



**Executive
11 April 2011**

**Report from the Director of
Housing and Community Care**

Wards Affected:
ALL

Supply and demand and temporary accommodation

1.0 Summary

- 1.1 This report seeks Members' approval of the lettings projections for 2011/12. It also provides an analysis of housing supply and demand issues, including performance in 2010/11 and challenges for 2011/12 onwards.

2.0 Recommendations

- 2.1 That Members approve the lettings projections for 2011/12, as detailed in paragraph 3.3 and in Appendix D.
- 2.2 That Members note the analysis of housing supply and demand issues, including performance in 2010/11 and challenges for 2011/12 onwards.

3.0 Detail

- 3.1 The body of this report is divided into three sections, which cover –
- Supply and demand analysis, trends and performance in 2010/11,
 - Proposed lettings projections for 2011/12,
 - An outline of some of the issues and challenges facing the Council from 2011/12 onwards, which are expected to have an impact on housing supply and demand.

3.2 Supply and Demand Analysis, Trends and Performance in 2010/11

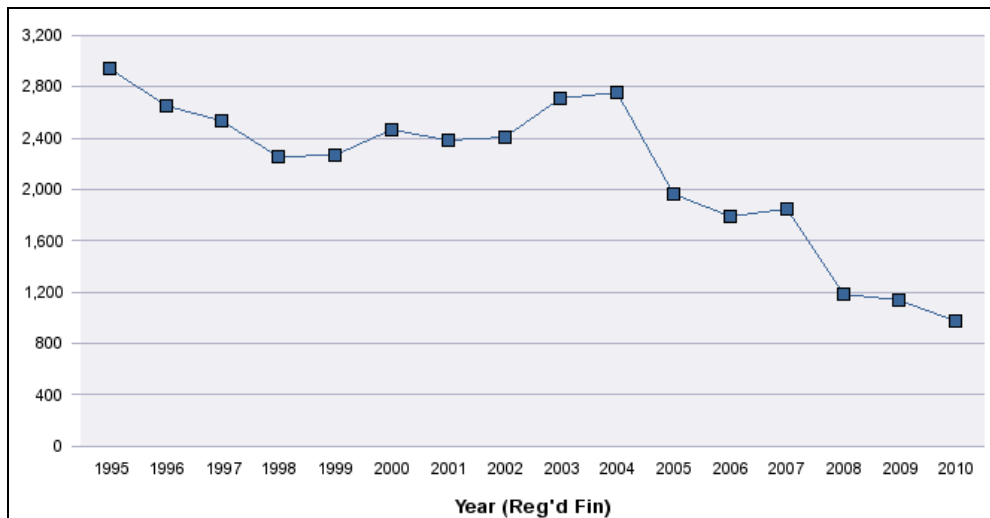
3.2.1 Demand for Housing

The significant gap between the demand for housing assistance and the available supply of social rented accommodation, particularly in London, has been well documented. In Brent, demand from households at risk of

homelessness, households in temporary accommodation, Council tenants seeking a transfer, and applicants on the Housing Register, is mapped against expected future trends and supply levels, both in terms of social rented accommodation, but also within the private rented sector.

- 3.2.2 Current projections show that the level of unmet demand in the Borough is over 16,000 households. However it should be noted that this figure includes demand from households on the Housing Register who are in Band D¹ (and therefore under the Council's Allocations Scheme, have no identified housing need). Excluding these households gives a level of unmet demand within the Borough of 12,000. The model used to project these figures is provided in Appendix A.
- 3.2.3 Housing Register and Transfers Demand
Total current demand on the Housing Register, including homeless households in temporary accommodation, and the Transfer list is just over 15,000 households. Of these, 62% are in Bands A to C. In contrast we expect to make around 825 lettings into permanent social housing tenancies (Council and housing association) by the end of 2010/11 – this meets less than 9% of the current total demand from Bands A to C.
- 3.2.4 A breakdown of current applications on the lists, by demand group and the number of bedrooms needed is provided in Appendix B.
- 3.2.5 Homelessness Applications and Decisions
The graph overleaf shows how the number of homeless applications has varied since 1995/96. As the graph depicts, homeless applications began to decrease in 2005/06, when the Council first implemented an in-house housing advice service. The success of this team in either preventing homelessness or providing alternative accommodation (generally in the private rented sector) is demonstrated through the marked drop in statutory homeless applications received over the last five years.

¹ Councils and housing associations are required to let their homes ("social rented accommodation") to the people who are in the most housing need. The Council's Allocations Scheme follows the legal definition of "housing need" closely, and categorizes those in urgent need as band A, those in very high need as band B, and those with a particular need as band C. Households whose need to move is not covered by the scheme, for example, an applicant who would like to move to a home with cheaper rent but has no welfare, medical, overcrowding, or other acknowledged need to move, are placed into band D.



- 3.2.6 Not all households who make a formal homeless application are assisted with accommodation, although all are provided with appropriate advice. The Council makes a formal assessment against a number of criteria as prescribed in legislation, before determining whether it has a long-term duty to rehouse a homeless household.
- 3.2.7 As the number of homeless applications has dropped in recent years, there has been a corresponding decrease in the number of cases where the Council accepts a duty to rehouse the household. In 2009/10, the lowest ever number of statutory acceptances was recorded – a total of 331 households. The number of acceptances in 2010/11 is expected to be slightly higher at around 360 in total. However, to put this figure into context, around 1,300 acceptances were recorded in 2001/02.
- 3.2.8 Young People in Housing Need
The housing needs service continues to take a pro-active approach to increasing homeless prevention rates and pro-actively resolving housing problems. In 2010/11, and in the wake of the Southwark judgement², a joint Young Persons team was launched, specifically to provide a service to 16 / 17 years olds at risk of homelessness. This small team is made up of staff from Children and Families and Housing and Community Care departments, who carry out joint assessments and work together to enable the young person to remain in the family home where possible.
- 3.2.9 The success of this team has been impressive – prior to the launch of the service, housing were placing on average one young person in hotel accommodation per week. Since the launch of the team, only eight young people have been placed in hotel accommodation (out of a total of 109 referrals from April to December 2010), and these stays have been for a very short period whilst more suitable accommodation is found, or in order to resolve other issues.

