



APPENDIX A
Tenancy Strategy for Harborough District

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1. Introduction

Purpose of the strategy

Harborough District Council transferred its housing stock in December 2007 to a new Registered Provider (Seven Locks Housing) with the agreement of a majority of tenants who voted in favour of the proposed transfer. The purpose of this Tenancy Strategy is to provide guidance for Registered Providers who own social housing in Harborough District, about the approach that the Council wishes to see them take in framing their own tenancy policies, including local guidance on the use of the 'affordable rent' tenure of affordable housing.

Partnership Approach

Harborough District Council has been actively working with Registered Providers to ensure the development of new affordable homes and develop fair and transparent choice based allocations of affordable homes; locally through Harborough Home search (established in 2000); and at sub regional level through the development of Leicestershire Home search in partnership with all Leicestershire Districts as well as Registered Providers.

Registered Providers are required to take account of the Tenancy Strategy in their Tenancy Policies so the involvement of Registered Providers is essential for development of an effective Tenancy Strategy for Harborough District. Registered Providers owning properties in the Harborough District include:

- § East Midlands Housing Association
- § Waterloo Group
- § Riverside Housing Association
- § Nottingham Community Housing Association
- § Seven Locks Housing
- § Derwent Living
- § Asra Housing Association

Monitoring and Review

The Tenancy Strategy for Harborough District will be reviewed every three years or more frequently if there are significant changes in government policy or in local housing markets, or regular monitoring shows evidence of adverse impacts on vulnerable home seekers and tenants. Monitoring of outcomes will include:

- § Numbers of relets converted from Social Rent to Affordable Rent, including sizes, types and location of homes.
- § Analysis of new homes according to size, location, and tenancy type
- § Affordable Rent levels compared to social rent.

- § Priority categories of successful home seekers and through the Leicestershire CBL Scheme
- § Fixed term tenancies as a percentage of all social rent and affordable tenancies allocated in Harborough District
- § Analysis of fixed term tenancies according to size/type of household and length of tenancy
- § Percentage of fixed term tenancies not renewed and the reasons why
- § Impact of welfare reform including the number of new tenants receiving support with housing costs through Housing Benefit/Universal Credit; increase/decrease in rent arrears; homelessness arising from tenancy failures and repossessions

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2. Summary

Registered Providers can now offer tenancies at a social rent as fixed term tenancies for a specified period instead of offering a “Tenancy for Life.” The minimum period for this type of fixed term tenancy is two years. They must publish clear and accessible tenancy policies that outline their approach to tenancy management, taking into account the guidance included in the local authority’s Tenancy Strategy and the requirements of the Directions on Regulatory Standards 2012.

The Localism Act 2011 places a duty on all local authorities to publish a Tenancy Strategy by 15th January 2013.

Housing for sale or private rent is more expensive in Harborough District than most other parts of Leicestershire. There is a limited stock of social rented accommodation available in Harborough District to meet the needs of home seekers who cannot afford housing for sale or private rent. Welfare reform will introduce fundamental changes in the welfare system for tenants of social housing and private rented housing.

Consultation already undertaken on a Leicestershire county wide basis has helped to establish common ground between local authorities and Registered Providers in Leicestershire. Further consultation will seek to confirm priorities for a Harborough Tenancy Strategy.

Guidance to registered providers:

- § Registered Providers intending to convert some of their relets to affordable rent should have regard to the impact of tenancy conversion on the availability of social rented housing in Harborough District, particularly for housing types where unmet need is greatest
- § Providers should also consider the ability of tenants to pay for affordable tenancies to minimise the risk of homelessness because tenants cannot afford to make up the gap between benefits payments and the rent.
- § The Council supports the use of probationary tenancies (also called starter or introductory tenancies) to manage the risk of future breaches of the tenancy
- § Registered Providers should ensure that their tenancy policy identifies and justifies the circumstances where they intend to use flexible fixed term tenancies
- § Where fixed term tenancies are issued, the Council recommends that the minimum term for a fixed term tenancy should be five years.
- § In exceptional circumstances a tenancy for a minimum term of no less than two years may be appropriate as set out and justified in the provider’s tenancy policy.
- § Either social rent or affordable rent can be charged on these tenancies.

