. Some of these proposed changes require further clarification whilst others may have unintended negative impacts that should be highlighted. Therefore not responding cannot be recommended.

1.6 Impact on Corporate Objectives

1.6.1 The Cabinet has agreed that ensuring Maidstone is a decent place to live that has decent, affordable housing across a range of tenure is a priority. The consultation proposals have a direct impact on a range of housing in both the public and private sectors.

1.7 Other Implications

1.7.1

1.	Financial	
2.	Staffing	
3.	Legal	X
4.	Equality Impact Needs Assessment	
5.	Environmental/Sustainable Development	
6.	Community Safety	
7.	Human Rights Act	
8.	Procurement	
9.	Asset Management	

1.7.2 A new duty to adopt a tenure policy is suggested in the consultation document. In addition a number of statutory amendments are proposed that are highlighted in the body of the report.

1.8 Relevant Documents

1.9 Local decisions: a fairer future for social housing – Communities & Local Government

1.9.1 Appendices

1.9.2 Attached is Appendix A which contains the council’s response to the Communities & Local Government’s set questions.

1.9.3 Background Documents

1.9.4 Allocation Scheme – MBC January 2009

1.9.5 Housing Acts 1985; 1996

Homelessness Act 2002

IS THIS A KEY DECISION REPORT?

Yes

No

If yes, when did it first appear in the Forward Plan?

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This is a Key Decision because:

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Wards/Parishes affected:

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