

Report of	Assistant Director of Place and Client	Author	Karen Paton
Title	Family/local affiliation in letting and/or sale of local affordable housing and Gateway to Homechoice Allocations Policy		
Wards affected	All wards		

1. Executive Summary

- 1.1 The report provides information on the options available to the Council to change the way general needs properties are let to households on the Housing Register to prioritise people with established ties to certain communities.
- 1.2 The report also looks at the way in which affordable housing to buy through initiatives like shared ownership can also be restricted to local people.
- 1.3 The two options available are:
 - Local Lettings plans
 - Section 106 agreements and associated allocation and nomination agreements
- 1.4 To illustrate how this would work in practice the report looks at a pilot that has been proposed on a site in the parish of Layer de la Haye and whether placing restrictions on the way general needs properties (that are not on rural exception sites) are let to households in housing need with a local connection, may have unintended consequences.

2. Action Required

- 2.1 For Scrutiny Panel to consider our approaches to allocating affordable housing, and to considering local connection in letting and/or sale of local affordable housing and Gateway to Homechoice Allocations Policy

3. Reason for Scrutiny

- 3.1 Report requested by the Panel at the meeting on 7 June 2022.

4. Background Information

4.1 A Housing Allocations Policy is a legal requirement for local authorities allocating affordable and social housing. The policy sets out which properties applicants for housing are eligible for; the priority applicants are awarded to reflect their need for housing and how the policy works. The policy is also required to follow a number of rules set out in law.

4.2 Colchester Borough Council is a partner in the Gateway to Homechoice (G2H) Partnership along with seven other Essex and Suffolk local housing authorities. The Partnership has one Allocations Policy.

Please find a link below to the Gateway to Homechoice Allocations Policy
[Allocations Policy - July 2022 - HomeChoice \(gatewaytohomechoice.org.uk\)](https://gatewaytohomechoice.org.uk/Allocations%20Policy%20-%20July%202022%20-%20HomeChoice)

4.3 Whenever the Council imposes criteria for certain properties on the Housing Register other than housing need it tends to relegate the importance of housing need as the determiner of who is housed.

4.4 However, the Council has two options available if it wishes to restrict the way that general needs properties (that are not on rural exception sites) are let to households on its housing register.

- Local Lettings plans
- Section 106 agreements and associated allocation and nomination agreements

Local lettings Policies

4.5 Local lettings plans can be used for new developments that are not rural exception sites and existing homes. A local lettings plan applies to a specified group of properties and sets out why and who will be given preference for offers of homes.

4.6 The decision to apply a local lettings plan is made jointly by the landlord of the property and Colchester Borough Council (CBC). Senior managers have delegated authority to agree a local lettings plan. However, they are always shared with the Portfolio Holder before implementation.

4.7 A local lettings plan would usually be made under the following circumstances:

- To help create balanced communities and achieve wider community objectives (for example to produce a broader social mix).
- To help improve difficult to let areas and/or to tackle anti-social behaviour
- To make best use of the housing stock and give priority for releasing a property in need.

4.8 Properties subject to a local lettings plan are clearly labelled as such in the property advert on the Gateway to Homechoice website when the property is advertised. The local lettings plan is usually for a specific period of time.

4.9 CBC and other landlords of social and affordable housing can use local lettings plans as this is set out in our Allocations Policy. The Housing Act 1996 (and subsequent revisions made by the Localism Act 2011) enables housing authorities to allocate particular accommodation to people of a particular description, whether

or not they fall within the reasonable preference categories, provided that overall, the authority is able to demonstrate compliance with the requirements of the Housing Act 1996.

4.10 The Housing Act 1996 requires housing authorities to allocate accommodation in accordance with the housing authority's Allocation Policy which must ensure that certain categories of applicants are given reasonable preference. The Housing Act 1996 sets out the five groups of applicants for whom reasonable preference must be given.

In summary, these groups are:

- Applicants who are classed as homeless under the law
- Applicants who are owed a homelessness duty by any local housing authority or who are in temporary accommodation secured by the local housing authority
- Applicants occupying unsanitary or overcrowded housing or otherwise living in unsatisfactory housing conditions
- Applicants who need to move on medical or welfare grounds (including grounds relating to disability).
- Applicants who need to move to a particular locality in the district of the authority, where failure to meet that need would cause hardship (to themselves or to others).