² R (on the Application of G) v Southwark LBC [2009] All ER (D) 178 May – this judgement clarified the need for social care authorities to carry out assessments under section 20 of the Children Act before housing authorities carry out a homelessness assessment under Part 7 of the Housing Act.

- 3.2.10 In the first nine months of its existence, the team has prevented homelessness for nearly 80% of the young people referred to it. This joint approach is far more cost effective to the Council, and the service experienced by the young person is more positive, with officers working to support them in a wider sense, not only with housing problems, but also in terms of remaining in education, resolving family issues and so on.
- 3.2.11 Rough Sleepers
There has historically been a low level of rough sleeping in the borough, and Cricklewood Homeless Concern (CHC) has played a key role in working with the Council to tackle this issue, operating an outreach service which identifies people who are rough sleeping and works with them to seek solutions.
- 3.2.12 Brent's last formal rough sleeper count was carried out in November 2010 in line with the Department of Communities and Local Government (DCLG) guidelines, and found three verified rough sleepers. This is in line with the outcome of previous counts.
- 3.2.13 However in recent years, Brent and a number of other boroughs have seen an increase in rough sleeping by migrants who have no recourse to public funds. As part of a sub-regional initiative, Brent is working with Thames Reach³, who try to reconnect these rough sleepers to their home country or resettle them in the UK. This has been a largely successful approach - as at December 2010, 66 rough sleepers in Brent had been reconnected to their home country, and a further three resettled here.
- 3.2.14 The DCLG has allocated funding of £750k to the Mayor of London to deliver the "No Second Night Out" project. This will provide a homelessness outreach scheme to ensure no-one sleeps on London's streets for more than one night. The project will be administered by the London Delivery Board, a body set up in February of last year by the Mayor's Office. Brent is represented on this board.
- 3.2.15 The process of implementing the No Second Night Out project is currently in progress. However the project is expected to go live in Brent in April 2011, and will be run on a pilot basis for six months.
- 3.2.16 Households in Temporary Accommodation
The previous government set a target for local authorities to reduce their use of temporary accommodation by 50%, measured against a baseline figure as at the end of December 2004. This target was met nationally in 2010, and the DCLG no longer formally monitors local authorities' progress against the target, or requires them to have an action plan in place.
- 3.2.17 The picture in terms of reduction in London is more varied. Most boroughs achieved a significant reduction, although not all reached the 50% target. In Brent, a 33% reduction was achieved – whilst this may not have reached the full target, it should be noted that this is a decrease of over 1,450 households.

³ Thames Reach is a London based charity that provides housing advice, support and assistance for homeless people.

- 3.2.18 Although the TA target is no longer being monitored nationally, it is still important that numbers in temporary accommodation are closely tracked, in order to effectively manage the Council's finances, and ensure good service delivery.
- 3.2.19 During 2010/11 the number of households in temporary accommodation has remained stable at around 3,000 at any one time. Whilst officers hope to reduce this figure further, the future challenges facing the Council as outlined in section 3.4 may result in an inevitable increase in homelessness and the use of temporary accommodation.
- 3.2.20 The majority of temporary accommodation that the Council uses is self-contained property (flats / houses), owned by a landlord and leased to a housing association, or managing agent. Households can expect to be in a property of this type for three to five years, although the actual length of stay can be much longer or shorter, depending on individual circumstances.
- 3.2.21 Homeless Households in Hotels / Hostels
During 2010/11 around 150 households have been accommodated in hotel accommodation at any one time. The Council seeks to minimise the use of hotels and to ensure households remain in this type of accommodation for as short a period as possible.
- 3.2.22 By April 2010, the planned decant of Gordon House was completed. This property had been used as hostel accommodation, but was decanted as the site is part of the regeneration plans in South Kilburn. Additionally, the Council also decanted the Metro House hotel in Kingsbury in order to facilitate the development of 143 homes, of which 88 homes are being delivered as part of the Council's Housing and Social Care Private Finance Initiative (PFI) scheme.
- 3.2.23 Housing and Social Care Private Finance Initiative
The first lettings to properties under the PFI scheme were made during 2010/11. The housing element of the scheme delivers units of accommodation which are initially being used as temporary accommodation and let at market rent levels, during the construction programme. However in the longer term, there will be a phased conversion of some of the properties to permanent homes. So far, 65 homeless households have been housed in these properties. The table shows the number of units to be constructed over 2010/11 to 2012/13.

Housing and Social Care PFI Scheme Delivery Timetable

Values	2010/11	2011/12	2012/13	Total
Residential Care Units	20	0	0	20
1 Bed	26	27	23	76
2 Bed	35	25	52	112
3 Bed	47	40	44	131
4 Bed	4	12	11	27
5 Bed	2	10	2	14
6 Bed	0	4	0	4
Total	134	118	132	384

3.2.24 Making Best Use of the Private Rented Sector

As outlined earlier in this report, there is a substantial gap between the supply of social housing available and households seeking assistance. An important part of the Council's approach to managing demand is therefore to make best use of supply in the private rented sector.

3.2.25 Many households at risk of homelessness are assisted to find accommodation in the private rented sector by the Housing Solutions team. In 2010/11 (to the end of February) they have made 482 lettings into private rented sector properties. Whilst procurement of lettings is lower than last year, the numbers are still impressive and make a significant contribution to overall performance on preventing homelessness.

3.2.26 The private rented sector is also used to make qualifying offers to households to whom the Council has accepted a statutory homeless duty. If the household accepts the offer, then the Council ends its duty to the household. In 2010/11 (to the end of January) a total of 98 households had accepted a qualifying offer.

