

Local Housing Strategy 2004-2009



Falkirk Council
Housing & Social Work Services

Appendix C (11)

Low Demand Housing

DRAFT AGENDA ITEM

FALKIRK COUNCIL

SUBJECT: LOW DEMAND HOUSING
MEETING: HOUSING AND SOCIAL SERVICES COMMITTEE
DATE: 27TH JANUARY 2004
AUTHOR: DIRECTOR OF HOUSING & SOCIAL WORK SERVICES

1.0 INTRODUCTION

Members will recall the report on Low Demand Housing considered by Housing and Social Services Committee on 4 November 2003 (Minute Ref. HSS10). The purpose of this report is to set out for Members' approval, a framework within which low demand housing can be identified and to recommend appropriate management strategies to stimulate demand for such housing.

2.0 BACKGROUND

The previous report drew to the attention of Members a recent report by the Chartered Institute of Housing in Scotland which set out the context in which issues of low demand are being considered by social landlords across the country. It was noted that set against indicative guidance from the Department of Environment, Transport and Regions (DETR), the Falkirk Council area as a whole does not suffer from low demand. However, the experience of Officers and Members suggests otherwise and the report further advised Members, that using DETR guidance on indicators applicable to neighbourhood areas, further analysis at a local level was being carried out to identify pockets of low demand or areas "at risk" of becoming low demand across the housing stock.

Members were also advised that in recognition of the impact of low demand housing on the management of void housing, Audit Scotland and Communities Scotland were developing a performance indicator to take account of low demand when measuring the performance of social landlords.

3.0 NATIONAL LOW DEMAND CRITERIA IN A FALKIRK CONTEXT

As noted above, when set against indicative guidance from the DETR, the Falkirk Council area as a whole does not suffer from low demand. However, when the Performance Indicator suggested by Audit Scotland and Communities Scotland is applied, a proportion of the Council's properties which were void during the period 1 April 2002 to 31 March 2003 fall into their low demand category.

It should be noted that this Performance Indicator uses the following definition to identify low demand and requires to be applied to properties on an individual basis:

- A small or non-existent waiting list for the property

- Tenancy offers on a dwelling frequently refused or not responded to (for reasons other than personal reasons e.g. inappropriate offer) 3 or more times
- Higher than normal rates of tenancy turnover. Higher than normal means higher than the average for the Council area by a factor of 3.

Therefore using Audit Scotland and Communities Scotland's definition to analyse void houses across the Council's area for the period 1 April 2002 to 31 March 2003, 328 (18%) of the total number of 1813 properties relet were defined as low demand. Moreover of the properties void at 31 March 2003, 268 (45%) were defined as low demand.

It is considered that this definition used by Audit Scotland and Communities Scotland does not provide an effective model for developing a proactive approach to identifying and addressing low demand as it is based on the circumstances surrounding the let of an individual property at a given moment in time. Accordingly, the following sections of this report aim to draw from the principles of best practice as identified above with a view to setting out a broad framework within which low demand, in a Falkirk context, can be identified and managed.

4.0 LOW DEMAND STRATEGY

In developing a low demand strategy for Falkirk, account has been taken of a number of factors, the aim of which is to set out a framework within which low demand can be assessed: This includes:

- Allocations sub-areas with an annual stock turnover for the period 1 April 2002 to 31 March 2003 above the Falkirk average i.e. above 8.60%
- Allocations sub-areas with a void rate as at 31 March 2003 above the Falkirk average i.e. above 2.38%
- Long-term (i.e. over 6 months) void rate as at 31 March 2003 above the Falkirk average i.e. above 0.84%

To further enhance the development of this framework, consultation recently took place with Members, tenants and staff. Overall the outcome of the consultation was positive and the following additional indicators were suggested for possible inclusion:

- Allocations sub-areas with a small or non-existent waiting list
- Allocations sub-areas where houses were frequently refused 5 times or more
- Allocations sub-areas with an abandonment rate for the period 1 April 2002 to 31 March 2003 above the Falkirk average i.e. above 0.72%
- Areas where there are high levels of deprivation as identified in the Scottish Executive report published in February 2003, Scottish Indices of Deprivation 2003.

