

At home in Tewkesbury Borough

A housing strategy for our borough

Appendix 3: Tenancy Strategy 2017-2021



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1 Background

It is a requirement of the Localism Act 2011 that all local housing authorities in England are to prepare and publish a tenancy strategy that sets out “*the matters to which the registered providers of social housing for its district are to have regard in formulating policies relating to—*

- (a) the kinds of tenancies they grant,*
- (b) the circumstances in which they will grant a tenancy of a particular kind,*
- (c) where they grant tenancies for a term certain, the lengths of the terms, and*
- (d) the circumstances in which they will grant a further tenancy on the coming to an end of an existing tenancy”¹*

It is the aim of Tewkesbury Borough Council to ensure that we are able to increase provision of affordable homes in the future and make the best use of all new and existing affordable homes located in all areas across Tewkesbury Borough. This Strategy considers the overarching Housing Strategy 2017-21 and informs the council’s current position.

2 Housing need

There is a demonstrated need for more affordable housing locally and this is supported by a number of sources such as the Strategy Housing Market Assessment 2014 (SHMA) and Parish Housing Need Surveys where these have been undertaken in the Borough.

Our April 2016 DCLG statistical return² showed 1,928 households registered with Homeseeker Plus³ and actively seeking affordable rented housing in the Tewkesbury Borough. The majority of our housing need is for 1 and 2 bedroomed housing. See the Housing Strategy 2017-2021 appendix 2a pages 7 and 8 detailing these households and their needs.

The Strategic Housing Market Assessment (SHMA) Final 2014⁴ identifies the annual shortfall of affordable homes with the highest need being for smaller dwellings reiterating the picture shown by Homeseeker Plus. The SHMA also identifies a small but acute need for larger affordable family homes. This is because the larger family homes within the existing Affordable Housing stock do not often become available for re-let, and generally, larger families have to wait longer for a suitable home to become available.

In terms of affordable housing tenure, the SHMA also identified that the highest need is for rented affordable housing.

¹ Localism Act 2011, Part 7 Chapter 2 Tenancy Strategy

<http://www.legislation.gov.uk/ukpga/2011/20/part/7/chapter/2/crossheading/tenancy-strategies/enacted>

² Local Authority Housing Statistics <https://www.gov.uk/government/collections/local-authority-housing-data>

³ Homeseeker Plus is Tewkesbury Borough Council’s choice based lettings scheme for the allocation of social rented housing.

⁴ Strategic Housing Market Assessment (SHMA) Final 2014 <http://www.gct-jcs.org/EvidenceBase/Strategic-Housing-Market-Assessment-2014.aspx>

3 Affordable rent

As previously discussed affordable rent is now a major tenure in the borough's affordable housing provision. The number of new affordable housing dwellings has been increasing year on year since 2012 mainly due to the number of large sites across Bishop's Cleeve, Winchcombe and Longford.

Affordable rents can be set at up to 80% (inclusive of service charge) of market rents at the point of letting, compared to the cost of social rents which are up to 65% of market rents. Social rented housing therefore remains the most affordable and preferred type of tenure for many tenants, particularly those with low incomes. The increased cost associated with affordable rent raises concerns in relation to general affordability, the sustainability of areas and the potential for increased homelessness due to rent arrears.

At affordable rent levels in our Borough, households are likely to struggle to meet their housing costs of the new higher rent levels and may particularly affect:

- Those seeking to return to work but who are dependent upon benefits to make up any shortfall between income and rent charge;
- Those households living in areas with higher market rents; or
- Households living in properties with four or more bedrooms where the housing benefit entitlement may be capped at a rate lower than the rent being charged.

Tewkesbury Borough affordable rent levels vary across the Borough but have a major impact on affordability. Our Borough has seen significant growth and new-build affordable housing delivery with 34% of new affordable housing being affordable rents.

This means that those on higher incomes are more likely to be housed, leaving those on low incomes or reliant on housing benefit waiting for social rented housing which will be few and far between in the future as housing associations seek to maximise income and convert social rented homes to affordable rents where possible. In addition, new-build development is in need of affordable rent housing to ensure the viability of the development and guarantee delivery of new homes.