3.2.27 Maximising access to the private rented sector is therefore crucial, in terms of resolving housing problems for those at risk of homeless and also as a solution for homeless households in TA. However as section 3.4 later in this report outlines, the Council faces a significant challenge in terms of securing supply in the private rented sector from 2011/12 onwards.

3.2.28 Permanent Lettings 2010/11

At the beginning of each financial year, Members are asked to approve a set of detailed lettings projections. The table below summarises actual lettings performance to date against the projections that were originally agreed. At the time of writing, lettings figures for performance until the end of January 2011 are available.

3.2.29 As the Council operates a choice based lettings system (Locata), it is likely that there will be some variation from original projections. However officers continue to monitor performance against these expectations, in order to ensure that lettings support a range of strategic priorities. Paragraph 3.3 gives more detail on this.

Lettings Variance from Targets - Apr-Jan To Month = 10

		Targets 2010/11	Pro Rata Target	Actuals 2010/11	% Var
Target Group	Homeless	385	321	299	-7%
	Register	220	183	253	38%
	Transfer	220	183	204	11%
	Total	825	688	756	10%

3.2.30 As the table shows, at the end of January 10% more lettings had been achieved than had originally been expected. Whilst lets to homeless households were

slightly below the anticipated level, transfers for under-occupiers in Council properties were above the original level predicted, therefore freeing up much needed family sized accommodation for overcrowded households. Lettings to customers on the Housing Register also exceeded original projections – this includes households with severe medical needs and supporting the Children and Families department to rehouse children leaving care.

- 3.2.31 A detailed breakdown of lettings made against original projections, with a breakdown of beds needed and category, is provided in Appendix C.

3.3 Proposed Lettings Projections 2011/12

- 3.3.1 By analysing trends in Council and Housing Association lettings and taking into account the availability of new build supply for social renting, officers currently expect to make 871 lettings during 2011/12.

- 3.3.2 The majority of these lettings will become available through re-lets within existing social housing stock. However the Council expects a total of 212 properties to be delivered through the new build programme – 26 of these for estate based regeneration schemes (South Kilburn) and 186 through other general needs schemes. A further breakdown is given in the table below:

New Build Schemes – Funded Programme

New Build Scheme Type	2010-11	2011-12	2012-13	Grand Total
General Needs	170	116	243	529
Estate Regeneration Schemes	0	26	281	307
Supported Housing Schemes	84	0	20	104
Middlesex House Conversions	14	70	0	84
Grand Total	268	212	544	1024

- 3.3.3 The table below summarises the distribution of these lettings across the different bedroom categories.

BRENT AND HOUSING ASSOCIATION - Projected Lettings 2011/12

	BSR	1 BED	2 BED	3BED	4 BED+	Total
Brent	34	191	176	67	12	480
RSL	28	155	143	55	10	391
Total	62	346	319	122	22	871

- 3.3.4 As outlined earlier in this report, projected lettings will only be able to meet a small proportion of the total housing need in the Borough. Members will recall that previously they were asked to agree a detailed set of lettings targets for each demand group, in line with the Council's Allocations Scheme and strategic priorities. However, the implementation of Locata (the choice based allocations

scheme) gave officers less direct control over lettings and provided choice to applicants on the Housing Register about where to live.

- 3.3.5 As projected lettings can only meet a small proportion of the housing need in the borough, it is therefore important that the prioritisation of lettings is carefully considered. The different demand groups reflect priorities as set out in the Allocations Scheme, and officers therefore consider it appropriate to provide a detailed set of projections based on these demand groups. In addition, specific quotas have been set for a small number of high priority groups, for example, Children in Need, Adults Social Care, and Former Service Tenants.
- 3.3.6 Members are therefore asked to approve the lettings projections set out in Appendix D. This lettings scheme is similar to 2010/11 and supports a number of policy areas, strategic objectives and new initiatives, including the following groups.
- 3.3.7 Decants
70 lettings are projected to deal with transfers required due to decant needs and to take account of the South Kilburn and Barham Park Estate Regeneration Scheme decant programmes.
- 3.3.8 Underoccupiers and Overcrowded Tenants
65 lettings are projected for the Underoccupation Scheme. Brent has had an effective and well developed under-occupation scheme in place for a number of years. This allows tenants who are under-occupying properties to move to a property more suitable to their current needs much quicker. This in turn frees up a larger property earlier than might be otherwise expected for an overcrowded household. The scheme makes a significant contribution to the available pool of larger properties available for letting.
- 3.3.9 As part of the work to reduce overcrowding, the target to move overcrowded Council tenants who require a three bedroomed property has been increased. However this will largely be dependent on the success of the Council's approach to underoccupiers.
- 3.3.10 Members are asked to note that the Director of Housing and Community Care has agreed that the incentive paid to underoccupying Council tenants who move is to be reduced from £4000 per move to £1000 from 1st May 2011. This change will contribute to the Council's overall savings targets, and will also bring Brent into line with the incentives paid by other West London boroughs. Officers are aware of the risks attached – in that the decrease could deter underoccupiers from moving. However research shows that the main driver behind underoccupiers choosing to move is generally location and type of property, rather than a financial incentive.
- 3.3.11 Children Leaving Care
Twenty eight lettings from the Housing Register are targeted for Children Leaving Care, to assist the Children and Families department in rehousing young adults.

3.3.12 Adults Social Care

Twenty lettings from the Housing Register are targeted for Adults Social care nominations, particularly for adults leaving residential care placements, and other high need vulnerable customers.

3.3.13 Homeless Households

Around 42% of lettings are targeted for homeless households - this percentage is slightly lower than in previous years. This is partly in reflection of the work done to reduce overall TA numbers and manage homeless demand effectively, but also to ensure that applicants on the Housing Register are given a fair opportunity to be assisted.

3.3.14 In February 2011, the Executive approved a further loan facility to enable to Brent Housing Partnership to deliver tranche 2 of the Settled Homes Initiative (SHI) scheme. The SHI scheme is expected to deliver up to 244 properties during 2011/12. These properties are to be let to homeless households, initially as temporary accommodation. A further 118 new build properties will be constructed under the Council's Housing and Social Care PFI scheme in 2011/12. The properties will also be let to homeless households as temporary accommodation in the first instance.