4.1 Identification of low demand areas

Information relating to each of these indicators was considered for each allocations sub-area across the Council's housing stock. Sub-areas with six of these indicators are considered to be low demand areas and these were identified as follows:

DENNY MANAGEMENT AREA:

- Church Walk
- Little Denny 1

GRANGEMOUTH MANAGEMENT AREA:

- Bankhill Court
- Kersiebank 1
- Kersiebank 2
- Kingseat Ave 1

BRAES MANAGEMENT AREA:

- Limerigg

CAMELON MANAGEMENT AREA

- Camelon West

DAWSON MANAGEMENT AREA:

- Bainsford East
- Langlees

As referred to earlier, the analysis carried out by Officers also identified further allocations sub-areas of stock that were “at risk” of becoming low demand. These were sub-areas with five low demand indicators:

DENNY MANAGEMENT AREA:

- Bridge Crescent

BRAES MANAGEMENT AREA:

- Slamannan

BO’NESS MANAGEMENT AREA:

- Deanfield

FALKIRK MANAGEMENT AREA:

- Hallglen 3

DAWSON MANAGEMENT AREA

- Bainsford North

Allocations activity within these sub-areas was further analysed according to house type. This further analysis highlighted that problems of low demand are concentrated mainly within tenemental flats and that there is a healthy demand for other house types in most of these sub-areas – with the exception of Limerigg, Slamannan, Bridge Crescent in Denny and Deanfield Bo’ness, where there are few tenemental flats and low demand is evident across all other house types.

It is therefore recommended that by use of the framework outlined above, that all houses in the Limerigg, Slamannan, Bridge Cres, and Deanfield sub-areas and

tenemental flats in the remaining allocations sub-areas listed should be considered for inclusion in a management strategy. This strategy is aimed initially at stimulating interest for low demand housing in these sub-areas and thereafter at encouraging the sustainability of tenancies which are established.

It is recommended that the following management strategy be adopted on a pilot basis from 1 April 2004 for a twelve month period. During this period further analysis using the low demand framework will be carried out to evaluate the effectiveness of this strategy, highlighting any sub-areas which no longer suffer from low demand or any new areas which are "at risk" of becoming low demand.

4.2 Strategy to stimulate demand and encourage the sustainability of tenancies

As part of the consultation exercise referred to above, stakeholders were also asked to consider a range of options aimed at stimulating demand and improving the sustainability of tenancies. These initiatives were divided into four categories:

- Advertising Initiatives
- Marketing Incentives
- Lettings Initiatives
- Housing Management Initiatives

Advertising Initiatives

4.2.1

In an effort to increase the number of people interested in renting accommodation from the Council, it is recommended that low demand housing could be advertised in the following ways:

- a letter drop to all waiting list applicants
- advertising properties in the local media
- advertising properties in local Housing Offices and the Advice Shop
- advertising properties on Falkirk Council web-site
- advertising properties in other Council premises e.g. public libraries
- show flats in low demand areas

It is recommended that officers, locally, should assess local circumstances and have the flexibility to use the most appropriate of these advertising options to stimulate interest and the take-up of tenancies in the low demand areas for which they have responsibility. Notwithstanding this, it should be noted that the Council's existing allocations policy with regard to the assessment of housing needs and circumstances, the processing of applications and selection for offers will continue to apply.

4.2.2 Marketing Incentives

The second category of initiatives are marketing incentives with financial inducements aimed at encouraging applicants to accept offers of housing in low demand areas. These include the potential to offer:

- Free home contents insurance
- Decoration allowances

- Assistance with the cost of removals
- A rent free settling-in period

It is recommended that all of these incentives up to a maximum value of £160.00 (which equates to the average monthly rent) per property should be available to applicants and that applicants be allowed to select incentives to meet their individual circumstances up to this maximum value.

Based on void turnover during the period 1 April 2002 to 31 March 2003, it is estimated that approximately 600 properties identified either as low demand or “at risk” of being low demand will be available for re-letting during the financial year commencing 1 April 2004. If this incentive is made available for all voids falling within the recommended low demand and “at risk” categories, it is anticipated that the cost of introducing this element strategy would be around £96,000.

