

Appendix A - Allocations Scheme major policy revisions

Purpose of this document

1. To summarise the major changes proposed to Lewisham Council's Allocation Policy ("the Policy"), and decisions for Mayor and Cabinet to make in advance of consultation.

Background

2. As per the Housing Act 1996, every local authority in England must have a Policy to determine prioritisation and procedure for allocating housing accommodation.
3. The Policy is a way of distributing a small number of homes as fairly as possible, while using the resources available to us as efficiently as possible, retaining flexibility to respond to fluctuations in demand from different client groups, preventing homelessness and offering choice to applicants where we can.
4. We are in the process of reviewing the Policy. The Council is legally required to consult on policy changes and so, before ratifying the proposed changes, a consultation process will need to be completed.

Proposed changes to the Policy

5. Over time it has become clear that we need to amend our allocations policy to ensure that it reflects our current priorities, and to ensure that applicants with most acute need are prioritised. This review of the allocation policy will ensure that the priority banding scheme more accurately reflects the councils rehousing priorities, particularly given the continuing high demand for social housing and continuing high numbers of applicants placed in temporary accommodation.
6. Note that the changes here are deemed major, substantive policy changes, altering the nature of the policy – it is not an exhaustive list. The full list of proposed changes both major and minor can be found at **Appendix B**.
7. **Table 3, paragraph 32**, sets out a summary of the major changes proposed, as detailed in the following paragraphs 9-31.

A revised banding structure

8. **Officers propose changes to the banding structure, subject to consultation.** The aim of these changes is to create a more system that better responds to housing need within the borough.

Renaming bands

9. A summary of proposed new bands and their group is displayed below.

Table 1: Band changes

Current band	Change made	Proposed new band
Band 1: Emergency Priority	None	Band 1: Emergency priority
Band 2: High Priority	Yes – new groups with new primary rehousing reasons added to this band; previous group moved to band 3 (see Table 2)	Band 2: High priority
Band 3: Priority	Yes – see Table 2	Band 3: Medium priority
No band	Introduced new band	Band 4: Low priority

10. The updated bands are necessary due to increased demand for social housing from certain groups since April 2017. Since 2017, there has been a significant increase in demand from

homeless households, and due to the lack of supply of new social housing and the overall decrease in social lettings, the need of those already on our housing register has become more acute.

Changes to band allocation

11. Section 166A of the Housing Act 1996 requires the Council to give “due preference” to certain groups. Beyond these preferences the Council is able to decide which cohorts it prioritises. Given the high demand for social housing in the borough and the relative scarcity of available properties, this means that the Council has been required to prioritise certain cohorts so that it is able to address what it determines to be the greatest needs and to achieve its strategic aims, as set out in the Housing Strategy 2020-2026.
12. **Officers propose the new bands and group allocations, outlined in Table 2.** The rationale for these reallocations is explained in paragraphs 13-19. A similar table in Appendix C gives estimated numbers of applicants that fit within each band.

Table 2: Potential group reallocation

Proposed new band	Original band	Current band for rehousing reason
Band 1: Emergency	Decants	Band 1: emergency
	Emergency Priority	
	Exceptional Medical circumstance	
	Leaving Care	
	Management Discretion	
	Occupier no longer requires specialist unit	
	Discretionary succession	
	Retiring Lewisham Council residential employees	
	Starred decant priority	
	Succession to large property	
	Former armed forces personnel with housing need	
	Tenant-free Special Unit	
	Under-occupied property	
Band 2: High	Priority homeless with additional need	New primary rehousing reason
	Supported housing move on	Band 2: high
	Medical high	Band 2: high
	Overcrowded by three beds	New primary rehousing reason
Band 3: Medium	Medical	Band 3: priority
	Management Discretion 2	Band 2: high
	Overcrowded by two bed	Band 2: high
	Request to return following a decant	Band 2: high
	Priority Homeless with no additional need	Band 3: priority
	Prohibition order	Band 3: priority
	Welfare - give or receive support	Band 3: priority
Welfare - housing for older people	Band 3: priority	
Band 4: Low	Overcrowded by one bed	Band 3: priority

Band Two: High Priority

13. We propose introducing a new homeless with additional need priority will ensure the Council is able to respond to those very specific group of homeless applicants who through the support they receive from the Council have a need to remain within the Borough, and for whom other tenures such as the private rented sector are untenable.
14. **We will consult on how to determine homeless with additional need.** We propose using the principle of our location priority policy and private rented sector offer (PRSO) policy. Those who are awarded ‘in borough priority’ under our Location Priority Policy, or who are determined to be unable to sustain a PRS tenancy under the PRSO policy, we propose as being awarded

the homeless with additional need band. If necessary, these policies will be reviewed as part of this consultation. These policies can be found at **Appendix F**.

