



**How to...**

*consider new approaches to  
allocations and lettings*



# Introducing allocations and lettings

For many years, CIH has called for more flexible approach to allocations that could offer greater choice, meet people's housing aspirations and respond to changing personal circumstances. CIH has argued that new approaches to allocations should both protect and enhance current approaches which work best for individuals and communities, including protecting vulnerable households and providing a safe, secure and affordable base to pursue individual aspiration; but should also support the development of strong, engaged and sustainable communities.

## Diverse roles of the social housing sector in England

In England, the social housing sector currently provides accommodation for some of the poorest and most vulnerable people in society: for example, 63 per cent of households in the social housing sector are in receipt of housing benefit to help support their living costs and 29 per cent of households in the social housing sector are of retirement age (DCLG (2011) English Housing Survey 2010-2011). But the social housing sector has a significant role in meeting wider social and economic agendas: research recently published by the Homes and Communities Agency (HCA) has shown that housing associations invested over £209m on almost 900 projects between 2003 and 2008. The projects supported a range of education and training opportunities, as well as jobs and enterprise. The involvement of social housing providers in social and economic activities can prevent wider social costs (CIH 2010 HouseProud).

## Challenges facing the housing sector

The way in which we approach allocations in England has presented a number of challenges in recent years:

- **social housing is a scarce resource with constricted supply:** according to figures published by the Department for Communities and Local Government (DCLG) there are currently 1.75 million households on social housing waiting lists in England; yet only 39,170 new affordable homes were provided for social rent in 2010-11. General needs social lettings by local authorities and housing associations fell from 371,000 in 1998 to 252,609 in 2009/10
- **a needs based approaches to allocations have concentrated social deprivation:** an allocations process based on 'need' has resulted in concentrations of the poorest and most vulnerable people in society living in social housing in some areas
- **there is insufficient housing support for low income households:** there are 7.2m households on incomes between £12,000 and £25,000, known as in-betweens, who are unable to access social housing and whose housing options are often limited to the private rented sector
- **the need for greater mobility to support aspirations and local economies:** the 2009 report Mobility Matters identified a level of demand for mobility in social housing from tenants that is not currently being met. Greater mobility in the housing sector could lead to greater opportunities for tenants and support local economies by improving tenants' access to training, work and enterprise.

## Localism Act 2011: Implications for allocations

The Localism Act received Royal Assent on 15th November 2011. The Act is a key tool in implementing the government's proposals for social housing reform. Government states that the aim of the Act is to support communities to identify and drive local priorities and shape what local services look like and how they are delivered. The Act aspires to devolve power and funding to the lowest possible level.

With specific reference to housing, the Act will:

- give individual landlords new powers to grant tenancies for a fixed term to new tenants, where they choose to do so
- allow local authorities greater control over who they admit to waiting lists for social housing in their area
- enable local authorities to more easily discharge their duties to homeless people into the private rented sector
- reform social housing regulation with greater emphasis on local accountability and tenant scrutiny
- support greater tenant mobility across the social housing sector
- require local authorities to develop a tenancy strategy in partnership with local registered providers.

Local authorities will still be required to operate and publish an allocations scheme, but this no longer has to be open to all applicants. The Act still requires local authorities to grant priority to households meeting the existing reasonable preference criteria; but in addition to this, local authorities will be given greater flexibilities and discretion to shape their approach to allocations.

### DCLG draft guidance: allocation of accommodation: guidance for local housing authorities in England

DCLG has just closed its consultation on draft statutory guidance for social housing allocations for local authorities in England. The new guidance is intended to assist authorities to take advantage of flexibilities included in the Localism Act 2011.

**Additional preferences for members of the armed forces:** the draft allocation guidance states that in addition to giving reasonable preference to specific categories of applicant determined by statute, when devising an allocation scheme, they should give 'additional preference' to members of the armed forces so that they will be at, or near the top of, the housing waiting list.

**Considering other categories:** the draft allocation guidance also states that when devising their allocation scheme, local authorities 'are urged' to consider additionally households in work or seeking work, carers and prospective adopters and foster carers. In addition, local authorities will have the flexibility to determine other 'qualifying persons' for the purpose of their own local allocation scheme.