3.4 **Challenges for Housing 2011/12 and Onwards**

3.4.1 The previous sections have highlighted the sizable gap between housing supply and demand for assistance, and have outlined some of the strategic priorities underpinning the 2011/12 lettings projections. However Members will already be aware that housing faces specific challenges around changes in legislation, which are expected to have a significant impact on service delivery and the Council's ability to manage housing needs within existing budgets. This section outlines some of these challenges and explains how officers believe there will be an impact on the service provided.

3.4.2 Local Housing Allowance Changes

In 2011 the government announced a package of changes to be implemented in relation to Local Housing Allowance. In summary, these changes are as follows:

- Capping the maximum LHA payable per property size, with an overall limit set at the four-bed rate. The changes come into effect from 01/04/11 for all new tenancies agreed from that date onwards. Existing tenancies will be subject to transitional protection for up to twelve months (until the anniversary of their claim).

The caps will be as follows

- | | |
|----------------------------|---------------|
| • One bedroomed property | £250 per week |
| • Two bedroomed property | £290 pw |
| • Three bedroomed property | £340 pw |
| • Four bedroomed property | £400 pw |
- Changing how local market rents are calculated by using the 30th percentile, rather than the 50th percentile, from April 2011.

- Removing the freeze on the non-dependant deduction rate from April 2011.
- Extending the current rules around levels of HB payable to single under-25s (which limits payment to the rate for a room in a shared house) to all single tenants under the age of 35 in April 2012.
- Uprating benefit rates by CPI from 2013/14 (instead of RPI as currently).
- Implementing proposals to restrict LHA for working age claimants in social rented accommodation who are occupying a larger property than their household size needs, from April 2013.

- 3.4.3 The package of changes to LHA is wide ranging, and it is not altogether clear as to how the current private rented sector market will react. Whilst some landlords will accept a decrease in rental income as a result of the implementation of the caps, others will not be able to do so and are likely to either leave the market or let to other types of households – for example those in employment or shared accommodation.
- 3.4.4 There is expected to be an impact on the work of the housing needs service in two distinct ways. Paragraph 3.2.25 above outlined the Council's approach to successful homeless prevention, and how this is very much based on having an available supply of good quality private rented sector accommodation. However the introduction of LHA caps and the four bed cap limit is expected to impact on the Council's ability to procure properties for direct lettings, particularly for larger sized properties.
- 3.4.5 Secondly, the changes may also result in an increase in homeless approaches, as landlords seek to evict tenants who cannot afford to meet the shortfall between the rent and the LHA cap, and other households find themselves unable to rent privately. Whilst the government has increased the amount of funding it pays to Councils to provide Discretionary Housing Payments; payment of DHP is a short-term, time limited solution, and does not address the real issues of ensuring an adequate supply and sustaining households in the private rented sector.
- 3.4.6 Because of the arrangements for transitional protection for existing households on LHA, there will only be a partial impact in 2011/12. However, estimates from research undertaken by London Councils suggest that homeless approaches and acceptances could increase by up to 50% in London, compared to current levels.
- 3.4.7 The extension of the current rate restriction on single under-25s to those aged under 35 in April 2012 is likely to have an impact on levels of rough sleeping in the borough. The change means that LHA applicants aged under 35 with no dependents will only receive LHA equivalent to that paid for a room in a shared house.
- 3.4.8 Changes to Housing Benefit Subsidy for Temporary Accommodation
From 1st April 2011, the amount of HB subsidy that the Council receives from central government for self-contained temporary accommodation provided under the HALS scheme (Housing Association Leasing) has been capped, and the

Council will have to meet any shortfall between benefit paid and HB subsidy received.

- 3.4.9 This is an extension of the subsidy regime that already covers other types of temporary accommodation. The changes will disproportionately affect larger sized families, where rents are generally above the subsidy caps. Initial forecasts suggested that the cost to Brent of this change would be just under £1m in 2011/12.
- 3.4.10 However during 2010/11 officers have worked to reduce the financial impact of the changes from 2011/12. The Housing Associations who operate these schemes have actively been negotiating rents with landlords and in many cases have managed to reduce rents down to the subsidy cap level. Where landlords have not agreed a reduction, work is being undertaken to find a solution – for example moving the family to different accommodation, securing a qualifying offer or further negotiation with the landlord.
- 3.4.11 As at the time of writing, approximately 156 households are in TA above the subsidy cap. Whilst this is still a significant number, it is a reduction from original forecasts. Work is continuing to reduce this number further.
- 3.4.12 However it should be noted that the households where there will be a subsidy loss are generally larger sized households – three / four bedroom need and above. Members will be aware that four bedrooled permanent properties are in extremely short supply. In 2011/12 we expect to make just 22 lettings to four bedrooled households – this is across all demand groups, and not just demand from homeless households. Yet there are over 1,000 households who require a four bedrooled property or larger currently on the Housing Register.
- 3.4.13 The reality is therefore that the Council will need to carefully manage its supply of larger sized temporary accommodation, in order to both meet its statutory duties, and to minimise the financial loss to the TA budget. Generally, temporary accommodation has been provided within the borough, with less than 4% of placements being made outside the boundaries. When households are placed outside the borough there are usually reasons for this – often due to the household being at risk of violence if remaining in the borough, or the need to be closer to employment or education. Where feasible, the Council moves households back into the borough as quickly as possible.
- 3.4.14 However the number of out of borough Temporary Accommodation placements is expected to rise during 2011/12, as the Council seeks to procure properties in cheaper areas, therefore minimising subsidy loss incurred.
- 3.4.15 A separate report on plans to tender for the procurement and management temporary accommodation under the Private Managed Accommodation scheme is being presented to this meeting of the Executive.

