

Report of: Business Manager, Community Housing

To: Executive Board

Date: 19 March 2007

Item No: 19

Title of Report : Annual Lettings Plan – allocations percentages



Summary and Recommendations



Purpose of report: Report to recommend new percentage targets for the allocation of social housing in 2007/08, to identify the reason for this and the potential impacts as a result.



Key decision: Yes


Portfolio Holder: Councillor Patrick Murray

Scrutiny Responsibility: Housing



Ward(s) affected: All

Report Approved by:


rick Murray - Portfolio Holder

Jeremy King – Legal & Democratic Services

an Smart - Financial & Asset Management

Policy Framework:

Oxford Plan

neless Strategy

Recommendation(s):

1. Note the performance against the Lettings Plan at Appendix 1 for 2006/07 (April – December)

ecommend the proposed Lettings Plan at Appendix 2 for 2007/08

3. Comment on the potential impact of the change



Summary

1. This report looks at the expected results of the Lettings Plan 2006/07
2. The report seeks to identify the issues influencing a change to the target allocation percentages and the implications of making a change
3. The report proposes that changes to the current allocation percentage targets are implemented from 1st April 2007. These seek to increase the number of two & three bed vacancies given to the general register as part of the homelessness prevention agenda

Vision and Strategic aims

4. Although this report does not produce more affordable housing stock, it is concerned with the effective allocation of social housing and therefore directly relates to the objective of providing more affordable housing
5. The development of a clear Lettings Plan also links to the Council's vision of service improvement, reducing social exclusion by helping to create more sustainable communities, and improving homeless prevention measures

Background and Context

6. The Annual Lettings Plan contains allocation percentages, which are targets, set by Full Council, which seek to determine the proportion of social housing that is offered to different lists within the Council's Housing Register. The current Lettings Plan was agreed on 16th January 2006, and the targets are shown in Appendix 1 (including performance up to the third quarter)
7. These figures are reported quarterly to Housing Scrutiny with an explanation of reasons why there are differences between targets & results

Key Issues and Objectives

8. The Council has approximately 690 households in temporary accommodation and has accepted a statutory homeless duty to about 640 of these. The Council spends approximately £3,500,000 per annum maintaining such numbers in temporary accommodation. The high proportion of allocations currently made to this group, along with other initiatives, has allowed a planned reduction in the amount of temporary accommodation, and produced budget savings

9. The Department of Communities & Local Government (DCLG) is seeking to reduce the number of households living in temporary accommodation (which has exceeded 100,000 nationally) and has set a target – that of halving the number of households in temporary accommodation by 2010 (from January 2005). In Oxford, that requires a reduction to approximately 475 households in temporary accommodation
10. The Council's Homelessness Strategy has set targets for the reduction of person's accepted as homeless (by 40% from 2003 to 2008) and states that the long term aim should be to clear the 'bottle-necking' of households in temporary accommodation, and to shift the allocation percentages away from the homeless list, to make re-housing, through other means, a more likely alternative. This is part of the prevention of homelessness agenda
11. The current wait in temporary **homeless** accommodation is still significant for most households. There has been a slight change in waiting times in the last year, but the approximate waits for accommodation are as follows:

One Bed	2 – 2.5 years
Two Bed	2 years
Three Bed	4 years
Four Bed	5 years

12. There are 2 households that have been in temporary accommodation for over five years and have yet to receive a successful offer. Both are waiting for four-bedroom accommodation or larger
13. In addition to homelessness, there is also much other unmet housing need in the City. The present allocation percentages gives a low chance of re-housing to any family from the **General** Register, unless in dire emergency. There are presently about 3,400 households registered on this list (excluding statutory homeless households). Many have little housing need, although some have significant priority as indicated through the points system. For example, 47 households (1.4% of this list) have points for being overcrowded with more than two bedrooms short of their assessed requirement. 18% of this list (609 households) receives some level of overcrowding points for being at least one bedroom short.
14. The number of households on this list has increased since last year's Lettings Plan (recorded as 2,700) despite many people being discouraged from registering after being told their re-housing prospects are unlikely to be met by the Council
15. The **Transfer** list presently comprises of 951 households. 28% of these (260 households) have over-crowding points for being one or more bedrooms short of their assessed requirement. This includes 1.9% (18

households) that are more seriously overcrowded – being two or more bedrooms short. Mobility within the social housing stock is limited, with many tenants having little prospect of transferring from their current home, especially if they require 3 or 4 bedroom family accommodation