## Key issues for housing providers

### **The relationship between the tenancy strategy, allocations policies and individual tenancy policies:**

the Localism Act creates a statutory requirement for all local authorities to develop a tenancy strategy which must include the high level objectives that registered providers in that area are to 'have regard to' when considering their own tenancy policies. Local authorities should develop their tenancy strategy in tandem with their allocation scheme. This joined up approach is necessary to ensure an integrated and effective approach to housing options within a locality.

**Evidence based approaches:** in order to be effective and transparent, the tenancy strategy must be based on clear evidence drawn from local intelligence to inform long-term decisions that will have local impacts. The tenancy strategy should be developed in conversation with local registered providers, partners working in health and the local economy and communities themselves. It should reflect the housing, and wider social and economic needs of an area. Local authorities should consider how their tenancy strategy:

- meets housing need and demand locally
- contributes to wider community objectives, such as health, education, employment and enterprise
- reflects social, economic and household requirements which may arise out of welfare reform.

In addition, the housing regulator, the HCA, requires registered individual providers to publish a tenancy policy. This document is intended set out how that provider will use the new range of options that are available to them, with regards to tenancies of different types and length, when letting properties to new tenants. An individual registered provider's tenancy policy should also be developed in consideration of the local authority's allocation scheme and its tenancy strategy to ensure a joined up approach locally.

CIH has published a further How to... briefing on how to develop your tenancy policy.

[www.cih.org/howtobriefings](http://www.cih.org/howtobriefings)

**Equality and diversity:** local authorities play a key role in supporting diversity locally. They promote understanding and good relations between people who have different backgrounds and experiences, and this enhances the quality of life in local areas. The pursuit of equality depends on more than the criteria within the locally agreed allocation scheme: it also requires the active involvement of groups that might be affected by the scheme in its formulation, including groups that might be under-represented or not fully visible to local authorities. In assessing eligibility and making allocations, local authorities and their staff should have procedures which ensure compliance with the Equality Act 2010 and which avoid unfair discrimination, while complying with new allocation guidance and with relevant Housing Acts.

**Providing advice and information:** the publication of accessible and free information is vital in enabling people to take responsibility for their own housing solutions. This should additionally include information about housing options that exist within a local area. Where local authorities have stock or have nomination rights to partners' stock, it is important how that stock will be used and who is eligible for help is clear to everyone. This will be particularly important in the light of the local variations and additions that government is proposing to allow local authorities to introduce. The variety of local differences will mean that clarity of the local conditions and eligibility will be even more important to help people navigate local circumstances and make effective and empowered choices for themselves.

**Managing transfers:** the draft allocation guidance gives local authorities freedom to set their own transfer policies including giving existing social tenants who are under-occupying their accommodation appropriate priority for a transfer. However, housing benefit reforms and proposed welfare reforms could mean that households deemed to be under-occupying their homes or experiencing a reduction in income may generate requests for internal transfers. Not all local authorities will have an appropriate supply of smaller properties from their stock profile to meet these requests. Partnership working with other registered providers and across local authority boundaries may be necessary to address this issue.

**Using flexible tenancies:** the Localism Act 2011 gives local authorities the option to make greater use of flexible tenancies to support households in low paid work and to incentivise others to take up employment and training. Flexible tenancies provide new opportunities to link housing with wider social and economic goals locally. However, local authorities will need to be vigilant to ensure greater use of flexible tenancies does not create instability in communities or other negative social effects; for example, unstable housing for children or the possibility that children might have to change schools more often.

**Choice-based lettings:** the draft allocation guidance replaces earlier guidance on choice-based letting (CBL) schemes, but does not provide detailed guidance on how local authorities should integrate CBL schemes with new approaches to allocations. Local authorities will need to consider how to do this to ensure effective choice and access to a range of housing options locally.