15. Maintaining supported housing move on within band 2 will reduce pressure on local services and help move vulnerable residents on support housing pathways in to suitable accommodation.
16. There is demand in the borough for large properties. We believe that the housing need of those overcrowded by three bed is substantial and therefore warrants a new primary rehousing reason to help these households secure a suitable property more quickly.
 - i. A new overcrowded by three bed primary rehousing reason will prioritise those households living in the most acute overcrowded conditions. We estimate that around 160 applicants within Lewisham are overcrowded by three beds or more. At present they will wait many years before being allocated accommodation, and it is appropriate to increase their priority given the high level of housing need they are in.
 - ii. We propose introducing that, when awarding this rehousing reason, adult children are not considered when calculating the size of property required for applicants, unless they are dependents or are caring for another adult or adults in the household. Because the council has a disproportionately few large properties available it is necessary to ensure that this priority group targets these properties at households with dependent children.
17. We believe that the housing need of medical high applicants is sufficient enough to warrant the continued allocation of high priority to this group.

Band Three: Medium priority

18. This band is a combination of previous bands two and three. The most significant change in this group is the inclusion of the overcrowded by two bed cohort. This group has been modified, due to the proposed additional prioritisation allowed for those overcrowded by three bed, who are placed in priority two.

Band Four: Low priority

19. We have introduced a new Band Four to reflect the moving of overcrowded by two bed to “Band 3 Medium”.

Smart letting properties

Current policy

20. The Council already makes provision to reserve up to five per cent of its properties for pan-London mobility arrangements.
21. Section 3.4.6 of the 2017 Policy also makes provision for the Council to ‘set a target for the number of properties for the number of homes to be let to ... priority groups’ and remove a number of properties from being advertised to applicants.

Proposed change

22. Within the new Policy **we propose ring-fencing up to 20% of properties** to applicants who are currently living in social housing (a transfer applicant) who have a housing need (“**smart letting**”) and **ensure that the property they vacate is ringfenced to someone living in the private rented sector or temporary accommodation** (a non-transfer applicant). This policy has been proposed as it represents an opportunity to solve more housing need with the resources we have. Aside from building new social homes, this is a key way for us to make

best use of the available social housing with the resources we have. For each property, we could solve two households' needs, whilst also maintaining equitable access to the available lets.

23. For example, an applicant in social housing would be helped in to a property more suited to their needs which has been ring-fenced by the Council. The property that this household vacates would also be ringfenced for an applicant on the housing register who does not currently live in social housing, and who also has a housing need. The Housing Needs Manager would use their discretion to decide which properties would be used to form part of this scheme.
24. This smart letting system would enable "churn" in the system so that the Council could resolve housing needs for multiple households by increasing lets. The use of ring-fencing would be subject to an equalities impact assessment. See Appendix D for a preliminary assessment.

Reducing the 'Three Offer' rule to a 'Two Offer' rule

Current policy

25. Applicants are allowed to refuse a set number of suitable offers of a property that they have bid for and are offered. This set number varies according to the primary rehousing reason allocated to the applicant and is in detailed within section 2.2.3 and 2.2.4 of the current policy. The set number is either once (the 'One Offer' rule) or three times (the 'Three Offer' rule). If the number of suitable properties an applicant refuses exceeds the rule they are prescribed to they are disqualified from the housing register for 12 months.
26. Operationally, there is a scarcity of social housing available and so a need to let properties as quickly as possible. The 'Three Offer' rule also increases the administrative burden.

Proposed change

27. **We propose reducing the 'Three Offer' rule to a 'Two Offer' rule.** This would not apply to applicants living in underoccupied properties as it is counter-productive to disqualify this cohort, given the high demand and low supply of larger properties. We are not proposing to amend which primary rehousing reasons the 'Two Offer' and 'One Offer' rules apply to – those currently eligible for three offers will move to two offers, whilst those eligible for 'One Offer' will remain the same.
28. We believe that a 'Two Offer' policy is reasonable, given that:
 - i. there is a scarcity of housing available;
 - ii. that there is a need for the Council to let properties as quickly as possible;
 - iii. that there is an administrative burden for officials for those who refuse offers; and
 - iv. that the resident has bid for the property and indicated preference for that property.

