

**Manchester City Council
Report for Resolution**

Report to: Economy and Regeneration Scrutiny Committee – 18 July 2023
Executive – 26 July 2023

Subject: Strategic approach to developments of social homes via a city-wide New Build Local Lettings Policy (LLP)

Report of: Strategic Director Growth & Development

Summary

Following the implementation of the revised Manchester City Council Part VI Scheme for the Allocation of Social Housing on 3rd November 2020, there is a risk that new social housing developments could find significant numbers of potential tenants with support needs and concentrating dependency in a very localised area.

In order to create genuinely mixed communities in new build developments and enabling local people the opportunity to get a new local home it is necessary to put in place a strategic response in the form of a New Build Local Lettings Policy (LLP) for all new developments of social homes to be let at social or affordable rent.

Recommendations

1. Economy and Regeneration Scrutiny Committee commends the New Build LLP to the Executive.
 2. The Executive approves and adopts the New Build LLP with a review of the policy to take place in 5 years.
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Wards Affected - All

Environmental Impact Assessment - the impact of the decisions proposed in this report on achieving the zero-carbon target for the city
Each individual development of new social homes covered by this LLP will make its own contribution to achieving zero-carbon targets. This LLP will not directly affect achieving the city's zero-carbon targets.

Our Manchester Strategy outcomes	Contribution to the strategy
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	By seeking to avoid concentrations of dependency

A highly skilled city: world class and home grown talent sustaining the city's economic success	By making working households in priority need of rehousing preferred applicants for some social homes
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	By facilitating households to sustain their commitment to their local area
A liveable and low carbon city: a destination of choice to live, visit, work	By facilitating sustainable new developments of social homes
A connected city: world class infrastructure and connectivity to drive growth	NA

Full details are in the body of the report, along with any implications for

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

Financial Consequences – Revenue

None

Financial Consequences – Capital

None

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Background documents (available for public inspection):

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy, please contact one of the contact officers above.

- Report to Economy Scrutiny Committee February 2023 - Housing Allocations Policy Evaluation
- Manchester City Council Part VI Scheme for the Allocation of Social Housing 2020
- Report on Housing Allocations Policy Review, Neighbourhoods and Environment Scrutiny Committee, 6th November 2019 and Executive, 13th November 2019
- Housing Act 1996
- Allocation of Accommodation: Guidance For Local Housing Authorities In England (2012) DCLG
<https://www.gov.uk/government/publications/allocation-of-accommodationguidance-for-local-housing-authorities-in-england>

1.0 Introduction

- 1.1 This report describes how it is necessary to ensure that there is a genuinely mixed community in newly built social housing developments.
- 1.2 The risk is managed by putting in place a city-wide New Build Local Lettings Policy.

2.0 Background

- 2.1 At the end of 2020 the council and partners completed a two-year project to review and update the Manchester City Council Part VI Scheme for the Allocation of Social Housing.
- 2.2 The scheme was agreed by all the Manchester Move participating organisations before being put to the council's Executive. The scheme was approved by the Executive in November 2019. Following comprehensive reworking of the IT system, training of users, and extensive engagement with applicants, advocates and service areas, the scheme took effect on the 3rd of November 2020.
- 2.3 The basic aim of the scheme review was to improve access for those in greatest need.
- 2.4 Key changes included the ending of awarding additional priority (band 2) for working or volunteering, such requirements being unachievable for most households in crisis. Most homeless households were in band 3, with very little chance of an offer since the level of demand meant that almost all homes were going to bands 1 and 2.
- 2.5 The most significant effect of introducing the new scheme was to increase the priority of many homeless applicants. The majority saw their priority increase from band 3 to band 2, and many have relatively long award dates (also known as queue dates). These applicants, and other applicants in crisis situations similarly now in band 2 rather than band 3, can have significant support needs.
- 2.6 As expected, following the changes to the scheme, band 2 almost doubled, increasing from 2,312 applicants (December 2019) to 4,449 applicants (April 2021) and at May 2023 was 6295.
- 2.7 The Part VI allocation scheme is a statutory function of the City Council. The law is that the scheme must be followed when allocating social homes.

3.0 Developing sustainable communities

- 3.1 As a consequence of the allocations scheme now looking only at housing need, the proportion of lets to households with varying degrees of complex needs and dependency is likely to remain relatively high for some time. There is a risk that allocations of new developments could find significant numbers of

potential tenants with support needs, concentrating dependency in a very localised area. This could lead to some negative impact on the residents and community, and the immediate area where new social and affordable homes are being built. Concentrations of vulnerable and dependent tenants can lead to exploitation, criminal activity and antisocial behaviour.