**New approaches to allocations:** the Localism Act and draft allocation guidance gives local authorities much greater freedom to determine 'qualifying persons' for their allocation scheme. Our 2010 practice brief Allocations and local flexibility has illustrated a range of different considerations housing providers could take into account when establishing a rationale and considering new approaches to allocations. For example:

Rationale for a new approach to allocations	Priority factors
<ul style="list-style-type: none"> <li>• addressing an evidenced need to provide affordable housing for employees</li> <li>• creating mixed income communities</li> </ul>	in work or seeking work
<ul style="list-style-type: none"> <li>• encouraging tenants' aspirations</li> <li>• contributing to local economic growth</li> </ul>	in education or training
<ul style="list-style-type: none"> <li>• encouraging involvement in the community</li> <li>• supporting the Big Society agenda</li> <li>• supporting community led enterprise</li> </ul>	making a positive contribution to the community in terms of social, voluntary or other entrepreneurial action
<ul style="list-style-type: none"> <li>• tackling anti-social behaviour and crime</li> <li>• supporting safe and sustainable neighbourhoods</li> </ul>	rewarding good behaviour
<ul style="list-style-type: none"> <li>• making best use of stock</li> <li>• supporting aspirations of tenants</li> <li>• helping tenants to balance income and affordability</li> </ul>	encouraging downsizing
<ul style="list-style-type: none"> <li>• promoting choice</li> <li>• making best use of stock</li> <li>• savings for health and occupational health budgets</li> </ul>	moving on from supported housing or adapted properties which are no longer needed

Many local authorities are already considering or implementing new approaches to allocations. Brighton and Hove Council has been allocating a proportion of its housing to households that are in work or making a positive contribution to the community e.g. volunteering or community activism. Barnet Council has also started to prioritise similar groups and is also considering former members of the armed forces and foster carers.

## Learning from others

**Manchester City Council** decides re-housing on the basis of the following bands:

- Band 1: This is the highest band and is for people who need to move urgently for a reason that the law describes as a high priority
- Bands 2 and 3: These bands are for people who have a specific need to move (but do not need to move urgently) as the law describes
- Bands 4 and 5: These bands are for people who want to move, but don't have a level of need that would get them into Bands 1, 2 or 3
- Band 6: This is a 'reduced priority' band. People enter this band if they: don't live in Manchester and have no recognised connection to the city; or have rent arrears, have broken a tenancy agreement or have acted anti-socially in the past; or if they and the people they are moving with earn £60,000 or more a year or have assets or savings worth £75,000 or more.

How Manchester awards extra priority

If an applicant's need-to-move puts them in Band 3 or Band 5, they could get extra priority and move up to Band 2 or Band 4 if:

- they are a 'working household'; or
- they pass the council's 'community contribution' test; or
- they have a 'young person's pre-tenancy qualification'.

To qualify, an applicant must also pass Manchester City Council's 'Good Resident test'. Manchester City Council checks that an applicant does not have housing debts, have not acted antisocially, or broken a previous tenancy agreement, for example.

For more information:

[http://www.manchester.gov.uk/info/89/rehousing\\_applications/4458/a\\_summary\\_of\\_our\\_rehousing\\_rules/2](http://www.manchester.gov.uk/info/89/rehousing_applications/4458/a_summary_of_our_rehousing_rules/2)

**Southend Council** has decided to award priority to working households on its Homeseekers Register. This new approach aims to:

- support on-going Homeless prevention activity by the council
- encourage people to seek work or undertake volunteering
- ensure that social housing in the borough is more evenly distributed between working households and households who are not
- facilitate mixed communities which will contribute to the borough's wider economy
- provide an honest and realistic approach to those applicants who are not considered to be in housing need under the policy and have little chance of being re-housed.

The scheme is called Southend Work Plus. Through this scheme, 20 per cent of social housing advertised via the Choice Based Lettings scheme will be let to households who are either in paid or voluntary employment. These properties will be randomly selected. In addition Southend is proposing that 50 per cent of voids in targeted areas will be advertised as Southend Work Plus properties. The scheme will enable the council to target areas of high deprivation and anti-social behaviour.

In order to join Southend Work Plus, applicants must have a local connection to Southend and be in paid work for 16 hours or more per week; or be a volunteer within the borough for 16 or more hours per month and have done so for 6 out of the past 9 months. The final scheme may be subject to change once formal consultation has been completed and approval has been granted by Cabinet.

**Westminster City Council's** allocations scheme already prioritises people who are in work or are seeking work. They recently finalised a consultation on the 'Civic Contract' based on the new General Power of Competence contained in the Localism Act 2011. This will reshape the way in which public services are delivered by the Authority. Their approach is based on 4 principles:

- recognising the value of public contributions to the City with a clear expectation that people who receive public support contribute in some way
- emphasising fairness and providing support for the neediest in society
- offering citizens a ladder of opportunity to help them better themselves by prioritising work, education or training in partnership with local employers
- providing targeted and evidence based services to those who need them most.