If Members approve the implementation of this strategy, arrangements will be made to take account of these costs in the HRA budget for 2004-2005. However, it should be noted that it is anticipated that costs associated with the implementation of this strategy will be off set by a reduction in rent loss and other costs associated with void properties in low demand areas.

4.2.3 Lettings Initiatives

In an effort to improve access to housing in low demand areas, support social balance, community mix and sustainability, it is also proposed that consideration be given to the flexible management of lettings at a local office level. A range of options to support this process could include:

- Block lettings initiatives
- Enhancing existing under-occupancy arrangements
- Lettings based on expressions of interest for advertised properties

In addition to the above, Members may also wish to consider the possibility of relaxing the current policy relating to arrears and the allocation of housing in low demand areas. As Members are aware applicants can accrue rent arrears for a variety of reasons and whilst it is clearly of considerable importance to the Council to ensure that the relevant checks and balances are in place regarding the management of rent arrears, it may be more socially inclusive to consider providing access to certain types of properties – namely low demand properties – to those applicants who have rent arrears. In this way, an approach could be adopted which ensured a system of regular arrears recovery payments whilst at the same time satisfying housing need and increasing rental income.

4.2.4 Housing Management Initiatives

Finally, in an effort to help reduce the high turnover of tenancies and encourage the development of more sustainable communities in low demand areas, it is proposed that housing management activity be intensified in low demand areas. It is recommended that officers, locally, should have the flexibility to consider in low demand areas enhanced use of the following options:

- garden and environmental improvements
- security measures
- tenancy support
- positive citizenship initiatives

In order to support the implementation of this strategy, it recommended that officers, locally, should have access to an appropriate budget with resources being distributed in proportion to the number of low demand and “at risk” properties within their local area. If Members approve the implementation of this strategy, further work will be carried out to identify requirements in this regard and arrangements will be made to take account of costs in the HRA budget for 2004-2005.

As stated previously, the effectiveness of this pilot strategy will be regularly monitored using the low demand framework which will identify any changes in the pattern of demand within the housing stock and provide an opportunity to respond to such changes. Accordingly, further reports will be provided for Members as required.

5.0 CONCLUSION

Low demand is a national problem which is currently affecting most social landlords. By adopting a best practice framework linked to indicators which reflect local conditions, it has been possible to identify those allocation sub-areas within the Council’s stock which suffer from low demand and are “at risk” of becoming low demand. It is recognised that a more proactive strategy is now required to stimulate demand for such properties and encourage greater sustainability of tenancies within these sub-areas. By adopting this type of approach, it will be possible to keep areas of low demand under regular review.

6.0 RECOMMENDATIONS

Members of the Housing & Social Work Services Committee are asked:

- **to approve the framework set out in this report to identify low demand within the housing stock for the duration of a one year pilot period**
- **to note the areas currently identified as low demand or “at risk” of becoming low demand using this framework as listed at 4.1 of this report**
- **to note the proposed package of measures to stimulate demand and encourage the sustainability of tenancies within the low demand areas identified including :**
 - **advertising initiatives**
 - **marketing incentives**
 - **lettings initiatives**
 - **housing management initiatives**

- to approve, on a pilot basis, the implementation of these measures for a twelve month period commencing from 1 April 2004
- to invite the Director of Housing and Social Work Services to report back on the effectiveness of this package of measures in due course.

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Director of Housing and Social Work Services

Date: 18 December 03

Contact Officers: **Harley Rudge, Head of Service on ext. 4006**
Liz MacEwen, Chief Housing Manager on ext.4007

LIST OF BACKGROUND PAPERS

1. Low Demand Housing, Agenda Item 3, Housing & Social Services Committee, 4 November, 2004
2. Low Demand Housing in Scotland, Chartered Institute of Housing in Scotland, August 2003.
3. Letters dated July 2003 and 10 October 2003 from Audit Scotland and Communities Scotland.
4. Scottish Indices of Deprivation 2003, Scottish Executive, February 2003

REF: AL35