Under Colchester's Allocations policy, priority bands A, B and C, reflect the reasonable preference categories.

Section 106 agreements and associated allocation and nomination agreements

4.11 Section 106 Agreements are formal Deeds made under Section 106 of the Town and Country Planning Act 1990 to secure planning obligations which are required in order to make a proposed development acceptable in planning terms.

4.12 On sites where affordable housing is provided under a section 106 agreement the agreement will set out the requirements such as the type and size of affordable homes, the tenure and any nomination and allocation arrangements for the affordable homes. These will be agreed through negotiation with developers.

4.13 The Council can use the section 106 agreement to restrict the way general needs properties (that are not on rural exception sites) are let to households on its housing register. The length of time a restriction remains in place is determined in the legal agreement.

4.14 Section 106 agreements have to be agreed by both parties (the Council and the Developer) and are binding legal documents which can only be varied by a deed of variation agreed by both parties.

4.15 A section 106 agreement would need to be put in place for first lets on properties to buy under shared ownership (see Appendix A).

Implications

4.16 Placing restrictions on the way general needs properties (that are not on rural exception sites) are let to households in housing need with a local connection may have unintended consequences. These include:

- Households with a higher need for housing in Colchester that don't have a local connection may have a longer wait for accommodation
- If there is not enough interest in the properties from households who have a local connection, then this will impact on void times and rent loss.
- Households in bed and breakfast and temporary accommodation may have longer to wait for permanent housing, and this will have an associated financial cost to Colchester Borough Council.

5. Pilot scheme at Layer de la Haye

5.1 In order to test the potential benefits and whether there are any unintended consequences of such a restriction, a pilot has been proposed on a site in the Parish of Layer de la Haye. The site is made up of 55 homes of which 13 will be affordable rented housing and 3 will be shared ownership. The remaining 39 homes will be for open market sale.

5.3 Prior to the proposal for the pilot scheme, a Housing needs survey was undertaken to establish whether there were households with a local connection to Layer de la Haye that were in housing need (see Appendix B).

Local connection restrictions

5.4 The Section 106 agreement will contain a schedule setting out the eligibility criteria, priority and local connection criteria requirement for nominees/applicants who bid for the property on the Gateway to Homechoice, choice-based lettings system at first let only.

5.5 Eligibility - Prospective tenants will only be considered if they are registered on the Council's Housing Register and their application is in Bands A to C. For the shared ownership homes the applicant should not have an annual household income of more than £80,000 and must not be a current homeowner.

5.6 Priority for the rented homes will be given to applicants in Housing Register Bands A to C who have a Local Connection (as defined below). This priority will be applicable to first let of the dwellings.

Local connection Criteria

5.7 An applicant will have a local connection if:

- The applicant or a member of the applicant's household have resided in the Parish of Layer-de -la Haye for not less than 3 years during the previous 5 year period.
- They have a son, daughter, brother, sister, mother or father, who is aged 18 or over and lives in the Parish of Layer-de -la Haye, and has done so for at least five years before the date of application.
- The applicant or a member of the applicant's household currently reside in the Parish of Layer-de -la Haye and have done so for at least 6 of the last 12 months and the applicant or a member of their household are

currently permanently employed in the Parish and have worked in the Parish for at least 6 of the last 12 months.

- The applicant or a member of their household has an offer of permanent employment within the Parish of Layer de la Haye for which personal attendance within the Parish of Layer de la Haye is a main or the primary requirement of their employment. The work must not be short-term (less than 12 months) or marginal in nature, be ancillary to work in another parish or district; or voluntary work. Work will normally be regarded as marginal in nature if it is less than 16 hours a week.
- If, there are no applicants who have bid for and been successful in securing a property who fulfil the requirements of local connection criteria above, then a person who fulfils any of those criteria in respect of the neighbouring Parishes of Abberton and Langenhoe, Layer Breton, Birch, Great and Little Wigborough and Peldon can be considered when the property is re-advertised (the cascade parishes).
- If there are still no applicants who have bid for and been successful in securing a property, who fulfil the local connection requirements then the property can be let to an applicant who has a local connection to Colchester, as set out in Colchester Borough Council's Housing Allocations Policy.