- 3.2 When such situations have arisen previously, the social and economic cost of dealing with issues has been considerable. Learning from those experiences shows us that prevention is far better than cure.
- 3.3 It is sensible to put in place proportionate measures to prevent concentrations of dependency while still facilitating an overall increase in the number of homes available for those in greatest need.
- 3.4 At the same time, for the same reasons, homes in local communities are at risk of becoming unavailable for local people who wish to remain in areas where they have made commitments. It is necessary to manage this possibility carefully, with a view to facilitating some local applicants in priority need remaining in the areas where they have a longstanding commitment.

4.0 New Build Local Lettings Policy

- 4.1 It is necessary to put in place a strategic response to ensure that new build developments have a mix of residents to help to make them sustainable in the longer term. The aim is to avoid the likely concentrations of dependency and higher-level support needs in new builds while also offering local people a chance of a local home and thereby contribute to achieving sustainable communities for the benefit of all. By facilitating successful and sustainable developments in this way, the total number of social homes will increase and more households in urgent need will be rehoused.
- 4.2 This strategic response is a New Build Local Lettings Policy (LLP) for all new developments of social homes to be let at social rent or affordable rent. After five years the effectiveness of the LLP will be reviewed with a view to it being amended, ended or extended for such period as necessary. Under this LLP:
 - 50% of any development would be let to working households (defined as a member of the household being in work and working for at least 16 hours a week) who are in priority housing need on the Manchester housing register (Manchester Move bands 1-3), subject to the normal affordability check that all applicants have at point of offer,
 - 20% of the new development would be let to applicants living in the Manchester City Council boundary area who are in priority housing need on the housing register (Manchester Move bands 1-3) and have an established connection to the immediate area of the development, defined as:
 - i. living in the council ward where the development is located, or living in an adjacent ward, or
 - ii. have lived in the ward for at least 3 of the last 5 years, or
 - iii. have a parent or a child living in the ward, or

- iv. provide care to, or receive care from, someone living in the ward (carers are defined at appendix 4 of the Manchester City Council Part VI Scheme for the Allocation of Social Housing)
- v. homeless and living in temporary accommodation but from that council ward when accepted as homeless (even if living elsewhere in their current accommodation)
- 30% of the new development would be let as normal, in accordance with the allocation scheme.
- For all three categories, assuming enough applications are received, additional priority will be given to transfer applicants who are rightsizing and freeing up family homes to be let via the Manchester Move system.
- If insufficient applications are received for homes to be let to the working household or local resident categories, those remaining will be offered via the Manchester Move system in the normal way.

4.3 The Council has successfully adopted a Local Letting Policy on this basis for the 69 new Council homes in Newton Heath which will be let and occupied this Summer.

4.4 Where new build schemes are being delivered as part of a larger regeneration initiative, additional priority will be given to local residents within the regeneration boundary to facilitate the ongoing regeneration. The detail will be set out on a scheme-by-scheme basis, but might include additional priority for existing residents within the regeneration boundary who wish to rightsize into an apartment in order to make better use of Council stock.

4.5 Where regeneration schemes involve demolition those affected residents would be given priority to move into new homes and stay in the area and such moves would be accommodated outside of the allocations scheme.

5.0 General needs only and first let only

5.1 This policy would only apply to what are called “general needs” properties – that is, general housing for most applicants, not specialist housing developed for a particular purpose, such as retirement homes or extra care provision.

5.2 This policy would apply only at first let. Having created a mixed community through this policy, all subsequent relets would be to the applicable allocations scheme.

6.0 Effect of Restricted Lettings

6.1 All partners are concerned to minimise the potential disadvantage of restricted lettings for those in greatest need.

6.2 It is important to note that that the New Build LLP adheres to the broad principles of the allocations scheme by ensuring lets are only to applicants in urgent need of rehousing (bands 1-3 in priority order).

6.3 Within that strict focus on housing need, restricted lettings then apply to create

mixed communities. This only applies at first let, all subsequent lets must be made via the Manchester Move system in the usual way.

- 6.4 By giving additional priority to transfer applicants freeing up badly needed family homes, this LLP would help to increase the number rehoused into family homes. Often these are families in temporary accommodation.
- 6.5 31% of applicants in priority bands 1-3 are transfer tenants. It is likely that approximately 30% of applicants for homes under this policy will be transfer tenants freeing up other social homes for let under the normal unrestricted rules across the city. Overall, the quantity of social homes becoming available will increase.