- § The security and rights of existing social rented tenants should be protected if they transfer or exchange to another tenancy
- § The landlord should provide clear and concise advice and information to tenants at all stages of their tenancy (including pre-tenancy) and set out clearly their policies about renewal or non renewal of the tenancy before a new tenant signs their tenancy agreement.
- § Fixed term tenancies should be renewed automatically except in specific circumstances set out on page 14
- § Providers must take full account of the individual circumstances of household members and before deciding not to renew a tenancy. Providers also have a duty to co-operate with the Council in preventing homelessness.
- § Tenants should be given at least six months notice of the landlords intention not to renew the tenancy.
- § Adequate reasons for the decision to end the tenancy should be given to the tenant along with information on the right to appeal the decision and guidance on how to do this.
- § Where a Fixed Term Tenancy is coming to an end and a notice has been served, providers should ensure that tenants receive effective housing options advice and assistance to enable them to find suitable alternative accommodation.
- § Registered providers should include within their Tenancy Policy the way in which a tenant or a prospective tenant may appeal against or complain about the length of a fixed term/flexible tenancy offered or the type of tenancy offered, and against a decision not to grant another tenancy on the expiry of the fixed term.

The Tenancy Strategy for Harborough District will be reviewed every three years or more frequently if there are significant changes in government policy or in local housing markets, or regular monitoring shows evidence of adverse impacts on vulnerable home seekers and tenants.

3. Scope of the Strategy

Localism Act

The Localism Act enables Registered Providers to offer tenancies at a social rent as fixed term tenancies for a specified period instead of offering a “Tenancy for Life.” The minimum period for this type of fixed term tenancy is two years.

Registered Providers are required by the revised Regulatory Framework for Social Landlords (Directions on Regulatory Standards 2012) to publish clear and accessible tenancy policies that outline their approach to tenancy management, taking into account the guidance included in the local authority’s Tenancy Strategy.

The Localism Act 2011 places a duty on all local authorities to publish a Tenancy Strategy by 15th January 2013.

The Tenancy Strategy should include consideration of what kind of tenancy should be offered, the circumstances leading to the grant of a particular kind of tenancy and the length of the tenancy if it is for a fixed term as well as arrangements for renewal of a fixed term tenancy and how it is terminated.

Strategic Links

Harborough District Council is working to ensure that local people receive excellent services as efficiently as possible. Our aim is to deliver more affordable homes for people in housing need and make the best possible use of existing affordable housing in the district.

The Tenancy Strategy contributes to achievement of these aims through guidance on the use of fixed term tenancies and affordable rent. It sits alongside and supports the Homelessness Strategy Housing Strategy and Allocations Policy for Harborough District. (www.harborough.gov.uk)

4. Change in local housing markets

Affordability Issues

Prevention of homelessness depends on making effective use of resources including the existing housing stock (all tenures) as well as increasing the availability of affordable housing provision through the Council’s enabling role.

However, the overall affordability of the local housing market in Harborough District makes it increasingly difficult to meet the housing needs of households on lower incomes, vulnerable people and homeless households.

Harborough has the highest house prices in Leicestershire (£187,000 in second quarter of 2011 compared with £155,000 for all Leicestershire authorities – *source CLG*). There has been a small reduction in the average prices of all houses in Harborough since 2008 but lower quartile house prices which are most affordable for households on lower/middle earnings have not reduced. The number of house sales has significantly reduced (1252 in 2010 compared with 1993 in 2007 – *source CLG*).

The ratio of house prices to household income (range 7.1 -8.41 for lower/middle income households in 2010 – *source CLG*) remains above the average for all Leicestershire authorities (range 6.8 -6.38 for lower/middle income households in 2010– *source CLG*). Households need an annual gross income of over £40,000 to buy a lower priced property with a mortgage.

Higher affordability ratios and , restricted availability of mortgages at affordable interest rates for households who do not have a substantial deposit, and the current gap between annual inflation rates and earnings growth, make owner occupation less affordable for first time buyers.

The table below (*Source: Valuation Office Agency August 2012*) shows that private rents in Harborough are significantly higher than the overall level of private rents in Leicestershire (*Leicestershire figures shown in brackets*).

Private Sector Rents in Harborough District	Average rent per calendar month £	Lowest Quartile rent £	Highest Quartile rent £
One bedroom	439 (401)	425 (350)	465 (430)
Two bedroom	542 (506)	495 (465)	575 (550)
Three bedroom	676 (604)	600 (550)	725 (650)
Four bedroom	1040 (918)	795 (700)	1200 (895)
<u>All tenancies</u>	603 (546)	460 (440)	650 (595)

Analysis of housing register

There is a limited stock of social rented properties with only 200-250 lets per year. The housing register currently stands at 1611 households (September 2012)).

Funding for affordable homes

The Affordable Housing Programme for 2011-15 is meeting the need for more affordable homes by supporting provision of the new affordable tenancy and shared ownership. Providers are expected to supplement grant funding from the Homes and Communities Agency through cross subsidy from conversion of vacant social rent homes into other tenures, and also making use of other funding sources such as developer contributions through s106 agreements.

Affordable Rent can be set at up to 80% of the gross market rent, including service charges. Tenants in Affordable Rent properties will be eligible for Housing Benefit, rather than Local Housing Allowance.

