

## **DACHS Scrutiny Committee Members**

### **Impact of Welfare Reform on Dudley Housing Stock**

#### **Purpose of Report**

1. To update Members in respect of the impact of Welfare Reform on demand for our housing stock. This is an information only report.

#### **Background**

2. Members will recall from the report considered on 11<sup>th</sup> November that there is a mismatch between the accommodation that we have available and the accommodation that customers need.

Simply in terms of number of bedrooms, our current stock consists of

No of beds	1 (incl bedsit)	2	3	4+	Total
Stock	6284	6764	9125	603	22776
%	27.59%	29.70%	40.06%	2.65%	100%

Our current waiting list by the number of bedrooms needed (excluding transfers, and applications awaiting assessment) is

No of beds	1	2	3	4+	Total
Waiting list	1773	981	331	115	3200
%	55.41%	30.66%	10.34%	3.59%	100%

3. This mismatch is exacerbated, because households deemed to need two bedrooms are predominantly small families with one child/two children who can share, whereas of our 6764 two bedroom homes, just over half are houses (3919) whilst the other half are mainly family flats and flats reserved for single people and couples, with smaller numbers of bungalows, sheltered housing and temporary accommodation. Additionally, households deemed to need three bedrooms almost invariably want houses, but our stock of 9125 three bedroom homes includes 565 maisonettes and 57 family flats. The issues for our housing supply and demand are therefore:
  - High & competing demands for one bed stock
  - Excessive demand for two bed houses
  - Low demand for two bed flats (particularly high rise)
  - Low demand for three bed maisonettes.
4. A more detailed analysis is available in the Housing Needs Survey & Balancing Housing Markets Report 2012, which is currently being updated.
5. In previous years, we have made the best overall use of our stock by allowing families to be allocated larger houses than they immediately need. Families with two children of any age and sex are allowed three bed houses, and those with two children of opposite sexes are regarded as overcrowded in a two bed as soon as one child is eight and the other five. The bedroom standard, however, says they do not

need three bedrooms until one child is ten, (or 16 if they are of the same sex) and if they are in receipt of maximum housing benefit they will have a shortfall of 14% on a third bedroom until then.

6. Some landlords (especially Housing Associations) have altered their allocation policies to fit the bedroom standard, whereas we have been allowing informed choice, where the implications of the shortfall are explained and our customers make their own choices. Our reasoning is that if we adopt the bedroom standard for allocations
  - Pressure on our one and two bed stock will be even higher
  - Working families will be unfairly excluded from three bedroom homes
  - There will be more churn in our stock as children grow (more transfers & voids)
  - Communities will consequently be less settled.
7. In November we reported that increasing numbers of our tenants were downsizing - 166 between April and September 2013, compared to 74 in the corresponding months of 2012. A further 51 have transferred between October and December 2013, bringing the total for the year to date to 217. However, 90 of these (41%) released flats and maisonettes rather than family houses, and of the 123 houses and 4 bungalows that were released, at least 69 were vacated by older people downsizing for example to bungalows and sheltered housing. Our rate of transfers is relatively high, and this has been a deliberate strategy for several years in order to meet the changing needs of our tenants and make the best use of our stock. It should be noted that a need or desire for larger or smaller accommodation may not have been the reason for moving; for example, a single person may move from a two bedroom home to a one bedroom home because it is in an area they like, or on a different floor level, or because it is within a sheltered housing scheme.
8. This policy of mobility within our stock is assisting us in responding to Welfare Reform, as evidenced by the fact that 115 tenants whose spare room subsidy was removed on 1<sup>st</sup> April moved home between April and September and a further 27 moved between October and December. Of this total of 142, 115 were already on the transfer list at 1<sup>st</sup> April, and 27 had joined since April. As at 1<sup>st</sup> January, there remain 418 tenants on the transfer list whose housing benefit has been reduced, and of these 274 had already joined the list by 1<sup>st</sup> April and 144 have joined it since. It should be noted that we had been informing tenants of the changes since July 2012, so transfers were already taking place prior to April, and contributed to the number of tenants we expected to be affected being reduced from 4071 in August 2012 to 3333 in April 2013.
9. In April 2013, there were 67 tenants of three bed maisonettes subject to the removal of the under occupation subsidy, and 65 tenants of two bed high rise flats. Of these, we have been able to transfer 30 and 19 respectively up to the end of December, and this is reflected in the increasing numbers of low demand voids.
10. Hard to let/no wait properties continue to be an area of concern. There are 220 of these as at the end of January, of which 110 are immediately available for occupation. A marketing strategy is in place, and a press release in December resulted in 118 enquiries. Since then, 60 no wait properties have been let, either to people who responded to the publicity, or to people who were already on our list. We are taking care to check all applications carefully in order not to let homes to tenants who cannot sustain them and comply with the Conditions of Tenancy.

11. Rather than assume that the current void levels amongst (in particular) two bed high rise and three bed maisonettes are due to Housing Benefit changes, we commissioned independent market research to understand the reasons for the low demand and to provide an insight into how this could be addressed, including:
- Why residents who have left in the last 6 months have given up their tenancies in these blocks
  - Why applicants who are eligible for these properties are not bidding for them
  - Whether there is a market that would create demand for these properties outside of our current waiting list and if so the reasons those who would create this demand cannot or do not access our services
  - Whether there is sufficient potential demand to support high rise Extra Care living.

The final report on this research will be available at the end of March.

### **Finance**

12. This report is for information and has no direct financial implications.

### **Law**

13. The powers and duties of housing authorities in relation to the allocation and management of Council housing are set out in the Housing Acts 1985 and 1996 and the Homelessness Act 2002.

### **Equality Impact**

14. The HRA operates in line with the Council's Equality Policies, and any major changes to allocation policies are subject to Equality Impact Assessment.

### **Recommendation**

15. It is recommended that Members note the contents of this report and if they need further information to contact Sian Evans- contact details given below.



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