7.0 Equalities Impact

- 7.1 This strategic LLP is about allocations. It does not and cannot take into account the nature of each development in terms of construction standards, accessibility, rent levels, target demographics, etc. It is not possible for a strategic policy of this nature to predict the composition of individual developments, and those are not allocations matters.
- 7.2 Each individual development must pay 'due regard' to their Public Sector Equality Duties, via undertaking an Equality Impact Assessment and be guided by the relevant housing design standards in place, particularly in relation to accessibility.
- 7.3 In terms of allocations, it is possible to make general statements about the overall impact of this proposed LLP. In particular, this is in the light of case law that makes it clear that women applicants and disabled applicants are most likely to be disadvantaged by a working households priority. An equalities impact assessment has been undertaken that shows the general level of net disadvantage to applicants in the priority bands (bands 1-3), that results from making working households a priority.
- 7.4 Disadvantage in this context means that a percentage of the homes of any development is likely not to be available to applicants with certain protected characteristics. Taken in aggregate, the net disadvantage to all non-working households in the priority bands is approximately 35% of any development. The net disadvantage to women applicants in the priority bands is approximately 13% of any development. And the net disadvantage to disabled applicants in the priority bands is approximately 8% of any development.
- 7.5 Relative disadvantage is permitted so long as it does not skew the overall allocations scheme and so long as the restrictions are reasonable impositions to achieve a legitimate outcome.
- 7.6 While it is unavoidable that the working household restriction will be a disadvantage for women applicants and disabled applicants, that disadvantage will be minimised by the policy ensuring the maximum number

of social homes are freed up by transfers and rightsizing, such homes being available to all applicants.

- 7.7 The working household priority disadvantage for disabled applicants is addressed by the allocation scheme's built-in process for managing applications from people who need adaptations or adapted homes.
- 7.8 While inevitably there will be some disadvantage for certain applicants in respect of such new build homes, the fact that transfer tenants will make up a proportion of successful bidders for these homes will release other social homes, ameliorating some degree of disadvantage.
- 7.9 The fact that this policy requires developments to be let strictly to applicants in priority need is further amelioration of potential disadvantage. If enough applicants do not come forward from the prescribed categories, any homes remaining will be let without restriction according to the allocation scheme.
- 7.10 Taking advantage of potential interest from transfer tenants who might be persuaded to rightsize means that more family homes will become available to let in the normal way. This will have a significant impact on families who would otherwise be growing up in temporary accommodation.
- 7.11 Taken together, these measures mean that greater numbers of social homes will become available for those in greatest need.
- 7.12 Senior managers and the council's social landlord partners all believe that the desired outcome of creating mixed communities and avoiding concentrations of dependency is a legitimate one. Further, since developments using this policy will be bringing forward additional social homes that are badly needed, the overall impact will be positive.

8.0 Manchester Housing Providers Partnership

- 8.1 The Council expects all members of the Partnership to adopt the citywide policy but would discuss any proposed variations with a partner who did not want the city-wide LLP to apply to one or more of their developments, for example if they preferred to let those homes 100% to the allocations scheme.

9.0 Contributing to a Zero-Carbon City

- 9.1 Each development of new social homes will make its own contribution towards becoming a zero-carbon city. This Strategic LLP does not have a direct impact.

10.0 Contributing to the Our Manchester Strategy

(a) A thriving and sustainable city

- 10.1 By helping to create sustainable communities and to avoid concentrations of dependency.

(b) A highly skilled city

- 10.2 By making working households in priority need for rehousing preferred applicants for some social homes

(c) A progressive and equitable city

- 10.3 By facilitating households to sustain their commitment to their local area

(d) A liveable and low carbon city

- 10.4 By facilitating sustainable new developments of social homes

(e) A connected city

- 10.5 Each development will have its own connectivity attributes.

11.0 Key Policies and Considerations

(a) Equal Opportunities

- 11.1 As noted in section 7, case law makes it clear that there are unavoidable equalities issues arising from giving working households a degree of priority for social homes and how those disadvantageous effects are minimised where possible.

(b) Risk Management

- 11.2 Each development that is covered by the New Build LLP will need to produce its own Equalities Impact Assessment (EIA) to ensure the risk of challenge is minimised.

(c) Legal Considerations

- 11.3 Section 166A(6)(b) of the Housing Act 1996 is the statutory basis for LLPs that allows local housing authorities to allocate particular accommodation to people of a particular description such as is proposed in this report.