3.4.16 Localism Bill

The consultation paper, "Local Decisions: a fairer future for social housing", was published in November 2010, and the Localism Bill was published in December. Proposals in the Bill are wide ranging, and the intention is that local authorities will have considerable freedom over the policy changes they implement. This section of the report outlines the proposed changes that will impact on housing supply and demand in the borough.

3.4.17 Homelessness

The only change proposed in relation to homelessness is to allow local authorities to discharge their homeless duty to an accepted household by securing an offer in the private rented sector, without the agreement of the applicant. Authorities are already able to end their duty this way through the use of a qualifying offer (see paragraph 3.2.26) but this is with the express agreement of the customer.

3.4.18 Any private sector tenancy secured in this way would need to be for a minimum of twelve months, and the same considerations regarding the suitability of the offer and decision review rights would apply as when an offer of permanent accommodation is made.

3.4.19 In cases where duty is discharged into the private rented sector in this way, the homeless duty would be re-instated if the applicant became homeless unintentionally within two years of the original end of the duty.

3.4.20 This proposal could assist the Council in managing its temporary accommodation costs, since making use of the private rented sector in this way could reduce the overall number of households in TA, and the length of stay. However as outlined in paragraph 3.4.4 above, the Council's ability to procure property in the private rented sector is likely to be affected by the LHA caps and associated changes, and this would impact on this client group as well. The Council's ability to make best use of this proposed change may therefore be limited to some extent.

3.4.21 Allocations

The Bill proposes to allow local authorities more flexibility to determine which households should be placed on the Housing Register, based on local needs and policy. However the existing statutory reasonable preference categories would remain (these include homeless households to whom a statutory duty is owed; overcrowded households; and those who need to move on medical or welfare grounds). It should be added that the Bill will give the Secretary of State the power to make regulations specifying other classes of persons who must (or must not) qualify for an allocation of accommodation and setting criteria for local authorities when deciding whether or not a person qualifies for an allocation of accommodation.

3.4.22 Members will be aware that there would be a need for comprehensive consultation on proposals to amend the Allocations scheme, and that the outcome of equality impact assessments on any proposed alterations would need to be taken into consideration before finalising any changes.

3.4.23 Security of Tenure

The Bill sets out proposals to create “flexible tenancies”, which would allow local authorities and housing associations to offer fixed term tenancies, at either a social or affordable rent.

3.4.24 Existing tenants would not be affected, but local authorities / housing associations could choose to offer flexible, fixed term tenancies, for a minimum period of two years. The tenancy would then be subject to some form of review, to determine whether a further tenancy period would be granted. However housing providers could also continue to offer secure (permanent) tenancies.

3.4.25 The Council will be expected to produce a Tenancy Policy, setting out how it will use the proposed flexible tenancies, and how it expects partner housing providers to implement the policy. This policy would need to be consulted on with stakeholders, including tenants and housing associations.

3.4.26 If Brent does implement flexible tenancies, detailed consideration will need to be given as to how these will be administered. For example, there will need to be clear guidance given to providers and tenants as to what process would be followed when a fixed term tenancy is reviewed – what criteria would be considered in terms of making a decision whether to extend a tenancy, and what the process would be for tenants wishing to appeal against a decision.

3.4.27 Affordable Rent model

The Homes and Communities Agency (HCA) published its new framework for the delivery of affordable homes in February 2011. The framework introduces a new delivery model for affordable housing development for the future known as Affordable Rent and covers the funding period 2011-15. Typically, the current model for delivering affordable housing schemes assumes 50% grant funding and 50% private finance (which is supported through the rents collected). The new affordable housing delivery model seeks to reduce the amount of grant funding required to deliver new homes to around 10%. The new investment framework introduces an Affordable Rent product, which allows housing providers to set rent levels inclusive of service charges at up to 80% of the gross market rents for a local area.

3.4.28 The framework sets out how the development of new affordable housing will be funded and how the new Affordable Rent product will work in practice. There is £2.2 billion of uncommitted funding available nationally for the development of new affordable housing, of which £1.8bn is earmarked for the new Affordable Rent tenure. Previously, the HCA funded new housing schemes on an individual basis which considered the amount of grant required. However, the HCA will no longer fund new developments on a scheme by scheme basis and housing delivery partners are now required to submit their funding proposals for a package of schemes to be delivered over the four year development programme.

3.4.29 Housing delivery partners are expected to bid for funding on the basis of the *minimum* amount of subsidy that is required to make development viable and to set out their proposals to supplement the HCA funding with other revenue streams, including the use of the Affordable Rent product across re-lets, cross

subsidy from market sale homes, recycled grant or proceeds generated from the sale of affordable homes, S106 contributions, and transfer of public land at nil or reduced values. Additionally, in consultation with local authorities, housing providers will be allowed to convert some of their existing stock and development pipeline to apply Affordable Rents in order to increase delivery capacity on other schemes.

- 3.4.30 Funding bids will be approved on the basis of a value for money assessment against the delivery of how providers meet local and identified housing needs. Whilst the HCA anticipates that most new developments should be intended for Affordable Rent, or a mixture of Affordable Rent and Shared Ownership, the investment framework recognises there are circumstances where rents need to be set at lower levels. This may include areas where market rents are exceptionally high and cannot be covered by housing benefit, in the provision of supported housing or in regeneration schemes where there is a clear pre-existing commitment to the re-provision of homes at target rent levels. The later point may be particularly important for Brent in areas such as the South Kilburn and Barham Park estate regeneration programmes.
- 3.4.31 Tenants occupying Affordable Rent properties will be eligible for housing benefit, rather than Local Housing Allowance. However in setting rents, housing delivery partners will need to be mindful of the impact of the government's proposals to introduce a universal credit on their tenant's ability to meet their rent liability. The key issue that officers are seeking to clarify with housing delivery partners is the extent to which they are proposing to apply the Affordable Rent product within new schemes and across re-lets.
- 3.4.32 Officers have met with a number of housing associations to assess how they will deliver their pipeline of development schemes in Brent using the new affordable rent product. Many of these associations have carried out indicative modelling to see how their pipeline of schemes can be delivered under an Affordable Rent model, and the Council is assessing how an increase in rents affects affordability levels, based on average income levels in the borough. Officers are currently working with housing association partners to clarify their proposals for development and funding under the new framework and on the application of their tenancy strategy. An assessment of the programme and the implications for Brent is expected to be available by the end of March/early April and a further report will be presented to Members.
- 3.4.33 The HCA requires funding proposals to be submitted by 3rd May 2011 and their intention is to evaluate bids by the end of June 2011. Successful bids will be approved by the HCA London Board by 4th July 2011 and formal contracts will be issued by September 2011.
- 3.4.34 Service Improvement Work
The paragraphs above have outlined some of the issues and challenges facing the housing service in 2011/12. To support the housing needs service in managing what is undoubtedly going to be a challenging and fast-changing environment, various service improvement initiatives are being worked on.