16. A profile of the lists is shown below, giving an indication of the size of accommodation that households require:

Size	General Register	Homeless	Transfer Register	Total
Non Family				
One Bed	1248	178	34	1460
Des Elderly/ Sheltered				
One Bed	996	1	278	1275
Two Bed	4	0	6	10
Family Accommodation				
Two Bed	580	201	258	1039
Three Bed	360	175	236	771
Four Bed+	188	85	139	412
Total	3376	640	951	4967

17. It is clear that the main issue is that demand for social rented accommodation in Oxford far outstrips supply. This report is primarily concerned with how this limited resource is allocated between competing interests, although information relating to housing need and the profile of these lists is being increasingly used to inform decisions concerning the supply of housing, such as in our drive to have more larger family accommodation developed
18. Particularly with the planned introduction of Choice Based Lettings in Oxford in 2007, the need for a clear Lettings Plan is all the more important. This is an essential tool against which to monitor actual lettings, and if the targets in the plan are not being met, it would be possible to exert more control over which list can bid for certain properties (through the advert) in order to achieve the overall desired outcomes
19. Another factor taken into consideration for this proposal is the introduction of the Oxford Register for Affordable Housing (ORAH) in December 2006. This is a partnership between Oxford City Council & Housing Associations with significant housing stock in the city. It created a common housing register as a single point for those in housing need to apply to. In practical terms for partner Associations it

also means a higher proportion of their vacancies are passed to Oxford City Council for nomination (increased from 75% of re-lets to a minimum of 90%). This should mean an increase in the number of properties available to offer to our waiting list. However, the tenants of partner Associations are now included on the transfer register, so the possible increase in properties is matched by an increase in the number of applicants waiting for them

20. Another amendment to those considered as a priority for re-housing is being developed through the Banding Scheme: Home Choice applicants awarded similar priority to those in temporary accommodation. These applicants will be registered on the general register

Options considered and evaluation of them

21. The main issue to consider is can the allocation percentage to the **Homeless list** be reduced further? The Council is required by law to give reasonable preference to certain groups, one of which is those accepted as homeless. The following possible negative impacts of doing so were considered in producing the Lettings Plan for 2006/07 (*shown in italics*) & are still needing consideration for 2007/08:
 - *That the wait in temporary accommodation for homeless households increases.*
 - *That new homeless presentations do not fall as quickly as this reduction in re-housing, thus increasing the numbers of households in temporary accommodation*
 - *That this results in an increase in temporary accommodation costs and the failure to meet the Homelessness Strategy targets.*
 - *That Government targets to reduce use of TA by 50% by 2010 is not met*

22. However, analysing the performance for the year so far in this area has shown that there has not been a significant detrimental impact of reducing the percentage of properties allocated to the homeless list:
 - The wait in temporary accommodation has actually decreased for some property sizes, particularly 2-bedroom properties. The only group who have an increased waiting time are those waiting for non-designated single accommodation, and this is essentially due to the relatively low number of non-designated properties that have become available. It is also affected by more effective procedures to look at risk & the probability of tenancy sustainment, which means that vulnerable single people will not be allocated a property until staff are satisfied that relevant support is in place
 - New homeless acceptances have fallen substantially this year:

acceptances for 2005/06 were 396 and for 2006/07 are on target to be about 244

- The cost of temporary accommodation has remained effectively the same as last year
- In order to be on target to reduce the use of TA by 50% by 2010, we had to reduce our stock by 100 units during this year. We have reduced temporary accommodation by about 110 units and there are about 30 others with leases expiring before April

23. Also considered was a resulting increase in allocations to the **General list** which, in the longer term, could result in less homeless presentations. There is anecdotal evidence, for example, to say that young pregnant women/families may be prepared to stay at the parental home longer if there was a chance of being re-housed via this route, rather than being asked to leave, presenting as homeless, and remaining in TA until housed.
24. We will have offered over 40 2-bedroom properties to the general list by the end of the year and it is fair to assume that some of these households would otherwise have presented as homeless without the offer they were made
25. Also considered was whether reducing allocations to the homeless list would facilitate an increase in allocations to the **Transfer list**, and would result in some additional vacancies being created (albeit more likely to be smaller units) that could be used to house more people.