Westminster is consulting on how to join up the Civic Contract's proposals with those in its Tenancy Strategy. Proposals for the Tenancy Strategy include:

- using two year tenancies to help enforce the responsibilities of the tenancy agreement
- offering a two-year fixed term tenancy to young people on a pilot basis to incentivise them to work and tackle unemployment - bringing groups of young people into the allocations scheme that wouldn't normally be prioritised for housing
- offering five-year tenancies – lifetime tenancies will continue to be offered to older people and Westminster is investigating whether or not other groups may benefit from shorter term tenancies
- increasing rents, better scaled to income, where income exceeds a specific threshold

Other proposals in the Civic Contract which the Council will be considering in the longer term are:

- residents engaging in volunteering or involved in fostering or adoption should gain housing allocation points, while those who are involved in anti-social behaviour or who have children who truant would have points docked
- prioritising certain people and groups, such as Special Constables, nurses, members of the armed forces and people who make a wider contribution to the local community

Westminster Council has also launched the Fair Share Housing Scheme, which provide workers in the West End with shared accommodation at below-market rates for in the heart of London.

**St Edmundsbury Borough Council** and partners have been giving consideration to some of the issues arising from housing reform that require more than one organisation to respond, such as changes to approaches to allocations and the allocation of homes according to income. A Councillor Working Group has been established working with officers in developing their strategic approach. The council is also considering the possibility of carrying out reviews for partners to assess tenancies as they come up to the end of their fixed terms.

## Useful resources and information

Finding out more CIH START Team: CIH's strategy and research team (START) provides business improvement services to local authorities and housing organisations to support delivery of informed, locally driven approaches to housing provision

[www.cih.org/START](http://www.cih.org/START)

Find out more about the Localism Act 2011 from CIH:

[www.cih.org/policy/display/vpathDCR/templatedata/cih/policy/data/Localism](http://www.cih.org/policy/display/vpathDCR/templatedata/cih/policy/data/Localism)

CIH (2011) Managing the impact of housing reforms in your area: working towards the tenancy strategy

[www.cih.org/resources/PDF/Policy%20free%20download%20pdfs/Developing%20the%20local%20tenancy%20strategy%2019%20June%202011.pdf](http://www.cih.org/resources/PDF/Policy%20free%20download%20pdfs/Developing%20the%20local%20tenancy%20strategy%2019%20June%202011.pdf)

CIH (2012) How to... Develop your Tenancy Policy

[www.cih.org/publication-free/display/vpathDCR/templatedata/cih/publication-free/data/How\\_to\\_develop\\_your\\_tenancy\\_policy](http://www.cih.org/publication-free/display/vpathDCR/templatedata/cih/publication-free/data/How_to_develop_your_tenancy_policy)

CIH (2012) The Practical Implications of Tenure Reform

[www.cih.org/publication-free/display/vpathDCR/templatedata/cih/publication-free/data/Practical\\_implications\\_of\\_tenure\\_reform](http://www.cih.org/publication-free/display/vpathDCR/templatedata/cih/publication-free/data/Practical_implications_of_tenure_reform)

CIH (2011) The Local Authority Role in Housing Markets,

[www.cih.org/policy/fpp-LArolehousingmarkets-Apr11.pdf](http://www.cih.org/policy/fpp-LArolehousingmarkets-Apr11.pdf)

CIH (2010) Allocations and Local Flexibility

[www.cih.org/publication/display/vpathDCR/templatedata/cih/publication/data/Allocations\\_and\\_Local\\_Flexibility](http://www.cih.org/publication/display/vpathDCR/templatedata/cih/publication/data/Allocations_and_Local_Flexibility)

Bromleigh Housing Association (2009) Mobility Matters

[http://learning.chs.ac.uk/file.php/1/mobility\\_Matters\\_Report.pdf](http://learning.chs.ac.uk/file.php/1/mobility_Matters_Report.pdf)

Housing Rights

[www.housing-rights.info](http://www.housing-rights.info)



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