

HOUSING ALLOCATION POLICY REVIEW

Head of Service: Rod Brown, Head of Housing & Community
Wards affected: (All Wards);
Urgent Decision?(yes/no)
If yes, reason urgent decision required:
Appendices (attached): Housing Allocations Policy and Choice Based Letting scheme - Appendix 1

Summary

The legislation requires local authorities to publish an allocation scheme for determining priorities and defining the procedures to be followed in allocating social housing. This report reviews and updates the Council's Housing Allocations Policy and Choice Based Letting scheme that was adopted in June 2015.

Recommendation (s)

The Committee is asked to:

- (1) Adopt the changes to the Housing Allocation Policy and Choice Based Letting Scheme.**

1 Reason for Recommendation

- 1.1 To ensure the Council's Housing Allocations Policy is updated to incorporate legislative changes, to strengthen sanctions applied as a result of fraudulent activity and to include more appropriate financial thresholds.

2 Background

- 2.1 On 11th December 2014 a special joint Social and Strategy and Resources committee approved the principles of a number of changes to the Council's previous Housing Allocation Policy. The Housing Allocation Policy sets out how we prioritise housing needs, assess Housing Needs Register applications and allocate social housing.
- 2.2 Following consultation with key stakeholders the final Housing Allocation Policy was approved and adopted by committee in June 2015.

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- 2.3 Whilst this policy was successfully implemented and achieved the desired aims and objectives, certain aspects of the policy are due for review to ensure the policy remains current and relevant.
- 2.4 As a result, we propose some minor changes to the qualifying and non-qualifying criteria as well as some associated administrative/procedural changes to ensure the policy remains up to date.
- 2.5 A summary of the proposed changes to the Housing Allocation Policy are outlined below:

- **Fraud & false information**

Review the qualifying criteria and penalties for applicants who have been found to have made a fraudulent application and/or provided false information. This will support the work currently being undertaken by Reigate and Banstead's Fraud Investigation team on the Council's behalf.

- **Legislative changes and case law**

To ensure that the Housing Allocation policy is compliant with any changes in legislation, statutory guidance and case law.

- **Align the policy to any changes in Surrey wide joint protocols**

- **Financial qualifying criteria**

Review the financial criteria for applicants to qualify for inclusion on the Housing Needs Register. Currently single people/couples without dependent children with gross annual earnings of £25,000 or more, and couples/single parents with dependent children with gross annual earnings of £50,000 or more are not entitled for inclusion on the Housing Needs Register.

- 2.6 These details of the proposed changes are highlighted in Appendix 1 - Housing Allocations Policy and Choice Based Letting scheme.
- 2.7 There are no plans to amend other aspects of the Housing Allocation Policy.

3 Proposed changes

3.1 Fraud & false Information

- 3.2 Section 2.5 - Non-Qualifying Persons, Behaviour – deception and fraud, and Section 20.0 - Fraud and False information have been updated and the qualifying criteria and penalties strengthened for applicants seeking to obtain accommodation by making a false or misleading statement, by withholding relevant information or by failing to inform the Council of any material change in circumstances.

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- 3.3 It is proposed that applicants who have been found to have made a fraudulent application as outlined above will have their application cancelled and they will be disqualified from re-joining the Housing Needs Register for two years. In addition, applicants who have been convicted of fraud or deception will be disqualified from the Housing Needs Register for five years. In both cases this was previously for a one-year period.
- 3.4 This will support the work currently being undertaken by Reigate and Banstead's Fraud Investigation team on the Council's behalf.
- 3.5 Associated processes and procedures within the policy, such as the requirement to provide evidence and supporting documentation, and the verification processes have also been updated to reflect these changes.
- 3.6 **Legislative changes and case law**
- 3.7 Section 1.1 - Legal Background, has been updated to include any changes in legislation and statutory guidance that the Council must have regard to when framing the Housing Allocation Policy. A more comprehensive list of the relevant legislation and guidance has been included.
- 3.8 Section 2.3.1 - Ineligible for inclusions on the Housing Needs Register, has been updated to reflect changes to the statutory provisions regarding eligibility in respect of persons from abroad as set out in section 160ZA of the Housing Act 1996. These requirements are set centrally by the Secretary of State. A full list of the statutory provisions regarding eligibility are contained in chapter 3 of the Allocation of accommodation: guidance for local housing authorities in England.
- 3.9 Section 2.4.3 - Exceptions to the Local Connection Criteria has been updated to include provisions for assessing households who meet the Reasonable Preference categories but who do not fulfil the local connection qualification criteria. This is a requirement of the Homelessness Reduction Act 2017.
- 3.10 **Align the policy to any changes in Surrey wide joint protocols**
- 3.11 Section 2.4.3 - Exceptions to the Local Connection Criteria & Section 9.5 - Awarding priority to Care Leavers have been updated to reflect changes adopted in the Surrey Joint Housing Protocol for Care Leavers and the Homelessness Reduction 2017.
- 3.12 **Financial qualifying criteria**
- 3.13 The Council has set financial qualifying criteria so that people with sufficient household income, savings or assets, or own their own home will not qualify to join the Housing Needs Register.