More allocations to this list would not only increase mobility, but could help to address issues of over-crowding for existing tenants – a problem which otherwise, is likely to worsen, both in scale and severity.

There are potential cost implications of making more transfers however:

- *This would create additional voids that will need to have void work carried out – this would increase the workload of the OCH void team and operatives – as well as increase void expenditure in proportion to the number of extra voids created*
 - *There would also be a void rent loss associated with any property that is empty, and HRA budget assumptions would need to be reviewed. If a significant increase in voids is planned, then consideration would need to be given to ensure that void works are adequately resourced. If not, then this could result in longer void times. An adjustment to the OCH works programme and capital expenditure plans might also be required for such a change*
 - *The allocation of letting of new voids will also generate additional work for the Allocations team and for Void Property Officers*
26. However, the above considerations have been re-visited in order to compile this report and the increased allocations percentages to the transfer list in 2006/07 have not had a significantly detrimental effect.

- The Voids Manager at Oxford City Homes has confirmed that the number of void properties this year has been approximately the same as last year
 - As there has been no increase in the number of voids, there has not been any increase in void rent loss. In fact comparative figures show a marked decrease in void rent loss (most recent figures available: November 2005 was an average of £904.90 per property and November 2006 was £414.13 per property), due to restructuring in the Void Team and a more effective overall re-letting process
 - The number of new voids for letting has remained essentially the same (and generally similar to the expected numbers on the Lettings Plan 2006/07), so has not generated an unreasonable amount of additional work for Officers
27. Care should also be taken in making allocations of larger family dwellings (three and four bed properties). It is here that 'competition' is highest, particularly with the homeless list, and we need to ensure that groups with less housing need are not being housed above 'reasonable preference' groups, such as the homeless. To do so, would be against legislation and could result in challenge. Equally, effective monitoring systems need to be in place to ensure any shift in allocations did not indirectly discriminate against BME groups
28. A final group to consider is the **Move-on scheme**. This is a priority category within the General Register and comprises of single applicants that have been referred to the Council for re-housing through the Move-on Scheme. Referrals can be made from various projects – mainly the direct access hostels in the City. Approximately, 50 individuals per annum have been housed through this route over the two years prior to the 2006/07 Lettings Plan and this has helped prevent bed blocking in the hostels. This scheme has been reviewed with a view to reducing the number of clients accessing the scheme and the length of time they have to wait to be re-housed (an average wait being over two years).
29. Although the current allocations percentages allow for a total of 50 properties to be allocated to this scheme, it is unlikely that this figure will be reached (currently estimate about 40 applicants will move on through the scheme). This is due to the lower number of vacancies that have occurred in non-designated single accommodation and the fact that the majority of move on applicants are under 40. Also many non-designated properties are located in environments that may be unsuitable for vulnerable people with support needs (such as tower blocks)
30. There is concern over rough sleeping in the City, and agencies need to ensure that the frontline hostels can continue to help new clients. There is also recognition, that the Move-on scheme is not able to provide sufficient accommodation for all clients however, and other options, such as assisting clients access the private sector are increasingly

being encouraged to help meet housing need

31. An option may be to make **no change** to the current Lettings Plan and to leave the allocations percentages as they are. This would essentially maintain the status quo, but would not address the growing housing needs of the General or Transfer lists; the longer-term prevention of homeless issue; or the lack of mobility within the stock
32. One further option could be to **increase the percentage of allocations to homelessness list**. This will allow the Governments target to reduce number of households in TA by 50% by 2010 to be met and reduce the cost of TA to the Council more rapidly. However, the impact on the General, Transfer and Move On lists would be significant, as outlined. In addition, there is a risk that more people will be encouraged to present as homeless if this is the main way of eventually securing social rented accommodation in the City