Welfare Reform

The Welfare Reform Act 2012 will lead to fundamental changes in the welfare system intended to reduce dependency on welfare, improve incentives to seek work, make work pay and reduce overall government spending. Tenants of working age living in social and affordable housing or private sector rented housing who are in receipt of welfare payments could be adversely affected by one or more of the changes introduced in the Welfare Reform Act, including:

- § From October 2013 the roll out of Universal Credit will merge existing means tested benefits for employment, housing and childcare into a single payment to the claimant rather than their landlord. Full implementation of Universal Credit will take place by October 2017.
- § Reductions in Housing Benefit for tenants of working age who are under occupying social rented properties.
- § Income from most benefits capped at £26,000 per annum for couples and £18,200 per annum for single persons or childless couples.
- § Local Housing Allowance for tenants living in private sector rented housing to be calculated according to the existing rate indexed annually to the Consumer Price Index rather than actual market rents

Other changes in welfare benefits such as replacement of Disabled Living Allowance by Personal Independence Payments and the replacement in April 2013 of a nationally scheme for Council Tax by locally determined schemes may also have an impact on the ability of tenants of working age to sustain their tenancy.

5. Consultation on the strategy

A scenario planning workshop in November 2011, organised by North West Leicestershire District Council, attended by representatives of all the District Councils in Leicestershire, as well as a wide range of key stakeholders including statutory and non-statutory partners/agencies, considered the issues arising from the Localism Act with regard to tenancy allocations and management of tenancies.

The scenario planning workshop focused on social housing and considered the issues from four different but overlapping perspectives:

- § **Home seekers and tenants.** Their priorities are security of tenure, stability and affordability in the long term. Some may welcome opportunities to move within and outside the social and affordable housing market.
- § **Council priorities** include meeting needs for social and affordable housing, achieving sustainable neighbourhoods and communities and making the best use of available resources in the area.
- § **Registered providers and local authorities who are landlords** aim to meet the need for social and affordable housing, to enable sustainable neighbourhoods and communities, and to manage sustainable, not-for-profit, businesses.
- § **Other interested parties** including health and social care, advice agencies etc. Their priorities include improved health and wellbeing, reducing inequalities and disadvantage and economic stability.

The workshop considered how different perspectives could be balanced, and whether or not there should be different approaches to reflect the varying needs of home seekers and tenants; including for example general needs family accommodation and non-family housing, accessible and adapted housing, and long term specialist housing with support such as sheltered housing and extra care.

It was acknowledged that there are some potential difficulties for Registered Providers who operate across several local authority areas, in responding to varying requirements of tenancy strategies produced by different local authorities.

However, the scenario planning workshop has helped in establishing common ground between local authorities (in Leicestershire) and Registered Providers, about issues such as the circumstances where fixed term tenancies are appropriate, the minimum terms of those tenancies, and the process to be followed prior to renewal, as well as the continuing use of lifetime tenancies for older people and disabled persons.

Further consultation has been undertaken through a meeting of the Harborough Housing Forum on the 22nd November 2012. The draft strategy will be published on the Council's website and circulated to registered providers with housing stock in Harborough District along with a draft equality impact assessment.

The outcomes of the consultation referred to above will be included in the final tenancy strategy.

6. Affordable Rent

Delivery of affordable rent

The National Planning Policy Framework, published in March 2012 defines affordable housing as:

“Affordable housing: Social rented, affordable rented and intermediate housing, provided to eligible households whose needs are not met by the market. Eligibility is determined with regard to local incomes and local house prices. Affordable housing should include provisions to remain at an affordable price for future eligible households or for the subsidy to be recycled for alternative affordable housing provision. “

Social rented housing is owned by local authorities and private Registered Providers (as defined in section 80 of the Housing and Regeneration Act 2008). Guideline target rents for social rent are determined through the national rent regime.

Affordable rented housing is let by local authorities or Registered Providers of social housing to households who are eligible for social rented housing. Affordable Rent is subject to rent controls that require a rent of no more than 80% of the local market rent (including service charges, where applicable).

Intermediate housing is homes for sale and rent provided at a cost above social rent, but below market levels subject to the criteria in the Affordable Housing definition above. These can include shared equity (shared ownership and equity loans), other low cost homes for sale and intermediate rent, but not affordable rented housing. Homes that do not meet the above definition of affordable housing, such as “low cost market” housing, may not be considered as affordable housing for planning purposes.”

The Council understands that new homes let as affordable tenancies will be the primary means of providing future affordable housing development, particularly for schemes which rely upon funding from the Homes and Communities Agency.

However, social rent is still needed for tenants on low incomes. The Council will continue to monitor housing need and promote provision of lower cost social rented housing where required and feasible via affordable housing contributions in S106 Agreements.