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- 3.14 Under the current policy single people or couples without dependent children with gross annual earnings of £25,000 or more and couples or single parents with dependent children with gross annual earnings of £50,000 or more will not be entitled for inclusion on the Housing Needs Register.
- 3.15 The current thresholds were last set in 2015 and, in particular the £25,000 or more gross annual earnings threshold for single people/couples without dependent children is considered too low. This threshold excludes a number of households who are in employment, particularly key workers. In addition, when allocating social housing it is important that there is a mix of households who may be dependent on welfare benefit as well as those in employment as this will assist in achieving social economic balanced communities and will help avoid a high concentration of deprivation. This is especially the case for one bedroomed properties.
- 3.16 In trying to establish revised threshold levels we have had regard to a Surrey wide bench marking exercise that was undertaken in 2023 of the income and saving thresholds for each of the 11 districts and boroughs. It is difficult to make exact comparisons, as each Council will take different factors into account when assessing salary, income and welfare benefits. However, Epsom & Ewell Borough Council currently has the lowest threshold in Surrey for applicants to be entitled to join the Housing Needs Register.
- 3.17 It is therefore proposed that the current £25,000 or more gross annual earnings threshold for single people/couples without dependent children be increased to £40,000.
- 3.18 This level is being proposed as it represents the income level at which a couple renting a one bedroom property at the Epsom Local Housing Allowance rate of £872 pcm would no longer qualify for any welfare benefits/universal credit.
- 3.19 It is difficult to undertake a comparable calculation for households with dependent children as there are a number of variables to the welfare benefit system which make this more complex. However, the Bank of England inflation calculator estimates that the £50,000 threshold set in 2015 for households with dependent children would now equate to £65,452 when inflation is applied.
- 3.20 It is therefore proposed that the current £50,000 or more gross annual earnings threshold for couples/single parents with dependent children be increased to £65,000.

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- 3.21 By way of additional background information, it should be noted that according to an ONS report on private rental affordability from December 2022, private renters in the South-East on a median household income could expect to spend at least 30% of their income on a median-priced rented home. The table below shows the annual salary level required for a median private sector rent in Epsom to be at a similar level..

	Median monthly rent for Epsom – Sept 2023	Annual salary level required for rent to be 30% of salary
1 bed properties	£1300	£51,000
2 bed properties	£1675	£65,500
3 bed properties	£2375	£88,000
4 bed properties	£3200	£108,000

- 3.22 For low-income households in receipt of housing benefit or universal credit the maximum rent that will be paid is limited to the Local Housing Allowance (LHA) rate and there is a large shortfall between the median market rents charged by private landlords and the LHA rates set by government. This impacts on their ability to find and secure private rented accommodation and means they are more reliant on social housing. The table below outlines the LHA rate for Epsom, the current median private sector rents and the resulting shortfall.

	Median pcm rent for Epsom – Sept 2023	LHA rates pcm	Shortfall in LHA and Median monthly rents
1 bed properties	£1275	£872.60	£402.4
2 bed properties	£1638	£1096.98	£541.02
3 bed properties	£2200	£1371.24	£828.76
4 bed properties	£2700	£1730.25	£969.75

- 3.23 There are other financial qualifying criteria contained in the policy but this remains unchanged.

4 Risk Assessment

Legal or other duties

4.1 Equality Impact Assessment

- 4.2 An extensive Equality Impact Assessment was undertaken when the Housing Allocation policy was agreed in July 2015. The proposed changes represent only minor changes and will have a positive impact on those households with protected characteristics.

4.3 Crime & Disorder

- 4.3.1 None for the purposes of this report

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4.4 Safeguarding

4.4.1 Allocating social housing to households in housing need will have a positive impact on safeguarding.

4.5 Dependencies

4.5.1 None for the purposes of this report

4.6 Other

4.6.1 None for the purposes of this report

5 Financial Implications

5.1 There are no direct financial implications arising from this report.

5.2 **Section 151 Officer's comments:** None arising from the contents of this report.

6 Legal Implications

6.1 The legislation requires Local Authorities to publish an allocation scheme for determining priorities and defining the procedures to be followed in allocating social housing. This policy has been drafted to comply with the requirements of the Housing Act 1996, as amended and takes account of statutory guidance issued by government.

6.2 **Legal Officer's comments:** None for the purposes of this report

7 Policies, Plans & Partnerships

7.1 **Council's Key Priorities:** The following Key Priorities are engaged:

- Safe and Well – Ensuring current housing need is identified and availability of suitable accommodation.
- An Effective Council – Effective provision of the Council's homelessness and rough sleeper service.

7.2 **Service Plans:** The matter is not included within the current Service Delivery Plan.

7.3 **Climate & Environmental Impact of recommendations:** None arising from this report.

7.4 **Sustainability Policy & Community Safety Implications:**

7.5 **Partnerships:**

7.6 As the proposed changes represent only minor changes there is no requirement to consult with our partners or applicants.

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8 Background papers

8.1 The documents referred to in compiling this report are as follows:

Previous reports:

- Review of Housing Allocations Policy and Choice-Based Lettings Scheme - Social/Strategy and Resources Committees (Special Joint Meeting), 11 December 2014
- Review of Housing Allocations Policy and Choice-Based Lettings Scheme – Social Committee, 6 July 2015

Other papers:

- None