Specific Proposals

33. Appendix 2 to this report shows the proposed Lettings Plan for 2007/08.

The Expected Lets figures (Council and RSL combined) are based on the lettings data for 2004/05; 2005/06 and 2006/07 (half year), although they have been amended to take into account the expected number of increase in some voids created by the change to the transfer percentage allocation figures. Consideration has also been given to expected new build properties for 2007/08 & any proportionate increase expected from ORAH (based on a comparison between the number of properties requested for nomination during 2006/07 & the total number of vacancies reflected in the quarterly monitoring provided by Housing Associations)

The main changes to the 2006/07 Plan are as follows:

- The plan details different (specific) targets for each size of family accommodation. It splits non-family accommodation into designated elderly and non-designated accommodation – again with different targets
- For 2-bed accommodation, it is proposed that the allocation to the general list is increased from 20% to 30%. This will result in about 20 more families being housed through this route in 2007/08. The allocation to the homeless list thereby falls from 60% to 55%, with the same number of households being housed from this list as this year due to the expected increase in 2-bed vacancies gained through new build developments and more transfer applicants moving to larger family accommodation. It is also proposed that allocation to the transfer list be reduced from 20% to 15% because

demand for 2-beds from transfers is significantly lower than the general register (particularly low for 2-bed flats, which are the most frequently vacated property type)

- For 3-bed accommodation, it is proposed that the transfer percentage is increased from 30% to 40% and the general list percentage from 5% to 10%. The consequent 15% reduction (to 50%) in allocations to the homeless list is expected to have a negligible impact on waiting time in temporary accommodation due to less acceptances of families with a 3-bed need, although the changes proposed are expected to help about 9 more tenants and 6 more general applicants secure three bed accommodation in 2007/08. The proposed increase to the general list is reflect the proposed new priority to be given to applicants who have opted to live in Home Choice accommodation rather than temporary accommodation and assist moving some on to settled accommodation
- For 4-bed accommodation (or larger) there is no proposed change to the percentages this year. However, it is expected that the number of larger properties that become available during 2007/08 will be reduced because turn-over is lower in this area & there are less 4-beds due to be built in the next year
- For non-designated accommodation, it is proposed allocation to the transfer list is reduced from 15% to 5% to enable an increase to 35% to the Move On list & a new allocation of 5% to the Move On II list. This extra list has been agreed due to a joint working protocol with Social Services to assist in housing Care Leavers. Also the introduction of the ORAH means that partner Housing Associations are unable to sustain previous agreements with hostels/projects to provide move on accommodation, as they are obliged to request a much higher percentage of nominations from Oxford City Council. However, there are expected to be fewer non-designated properties available next year (due to a reduction of about 50% of new build 1-beds next year compared to 2006/07; to not having as many vacancies as expected this year; & no increase in Housing Association properties of this size available through ORAH as more than 75% of vacancies are already offer to OCC), which means that despite increased percentages allocated to the Move On list we will actually move less people.
There is also a need to increase the percentage of properties allocated to single homeless applicants but there is no scope to do this due to insufficient numbers of non-designated properties for the 18 – 40 years age group
- For designated properties, no changes to the percentages are proposed. It is expected that there will be a lower number of vacancies in this property type as there are no new build's expected & figures show that there is no expected increase through the ORAH

- For sheltered properties, there are no targets set due to a lower demand for this type of accommodation. However, there are expected to be fewer vacancies available during 2007/08 due to no planned new build's & the proposals of the sheltered review
34. The increased shift to the general register for more two bed allocations is felt to be the area where there will be most impact in homelessness prevention, while not adversely affecting the waiting time in temporary accommodation for these (smaller) households
 35. There is a risk however, that should there not be a continued fall in actual homeless presentations and acceptances that this change will lead to more people in temporary accommodation. If this needs to be addressed however, it can be in late 2007 when the 2008/09 Lettings Plan is drafted
 36. It is proposed that Housing Scrutiny Committee continue to be provided with allocations performance against this Lettings Plan on a quarterly basis

Financial Implications

37. The impact of housing more people (especially in two bed units) from the general list, thus removing the disincentive to 'stay put' and not present as homeless, may take some time before it changes homeless presentation rates
38. Assuming that it directly costs the Council £3,500 per annum to keep a homeless family in temporary accommodation, then it can be assumed that if approximately 5% less households from the homeless route are housed, the cost of this is approximately £23,000 per year
39. Any cost will be contained within the temporary accommodation budgets for 2007/08
40. Overall, the percentage targets detailed in the proposed Lettings Plan (Appendix 2) will have little impact on voids. Over the whole stock, (when considered with non-family accommodation) the change is likely to increase the number of voids by less than 5%
41. This fluctuation is not uncommon year to year in void turnover, and again, can be contained within existing budgets and HRA budget assumptions and expenditure forecasts