5.8 At second let the affordable rented properties should be let in accordance with Colchester Borough Council's Housing Allocations Policy.

Local Connection – shared ownership homes

5.9 The same local connection criteria for Layer-de-la-Haye will apply. However, if after 6 weeks of becoming available for sale, a shared ownership unit has not secured an offer from a household meeting the local connection criteria an applicant with a local connection to Colchester may be considered.

5.10 The pilot will operate until all the rented homes have been let for the first time and the shared ownership homes have been sold for the first time.

5.11 The pilot will be monitored using the Gateway to Homechoice choice-based lettings scheme and through engagement with the registered provider/housing association who will purchase and manage the affordable homes.

Monitoring information will include:

- Who the properties are let to and how many homes have been let to households with a local connection to Layer-de-la Haye;
- how many homes have been let to households with a local connection to the cascade parishes and how many have been let to households with a local connection to Colchester by their priority band.
- The number of bids on each property each time it is advertised.
- The impact on void times and rent loss.
- The impact on households in bed and breakfast and temporary accommodation and any associated financial cost to Colchester Borough Council.

- How many of the shared ownership properties were sold to households with a local connection to Layer-de la-haye and how many to Colchester applicants.
- Whether there were any financial costs or benefits to the registered provider/housing association which arose because of the local connection requirements for the properties.

5.12 The results of the monitoring and any implications and impacts identified will provide evidence to inform decisions about applying restrictions to the letting of affordable properties on other rural development sites (which are not rural exception sites).

6. Equality, Diversity and Human Rights implications

An Equality Impact Assessment on the Gateway to Homechoice Allocations Policy has been completed and a link to the document can be found below.

[Gateway to Homechoice Allocations Policy - Colchester Borough Council](#)

There are no Human Rights implications

7. Standard Reference

There are no particular references to the Strategic Plan; consultation or publicity considerations or financial; community safety; health and safety, risk management or Environmental and Sustainability implications.

Appendices

Appendix A - Shared Ownership

Shared ownership is a scheme that allows you to buy a share of a property and pay rent on the rest. It's designed to help people with small deposits and lower incomes get on the property ladder. You buy a stake of between 20% and 75% of the property from a housing association. You typically need to put down a minimum 5% deposit, but that's only on your share rather than the total property price.

Shared ownership is only available to first-time buyers, those who've previously owned a home but can't afford to buy one now, and existing shared ownership homeowners who want to move house. Your household income must be less than £80,000 if you live outside London or £90,000 if you're living in London.

You can buy more shares in your home after you become the owner. This is known as 'staircasing'. When you buy more shares, you'll pay less rent. The cost of your new share will depend on how much your home is worth when you want to buy the share, the Housing Association will arrange the valuation.

Applicants interested in shared ownership properties can join a register.

Appendix B - Housing need in Layer-de-la-Haye

The Housing Needs Survey undertaken in 2020 found that there was a need in Layer-de-la Haye for the affordable rented homes of 13 households in total, 5 households with a 1 bed need, 6 with a 2 bed need and 2 with a 3 bed need.

The survey also found a need for five 2-bedroom shared ownership properties, with two to be adapted/ground floor for households with mobility needs.

A supplementary survey was carried out following the Housing Needs Survey in June 2020. The aim of the second shorter survey was to provide additional information (including financial information) regarding the proposed affordable housing scheme in the parish and to help determine the existing and future levels of needs for local people. The June 2020 survey found a need for 6 affordable rented homes and 1 shared-ownership.

Housing register data indicates that there are 11 households who state that they have a local connection to Layer-de-la-Haye. Four of these applicants currently live in the village.

It should also be noted that a Rural Exception Site (RES) is being developed at The Folley in Layer-de-la-Haye separately to the site in this pilot. The RES consists of 15 properties of which 7 are market sale, 8 affordable comprising of 6 rented and 2 shared ownership. The affordable rented homes will only be let to housing register applicants with a local connection although they will not be restricted to bands A-C only and the local connection criteria will apply to all affordable rented and shared ownership on the first and every subsequent letting and sale.

If a purchaser with a local connection for the shared ownership properties is not found within 6 weeks of being available for sale, then the criteria will cascade to the Colchester Borough.