Conversion to affordable rent

Providers can decide what proportion of their re-lets will be converted to Affordable Rent to fund new supply. However, they should have regard to the impact of tenancy conversion on the availability of social rented housing in Harborough District, particularly for housing types where unmet need is greatest.

Guidance to registered providers

Some lower income households may not be able to afford the increased cost of affordable rent because they cannot make up the difference through Housing Benefit.

This potentially limits the demand for affordable rent to households able and willing to pay higher rents without support.

Providers should consider the ability of tenants to pay for affordable tenancies to minimise the risk of homelessness because tenants cannot afford to make up the gap between benefits payments and the rent.

7. Tenancies

Flexible fixed term tenancies

Traditionally secure/assured tenants of all types of social housing have been granted a 'tenancy for life'. Those tenancies have only been brought to an end by the Landlord where, for example there has been a breach of tenancy or the property has been abandoned. The natural consequence of this approach particularly in general needs family accommodation, is that older people (through lapse of time) are under-occupying family housing which is in high demand and they have no desire to move to smaller or a different type of accommodation that may be designated suitable for older people. Incentivising such moves has in the past been successful on a small scale.

The decision to use fixed term tenancies and the length of these tenancies ultimately rests with Registered Providers. Providers can offer lifetime tenancies under Affordable Rent, should they wish to do so. However, fixed term tenancies should not be used for all new tenancies. Providers should identify and justify the circumstances where they intend to use fixed term tenancies as part of their tenancy policy.

The Council supports the use of probationary tenancies (also called starter or introductory tenancies) to manage the risk of future breaches of tenancy agreements. Probationary tenancies shall be for a period of 12 months, or a maximum of 18 months where reasons for extending the probationary period have been given and where the tenant has the opportunity to request a review. The length of any fixed term/flexible tenancy should exclude the probationary period.

Where fixed term tenancies are issued, the Council recommends that the minimum term for a fixed term tenancy should be five years. In exceptional circumstances a tenancy for a minimum term of no less than two years may be appropriate as set out and justified in the provider's tenancy policy. Either social rent or affordable rent can be charged on these tenancies.

The following categories of tenancy should have a lifetime tenancy or a fixed term longer than five years:

- § Older people (60+?) in designated specialist supported housing or extra care – lifetime tenancy
- § Tenants with long term disability minimum of ten years
- § Other?

Transfers and mobility moves

Providers should ensure that the security and rights of existing social housing tenants should be protected including when they move to another social rented home through transfer or exchange. This will not apply when a tenant chooses to move to accept a tenancy let on affordable rent terms.

Providers should encourage mutual exchanges to meet tenant needs and ensure more effective use of their housing assets, including offering equivalent security of tenure on exchange even when there is no obligation to do so.

Tenancy Review

The landlord should provide clear and concise advice and information to tenants at all stages of their tenancy (including pre-tenancy) and set out clearly their policies about renewal or non renewal of the tenancy before a new tenant signs their tenancy agreement.

Fixed term tenancies should be renewed automatically unless one or more of the following circumstances apply:

- § There has been a substantial improvement in the tenant's financial situation so that they can afford to move to a different housing tenure.
- § The tenant comes into legal ownership of another home or property.
- § There have been serious breaches of tenancy by the tenant sufficient to justify possession proceedings under the terms of their tenancy agreement.
- § The property is under-occupied by more than one bedroom. However, the tenant should normally be offered an alternative home with a registered provider.
- § The property has been extensively adapted and no-one living at the property requires the adaptations. However, the tenant should normally be offered an alternative home with a registered provider.
- § The property is to be sold or refurbished

Providers must take full account of the individual circumstances of household members and before deciding not to renew a tenancy. Providers also have a duty to co-operate with the Council in preventing homelessness.

Relevant circumstances may include ill health; disability or terminal illness; a need for support; impact on children including access to education and availability of suitable alternative accommodation in the local area.

Tenants should be given at least six months notice of the landlords intention not to renew the tenancy. Adequate reasons for the decision to end the tenancy should be given to the tenant along with information on the right to appeal the decision and guidance on how to do this.

Where a Fixed Term Tenancy is coming to an end and a notice has been served, providers should ensure that tenants receive effective housing options advice and assistance to enable them to find suitable alternative accommodation.

The Right to Appeal

Registered providers should include within their Tenancy Policy the way in which a tenant or a prospective tenant may appeal against or complain about the length of a fixed term/flexible tenancy offered or the type of tenancy offered, and against a decision not to grant another tenancy on the expiry of the fixed term.

The appeals process should allow tenants to make an informed decision as to whether to submit an appeal, including information about how to seek independent advice and where necessary, appropriate representation.

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