Legal Implications

42. The proposed changes accord with current legislation and guidance
43. Furthermore, this report proposes more rigorous monitoring of the percentages. In addition, recent improvements to the Council's Housing Management Information System are allowing far greater reporting and monitoring of BME data than has so far been possible. This will further help to ensure that allocation practices do not discriminate against any particular group

Recommendations

44. That the potential impact of a change to the allocation percentages is considered and noted
45. That the Lettings Plan at Appendix 2 is recommended as the target allocation percentages for 2007/08
46. That Executive Board recommend the plan, with the amendment recommended by Housing Scrutiny, which has led to a further 5% increase for 3-bed properties being allocated to transfer applicants. It was not possible to further increase the % of 4-bed+ properties due to their expected scarcity this year, & the need to have regard for the reasonable preference groups

List of Appendices

47. Appendix 1 - Current Lettings Plan 2006/07 (showing 3rd quarter results)
48. Appendix 2 – Proposed Lettings Plan 2007/08

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Background papers: None

Appendix 1: Community Housing – Allocations percentages

Lettings & Nominations 2006/07

1 April – 31 December 2006

Family Accommodation					
Property Size		Homeless	Move-on	Transfer	General
Two Bed	Actual Percentage	70.0%	0.0%	13.8%	16.3%
	Target	60%	0	20%	20%
	Actual Let	112	0	22	26
	Expected lets	110	0	40	40
Three Bed	Actual Percentage	57.5%	0.0%	40.6%	1.9%
	Target	65%	0	30%	5%
	Actual Let	61	0	43	2
	Expected lets	70	0	35	5
Four Bed+	Actual Percentage	75.0%	0.0%	16.7%	8.3%
	Target	50%	0	45%	5%
	Actual Let	9	0	2	1
	Expected lets	10	0	9	1

Non-Family (Non-Designated) Accommodation					
Property Size		Homeless	Move-on	Transfer	General
Studio flat / One Bed	Actual Percentage	40.6%	15.6%	25.0%	18.8%
	Target	50%	30%	15%	5%
	Actual Let	26	10	16	12
	Expected lets	50	30	15	5

Designated Elderly Accommodation					
Property Size		Homeless	Move-on	Transfer	General
Any Size	Actual Percentage	28.8%		71.3%	
	Target	20%		80%	
	Actual Let	23		57	
	Expected lets	35		135	

Sheltered Accommodation					
Property Size		Homeless	Move-on	Transfer	General
Any Size	Actual Percentage	4.4%		95.6%	
	Target	no target		no target	
	Actual Let	2		43	
	Expected lets	5		95	

Total allocations to date:	467
Total expected:	690

Please Note: Expected lets relate to the full year but Total allocations relate to the first 3 quarters only

Appendix 2

Proposed Lettings Plan for 2007/08

Family Accommodation					
Property Size	Expected Lets	Proposed Target % (Expected households housed)			
		Homeless	Move-on	Transfer	General
Two Bed	200	55% (110)	0	15% (30)	30% (60)
Three Bed	110	50% (55)	0	40% (44)	10% (11)
Four Bed+	14	50% (7)	0	45% (6)	5% (1)

Non-Family (Non-Designated) Accommodation						
Property Size	Expected Lets	Proposed Target % (Expected households housed)				
		Homeless	Move-on	Move-on 2	Transfer	General
One Bed	80	50% (40)	35% (28)	5% (4)	5% (4)	5% (4)

Designated Elderly Accommodation					
Property Size	Expected Lets	Proposed Target % (Expected households housed)			
		Homeless	Move-on	Transfer	General
Any Size	110	20% (22)		80% (88)	

Sheltered Accommodation					
Property Size	Expected Lets	Proposed Target % (Expected households housed)			
		Homeless	Move-on	Transfer	General
Any Size	60	no target (5)		no target (55)	