- 3.4.35 One major area of current work is the On-Line Housing Register applications project, which is being delivered sub-regionally. Currently the Council receives around 50 new Housing Register applications per week. The vast majority of these are paper forms, which are then checked, processed and input into the database.
- 3.4.36 However work is progressing well in terms of developing an on-line application process. This will cut down on officer time spent on processing forms, but will also provided a better service for the customer, in terms of receiving instant feedback on their likely banding, and also directing them to other sources of advice and assistance. Whilst there will still be the option to use a paper application form, customers will be encourage to use the on-line self service process where ever possible. This is in line with the Council's overall approach to managing customer contact.
- 3.4.37 In addition a service review of the Housing Needs area is currently underway – this is a cross cutting review of both the Housing Resource Centre and the Housing Solutions Service, looking at performance, efficiency of processes, staff resources, benchmarking, and best practice in other local authorities. This review is currently at the first stage, and there is likely to be further service improvement work undertaken as an outcome of the initial findings of this work.

4.0 Financial Implications

- 4.1 The total agreed revised budget for expenditure on Temporary Accommodation for 2010/11 is £3,659,000. This figure includes a Housing Benefit subsidy loss budget of £500k. Officers are currently forecasting a break-even position for 2010/11.
- 4.2 The total agreed budget for expenditure on Temporary Accommodation for 2011/12 is £3,414,700.
- 4.3 Officers had previously forecast an overspend of £1.3 million against the agreed budget. As outlined earlier in this report, officers have and continue to take action to mitigate the financial impact of the various changes outlined. The previous forecast has therefore been reviewed and revised, and based on current projections officers expect there to be a shortfall against the agreed budget of approximately £1 million. Work is continuing to try to further reduce the expected financial impact of the changes.
- 4.4 A central provision of £2 million is being held within the Council's budget for 2011/12, to cover demand led pressures where the actual impact is uncertain. These pressures and accompanying provision include changes to the housing benefit system.

5.0 Legal Implications

- 5.1 The primary legislation that governs the allocation of new secure tenancies is set out in Part VI of the Housing Act 1996 "the 1996 Act", as amended by the 2002 Act. As enacted, the 1996 Act introduced a single route into council housing, namely the Housing Register, with the intention that the homeless have no greater priority than other applicants for housing. Since the enactment of the 2002 Act, councils are required to adopt an allocations policy which ensures that "reasonable preference" is given to certain categories of applicants (which are set out in section 167 of the 1996 Act as amended by the 2002 Act and includes homeless households and persons living in overcrowded conditions), and to allocate strictly in accordance with that policy. An allocation of accommodation under Part VI of the 1996 Act which is not in accordance with the Council's own allocation policy will be "ultra vires" and deemed to be unlawful. Allocation of temporary accommodation is not governed by Part VII of the 1996 Act.
- 5.2 Brent adopted Locata, a choice-based Allocations Scheme, working in partnership with other local authorities and Housing Associations in the West London Alliance in 2003. Locata applies to all categories of applicant, including those seeking a transfer within Council housing. Although an analysis of demand and lettings is made with reference to (i) homelessness, (ii) Housing Register and (iii) transfer demand; there is no legal difference in the duties owed to people in each of these categories for the provision of accommodation under Part VI of the Housing Act 1996.
- 5.3 The primary legislation governing decisions on homeless applications is Part VII of the Housing Act 1996, which was amended by the Homeless Act 2002. The Council is required to make decisions on homeless applications within the scope of the legislation bearing in mind local demand.
- 5.4 Local authorities have a duty under Part VII of the Housing Act 1996 to house homeless persons in temporary accommodation who satisfy the qualifying criteria (i.e. eligibility, homeless, priority need, not intentionally homeless and local connection). The Council can only discharge its duty to those qualifying homeless persons in temporary accommodation under the circumstances set out in section 193 of the Housing Act 1996 and the circumstances in which this duty can be discharged are as follows: (i) if the homeless person accepts an offer of permanent accommodation from the Council in the form of a secure tenancy under Part VI of the Housing Act 1996; (ii) if the homeless person accepts an offer of an assured tenancy (other than an assured shorthold tenancy) from a private landlord; or (iii) if the homeless person accepts a qualifying offer of an assured shorthold tenancy with the Council's approval and is advised in writing in advance that he is under no obligation to accept the offer of accommodation. It should be noted that the Localism Bill proposes to make a number of amendments to section 193 of the Housing Act 1996, which include allowing local authorities to discharge their duties to homeless applicants by using private rented accommodation without requiring the agreement of the homeless applicant.

