

Strategic Housing Panel

Local letting Policy

Executive Member – Councillor George Clements

Lead Officer – Julie Betteridge

Report Author – Debbie Cochrane

Summary and Recommendations: Due to the lack of 2 bedroom properties in Egremont a decision was made by the council in 2012 to introduce a local lettings policy in the Egremont area. This was to ensure that there was equality of access for housing for single parent families and couples. In April 2013, the Government introduced the Welfare Reform Act which included a requirement for social housing customers who receive Housing Benefit and who under occupy their home to make payments for the extra bedroom space. This means that there are now a significant number of customers in the Egremont area who may be in financial hardship as they try to maintain their tenancy whilst meeting the requirement of the increased rent charge. To ensure a consistent and inclusive approach it is recommended that the local lettings policy is removed to allow for Egremont properties to be allocated in the same way as other properties in the Copeland area.

INTRODUCTION

This report was initially brought to the Strategic Housing Panel in December 2013. Members requested that the Housing Services Manager met with Councillors from Egremont to discuss the content of the report and incorporate their views into this report for the strategic housing panel in March 2014.

The Housing Services Manager met with Councillors from Egremont on 5 February 2014. The review of the local lettings policy was discussed and Councillors agreed that they would like the policy to remain in place due to the lack of smaller properties in the Egremont area. Councillors recommended that an income and expenditure form is completed for every applicant who would like to be housed under the policy at the time of their application so providers can make sure the property is affordable at the time of assessing 'bids', this would reduce the time spent by housing officers visiting prospective tenants only to find they cannot afford the 'bedroom tax'.

BACKGROUND

Due to the lack of suitably sized housing in the Egremont area, Copeland Borough Council made a decision to introduce a local lettings policy to ensure that there was equality of access for housing for single parent families and couples. Home Group has successfully followed this local lettings policy since the inception of the Cumbria Choice Based Lettings Policy in May 2011.

The Local Lettings Policy gave license to allow applicants to under-occupy 3 bedroom properties by at least 1 bedroom. The policy means that people with a local connection to the Egremont area can be offered housing in their local area without them having to meet the occupancy criteria within the approved Cumbria Choice Policy.

BACKGROUND

Copeland Borough Council entered into a partnership agreement with the other Local Authorities in Cumbria and the key Registered Providers to introduce the Cumbria Choice Based Lettings Policy (more commonly known as the Council's allocations policy). This policy is Copeland Borough Council's published policy and the Registered Providers follow the policy when letting homes to applicants in Cumbria.

As the stock in the Egremont area is predominantly made of 3 bedroomed houses Copeland Borough Council added a Local Lettings Policy to ensure that applicants in the Egremont area could have equal access to housing despite their family composition. The Cumbria Choice Policy restricted access to 3 bedroom housing for single applicants, couples and single parents or families with 1 child as they were deemed as under-occupying a scarce resource.

Due to the large number of 3 bedroom homes in the Egremont area and lack of smaller dwellings, Copeland Borough Council introduced the Local Lettings Policy to alleviate issues for smaller families to access family housing. Home Group is the majority landlord in the area and it has allocated houses in line with the Local arrangements since its inception.

In April 2013, the Government introduced the Welfare Reform Act which included a requirement for social housing customers who receive Housing Benefit and who under-occupy their home, to make payments for the extra bedroom space. This means that there are now a significant number of customers in Egremont under-occupying their home and as a result may be in financial hardship as they try to maintain their tenancy whilst meeting the requirements of the increased rent charge

Customers who receive full Housing Benefit and have 1 bedroom extra have to make a payment equal to 14% of their weekly rent towards their rent. Those who have 2 bedrooms extra have to make a payment equal to 25%.

Customers who pay their full rent already are not affected by Welfare Reform issues.

As a result of the changes brought about by the Welfare Reform Act it is vital to revisit the Local Lettings Policy to ensure that the registered providers have appropriate guidance and support to ensure that new customers are able to afford their homes and sustain their tenancies in the future. Home Group has indicated that, as a responsible landlord, it will not allow applicants to move into new homes without being able to sustain their tenancy by paying the rent required, which is as a direct result of Government Policy changes.

REVIEW OF THE LOCAL LETTINGS POLICY

To ensure a consistent and inclusive approach, it is suggested that the Local Lettings Policy is removed to allow for Egremont properties to be allocated in the same way as other properties in the Copeland area. The approach taken not only considers full occupation of properties but also allows applicants to apply for homes which they may under-occupy. Added to this, an income and expenditure exercise will be carried out to ensure that applicants are fully aware of the cost of a new

home and that they are able to afford to sustain their tenancy, bearing in mind the limitations to income as a result of the Welfare Reform Act.

It is envisaged that the following set advertising process is adhered to; this will ensure that properties available, if possible, meet the Government's requirement for full occupation. Using the Cumbria Choice Policy, properties will be advertised a number of times with the occupancy criteria being reduced following each advert.

First Advert: All first adverts for houses must be advertised to FULLY OCCUPY the property. This satisfies the Government requirement of full occupation and it will be achieved by only allowing the specific household types to bid for the property that would fully occupy. If there are a number of applicants who bid for the property, the applicant who is placed at the top of the shortlist will be offered the property.

Second Advert: If no-one applies at first advert, which is often the case in the Egremont area, the property will be re-advertised. On the second advert, the bidding will be opened up a level; so for a 3 bedroom house, single parents with 1 child or couples with one child for example could place a bid. These applicants will be under-occupying by 1 bedroom. If there are a number of applicants who bid for the property, the applicant who is placed at the top of the shortlist will be contacted. The applicants all need to have an income and expenditure form completed to check there is a surplus of income that can be used to pay the rent shortfall. If the applicant is able to afford the property, an offer will be made.

Third and further adverts: Will be offered for anyone to place a bid. An Income and Expenditure calculation will be carried out in all cases and if there are a number of bids, Home Group will consider who is the most appropriate applicant based on occupancy and income.

RECOMMENDATION

Home Group wish to ensure that applicants can afford the homes that they are allocated but understand that housing in the Egremont area must remain available to smaller families. At this time there is no plan to re-classify homes or make major alterations to make larger 3 bedroom homes into smaller ones. It is therefore recommended that the local lettings policy is removed for the Egremont area and properties allocated in the same way as other properties in Copeland.

Copeland Borough Council has to consider how it best supports applicants in the Egremont area and supporting the recommendations made above will assist applicants to be realistic about their housing choices and be supported in making the decision about whether to accept a new home or not. The process outlined above will give fair access whilst recognising the Government's approach to full occupation of our scarce housing resource.