Changes to how applicants bid

Current policy

29. The current system permits applicants to bid for one property per week. Applicants are then offered an viewing of a property by the landlord. This change was introduced because of system constraints; we are currently implementing a new integrated housing system which will make the administrative process of letting more efficient.

Proposed change

30. We propose increasing the number of bids an applicant can make so that they can bid for multiple properties per week. This is beneficial for applicants as they will be able to express preference for more than one property and not be constrained by the system. This proposal will only be implemented if the system is operationally deliverable – officials will review the Council’s online system to assess this.

31. Applicants would be able to bid throughout the week for these properties and, if successful, would then be offered one viewing. **Officers propose consulting on changes to how applicants bid.**

Summary of major changes

Table 3: summary of major changes proposed for consultation

32.

Change being consulted on	Rationale for change	References in appendices
Change band structuring	- The updated bands are necessary due to increased demand for social housing from certain groups since April 2017. Since 2017, there has been a significant increase in demand from homeless households, and due to the lack of supply of new social housing and the overall decrease in social lettings, the need of those already on our housing register has become more acute.	Appendix A, Paragraphs 9-10 Appendix B, #1 Appendix D, Table 2, #1
Changes to band allocation for several rehousing reasons	- Since the previous Allocations Policy was published, there has been increased demand for social housing from certain groups. Changes to band allocation reflect these factors.	Appendix A, Paragraphs 11-19 Appendix B, #1 Appendix D, Table 2, #1
Determining homeless with additional need	- There is a need to provide housing for a very specific group of homeless applicants who through the support they receive from the Council have a need to remain within the Borough.	Appendix A, Paragraph 13-14 Appendix B, #1 Appendix D, Table 2, #1
Calculating the size of property required for families with adult children	- A new overcrowded by three bed primary rehousing reason will prioritise those households living in the most acute overcrowded conditions. We estimate that around 160 applicants within Lewisham are overcrowded by three beds or more. At present they will wait many years before being allocated accommodation, and it is appropriate to increase their priority given the high level of housing need they are in. Because the council has a disproportionately few large properties available it is necessary to ensure that this priority group targets these properties at households with dependent children.	Appendix A, Paragraph 16 Appendix B, #4 Appendix D, Table 2, #5
Smart letting	- This policy would enable “churn” in the system so that the Council could resolve housing needs for multiple households and resolve more housing needs with the resource we have.	Appendix A, Paragraphs 20-24 Appendix B, #2 Appendix D, Table 2, #2
Number of offers an applicant can reject	- We believe that a ‘Two Offer’ policy is reasonable, given that: i. there is a scarcity of housing available;	Appendix A, Paragraphs 25-28 Appendix B, #3

	<ul style="list-style-type: none"> ii. that there is a need for the Council to let properties as quickly as possible; iii. that there is an administrative burden for officials for those who refuse offers; and iv. that the resident has bid for the property and indicated preference for that property. 	Appendix D, Table 2, #3
Reforming the bidding process	- Allowing applicants to bid on multiple properties that they are eligible to bid for, ranking these in order of preference but viewing only one. This will maximise applicants chance of being successful when bidding.	Appendix A, Paragraphs 29-31 Appendix B, #5 Appendix D, Table 2, #4

Equalities impact assessment

33. Officers have carried out an Equalities impact assessment on the proposed changes. Full detail of this is available at **Appendix D**.

Note on annual lettings plan (ALP)

34. In order to maintain the capacity to respond to unforeseen changes in housing need, the new Allocations Scheme will maintain a provision to publish an ALP.

Next steps

35. Mayor and Cabinet will review the policy changes proposed in this document at a meeting on 11th November. Prior to that, the proposals will be subject to legal scrutiny and presented to appropriate internal stakeholders.
36. Pending approval, we will launch a public consultation, estimated to last up to 12 weeks. Once the consultation process is completed we will review the policy again in light of the consultation responses, seek approval from Mayor and Cabinet for a new policy and following approval we will publish and implement the new Allocations Policy.