- 5.5 The duty under section 193 of the Housing Act 1996 will cease to exist if (I) the applicant ceases to be eligible for assistance; (II) the applicant ceases to occupy the accommodation as his/her only or principal home, or (III) the applicant becomes homeless intentionally from the temporary accommodation provided.
- 5.6 There are a number of changes being proposed by the Localism Bill regarding allocations, homelessness and the power for local authorities to grant flexible tenancies which are discussed above in this report in paragraphs 3.4.16 to 3.4.26. The Localism Bill also plans to pave the way for a national home swap scheme. The Tenant Services Authority or its successor will be given the power to set standards in relation to the methods by which registered providers assist tenants with mutual exchanges of tenancies.
- 5.7 Details of the changes made to the Local Housing Allowance and the caps which will come into effect from 1 April 2011 are set out in paragraphs 3.4.2 to 3.4.7 of this report. Details of the changes to the amount of housing benefit subsidy which local authorities will receive for homeless applicants in self-contained temporary accommodation are set out in paragraphs 3.4.8 to 3.4.12 of this report.

6.0 Diversity Implications

- 6.1 The most recent census data shows that Brent has the second highest ethnic minority population in London. The lettings targets, which are set annually, could potentially have a disproportionate impact on a particular ethnic group or groups. It is important therefore that this area continues to be closely monitored. Previous impact assessments have not demonstrated any adverse impact as a result of the letting process.

7.0 Staffing/Accommodation Implications (if appropriate)

None specific.

Background Papers

Executive

Supply and Demand and Temporary Accommodation (03/10)

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Appendix A – Supply & Demand Model

SUPPLY AND DEMAND PROJECTION

	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014
DEMAND						
Transfers	1861	1907	2100	1745	1506	1289
Register (Non-homeless)	17287	12408	13600	12240	11628	11047
Homeless Applications	1140	1107	1100	1540	1617	1698
Acceptance Rate	45%	30%	33%	35%	40%	45%
Homeless Acceptances	513	333	360	539	647	764
Fall Out Rate	-177	-159	-136	-143	-168	-180
Total New Demand	336	174	224	396	479	584
Families in T.A. Brought Forward	3907	3651	3037	3024	3553	3747
Net Homeless Demand	4243	3825	3261	3420	4032	4331
DEMAND FROM ALL GROUPS	23391	18133	15300	17405	17166	16667
PERMANENT SUPPLY						
Brent lets	430	353	375	480	450	420
Housing Association	557	654	505	391	360	310
PERMANENT SUPPLY (RSL's & Brent)	987	1007	880	871	810	730
ALL LETTINGS (INCLUDING PERMANENT)	987	1007	880	871	810	730
Direct Lettings in the Private Sector	80	160	85	100	100	100
Out of Borough Lettings	8	20	10	10	5	3
Conversion of TA to Settled Accom	2	20	25	0	0	0
PFI Permanent Accommodation	0	0	80	133	157	0
Settled Homes Initiative (BHP)	0	0	7	200	82	0
Conversion of specific TA Schemes to settled accommodation	80	200	0	84	0	0
Other (LCHO; intermediate renting)	0	0	0	5	10	12
ALL LETTINGS (Incl Private Sector)	1077	1407	1087	1403	1164	845
RESIDUAL DEMAND						
Transfers	1680	1722	1939	1585	1357	1156
Register (Non-homeless)	16913	12108	9527	11981	11387	10829
Homeless (In T.A.)	3758	3175	2748	2921	3565	3901
UNMET DEMAND (After Lettings)	22351	17005	14213	16487	16309	15886
T.A. BREAKDOWN						
AST / HALS / PSL	2736	2314	2280	2350	2500	2450
B&B, incl. annexes	119	117	153	180	200	170
PLA	168	60	36	250	230	210
ALS	165	114	100	150	200	230
BDL	417	349	300	425	400	370
PFI	0	0	80	133	157	0
Hostel	64	53	45	35	30	30
Emergency RSL Hostel	30	30	30	30	30	30
Mother & Baby	0	0	0	0	0	0
ALL TEMPORARY ACCOMMODATION	3651	3037	3024	3553	3747	3490

Appendix B - Current Live Applications

Current Live Applications - By list and bedrooms needed.

		0	1	2	3	4	5	6	7	8	Sum:
HOUREG	Adult Social Care	5	2	2	1	1					11
	CHILDREN LEAVING CARE	43		9							52
	CONTRIBUTION TO MOBILITY			1							1
	EMERGING HOUSEHOLDS			13	5						18
	FORMER SERVICE TENANT	1			2	1					4
	HOUSING REGISTER (APPROVED)	29	7	63	201	115	18	4	1		438
	HOUSING REGISTER (NON APPROVED)	4,527	534	3,787	2,273	656	156	21	3	1	11,958
	MEDICAL A (HOU REG)	31	16	43	35	32	7				164
	OUT OF BOROUGH APPLICANTS	428	41	235	122	34	4	1	1		866
	PROBATION SERVICE QUOTA	4									4
	SOCIAL SERVICES (HOU REG)	1		2	2	4	1				10
	STONEBRIDGE HAT			2							2
	SUCCESSION (UNDEROCCUPATION)	26		4	1						31
	VOLUNTARY ORGANISATION QUOTA	32									32
HOUREG	Sum:	5,127	600	4,161	2,642	843	186	26	5	1	13,591
TRNLIST	#1000 UNDER OCCUPATION	96	14	14							124
	DECANT	15	1	17	19	1	1				54
	INTRA-ESTATE TRANSFER	5		7	4	2					18
	MANAGEMENT TRANSFER	24	1	26	22	12	5	2			92
	MEDICAL A (TRANSFER)	18	5	10	13	4	1				51
	TENANCY SEPARATION	2									2
	TRANSFER LIST (APPROVED)	450	53	446	482	132	21	2			1,586
TRNLIST	Sum:	610	74	520	540	151	28	4			1,927
	Sum:	5,737	674	4,681	3,182	994	214	30	5	1	15,518

Appendix C - Lettings Performance 2010/11 (April to January)

BRENT AND HOUSING ASSOCIATION

Note: The monthly targets are calculated on a pro rata basis. Rounding errors may result on the 'TAR' and 'VAR' columns.

	TARGET	PRO RATA	TOTALS			BSR					1 BED					2 BED					3BED					4 BED+			
	P.A.	TAR	ACT	VAR	TAR P.A.	PR TAR	ACT	VAR	TAR P.A.	PR TAR	ACT	VAR	TAR P.A.	PR TAR	ACT	VAR	TAR P.A.	PR TAR	ACT	VAR	TAR P.A.	PR TAR	ACT	VAR	TAR P.A.	PR TAR	ACT	VAR	
HOUSING REGISTER																													
HOUSING REGISTER (HMLSS)	335	279	245	-34	10	8	5	-3	75	63	57	-6	170	142	137	-5	60	50	41	-9	20	17	5	-12					
EMERGING HOUSEHOLDS SCHEME	10	8	10	2	0	0	0	0	0	0	1	1	8	7	7	0	2	2	2	0	0	0	0	0					
CHILDREN LEAVING CARE (HMLSS)	25	21	35	14	5	4	5	1	18	15	24	9	2	2	6	4	0	0	0	0	0	0	0	0					
MEDICAL 25 (HMLSS)	15	13	9	-4	2	2	0	-2	5	4	2	-2	3	3	3	0	3	3	4	1	2	2	0	-2					
															0														
SUB-TOTAL	385	321	299	-22	17	14	10	-4	98	82	84	2	183	154	153	-1	65	55	47	-8	22	19	5	-14					
HOUSING REGISTER (OTHER)	82	68	143	75	25	21	26	5	35	29	83	54	20	17	31	14	1	1	3	2	1	1	0	-1					
MEDICAL 25 (REGISTER)	14	12	19	7	1	1	1	0	3	3	11	9	5	4	9	5	4	3	6	3	1	1	1	0					
VOLUNTARY ORGANISATIONS	60	50	33	-17	15	13	2	-11	45	38	31	-7	0	0	0	0	0	0	0	0	0	0	0	0					
CONTRIBUTION TO MOBILITY	30	25	40	15	1	1	6	5	12	10	20	10	12	10	10	0	3	3	3	0	2	2	1	-1					
SOCIAL SERVICES/CHILDREN IN NEED	6	5	8	3	0	0	0	0	0	0	2	2	2	2	2	0	3	3	4	1	1	1	0	-1					
ADULT SOCIAL CARE	20	17	5	-12	2	2	1	-1	17	14	2	-12	1	1	1	0	0	0	1	1	0	0	0						
PROBATION SERVICE	6	5	3	-2	2	2	1	-1	4	3	2	-1	0	0	0	0	0	0	0	0	0	0	0						
FORMER SERVICE TENANTS	2	2	2	0	0	0	0	0	0	0	0	0	1	1	2	1	1	1	0	-1	0	0	0	0					
SUB-TOTAL	220	184	253	69	46	40	37	-3	116	97	151	54	41	35	55	20	12	11	17	6	5	5	2	-3					
TRANSFERS																													
DECANTS	63	53	39	-14	3	3	1	-2	25	21	16	-5	20	17	8	-9	10	8	13	5	5	4	1	-3					
TRANSFER SCHEME	55	46	65	19	0	0	1	1	15	13	15	3	20	17	29	12	15	13	16	3	5	4	4	0					
MEDICAL 25 (TRANSFERS)	6	5	8	3	0	0	0	0	2	2	4	2	2	2	2	0	2	2	1	-1	0	0	1	1					
MANAGEMENT TRANSFER	22	18	22	4	0	0	1	1	2	2	7	5	10	8	6	-2	7	6	7	1	3	3	1	-2					
INTRA-ESTATE TRANSFER	8	7	2	-5	0	0	0	0	2	2	0	-2	3	3	1	-2	2	2	1	-1	1	1	0	-1					
£1000 UNDER OCCUPATION	66	55	68	13	1	1	2	1	50	42	55	13	10	8	10	2	4	3	0	-3	1	1	1	0					
SUB-TOTAL	220	183	204	21	4	4	5	1	96	80	97	17	65	55	56	1	40	34	38	4	15	13	8	-5					
TOTAL	825	688	756	68	67	58	52	-6	310	258	332	74	289	244	264	20	117	100	102	2	42	37	15	-22					

Appendix D – Lettings Projections 2011/12

BRENT AND HOUSING ASSOCIATION - Projected Lettings 2011/12

	BSR	1 BED	2 BED	3BED	4 BED+	Total
Brent	34	191	176	67	12	480
RSL	28	155	143	55	10	391
Total	62	346	319	122	22	871

	BSR	1 BED	2 BED	3BED	4 BED+	TOTAL
HOUSING REGISTER (HOMELESS)						
HOUSING REGISTER (HMLSS)	8	73	172	55	10	318
MEDICAL 25 (HMLSS)	1	4	2	3	1	11
CHILDREN LEAVING CARE	5	20	3	0	0	28
EMERGING HOUSEHOLDS SCHEME	0	2	8	3	0	13
SUB-TOTAL	14	99	185	61	11	370
HOUSING REGISTER						
HOUSING REGISTER (OTHER)	25	73	30	2	0	130
MEDICAL 25 (REGISTER)	0	5	5	4	1	15
VOLUNTARY ORGANISATIONS	10	45	0	0	0	55
CONTRIBUTION TO MOBILITY	5	16	15	3	1	40
CHILDREN IN NEED	0	0	2	3	1	6
ADULTS SOCIAL CARE	2	17	1	0	0	20
PROBATION SERVICE	2	4	0	0	0	6
FORMER SERVICE TENANTS	0	0	1	1	0	2
SUB-TOTAL	44	160	54	13	3	274
TRANSFERS						
DECANTS	2	15	30	20	3	70
TRANSFER SCHEME	0	15	25	15	3	58
MEDICAL 25 (TRANSFERS)	0	2	2	2	0	6
MANAGEMENT TRANSFER	0	3	10	7	2	22
INTRA-ESTATE TRANSFER	0	1	3	2	0	6
£1000 UNDER OCCUPATION	2	51	10	2	0	65
SUB-TOTAL	4	87	80	48	8	227
TOTAL	62	346	319	122	22	871