The council needs to support a wide variety of households to live in our rural areas to support the rural economy and promote mixed and sustainable communities. In our rural areas, market rents are typically higher, the supply of affordable housing is more limited and local pay is often low. The effect of higher market rents will mean that people living in similar affordable rented housing will have to pay a premium to live in our rural areas. Therefore we expect that housing associations will have regard to this when setting affordable rents in rural areas and where appropriate charge less than 80% of market rents to ensure that the homes remain affordable locally

There are specific issues in the use of affordable rent for one-bedroom properties and larger family-size houses. The higher affordable rent charge (compared to that of social rent) for larger homes, in addition to the welfare reform changes including the application of the local housing allowance (LHA) rates for social housing, benefit caps for single people under 35 and families, will also mean that there will be a greater financial impact for those client

groups. These issues will need to be taken into consideration when considering the use of affordable rents on new and re-let 1-bed homes and homes of 4-beds and larger.

3.1 Our expectations on affordable rent

Affordable rent is supported but where the market demands for higher rents that are unaffordable and exceed LHA the housing association should seek to set rents at a suitable rate.

We expect housing associations to set affordable rents that do not unfairly disadvantage rural communities. This may include setting rents lower than 80% open market value where market rents are high and on some homes within specialist schemes or with local occupancy criteria.

We expect housing associations to be proactive in setting and re-evaluating their affordable rent levels so that tenants in receipt of housing benefit or Universal Credit can afford to reside in a property which is suitable for their needs.

We expect housing associations to advertise affordable rent vacancies in accordance with the Homeseeker Plus Allocations Policy (as revised from time to time) to ensure fairness and transparency.

We expect tenure conversions from social rent to affordable rent, at the point of re-let, to be based on the agreed contract with the Homes and Communities Agency (HCA) and that those agreed numbers be shared with the Council in order for effective monitoring to take place.

We expect that conversions will only take place in areas where there is a sufficient supply of stock.

We will not ordinarily support the conversion of social rented properties that are subject to Section 106 agreements to affordable rent unless there is evidence of exceptional circumstances, and a commitment to investment within the borough.

We will seek social rented homes on new developments where rent levels are significantly higher than other areas, in line with identified needs, subject to the viability and the specific nature of the development.

4 Tenancies

Historically social housing tenants have been offered an assured or secure tenancy, which granted them a home for life. Fixed term tenancies were introduced as part of the Localism Act 2011 with the aim of helping housing associations to offer more flexible tenancies that would enable them to make the best use of their housing stock and to better meet local housing needs.

Housing associations will still be able to offer the types of tenancies they currently use, for example secure, assured, introductory and demoted tenancies. The new fixed term tenancies are in addition to those currently available and housing associations do not have to use them. Existing secure and assured tenants cannot have their tenancies converted to a fixed term tenancy and many are offered special protections if they transfer to another home

The potential for fixed term tenancies to make better use of the stock locally relates mainly to under occupation in family housing e.g. where the household has two or more 'spare' bedrooms.

There are limited benefits for use of fixed term tenancies in older persons designated or supported housing where the majority of tenants remain on average, more than 5 years and often for the rest of their lives. There are disadvantages to housing associations in terms of management and administrative costs and to these, often vulnerable tenants, in terms of uncertainty and perceived reduced security.

Every household is individual and a 'one size fits all' tenancy is not likely to work for everyone. We expect those receiving long-term support that is related to their housing, and those with disabilities, to receive special consideration by housing associations in respect of the individual household's needs in terms of deciding the appropriate length of tenancy and renewal.

Automatic renewal of tenancies (unless a major change had occurred in the household's circumstances) is the preferred approach of the Council and its partners; it is also likely to reduce tenants' concerns and feelings of insecurity.

Where a tenancy is not going to be renewed we would expect the provider to consider the implications of their decision on the Council's homelessness duties and work closely with the tenant to explore real alternative housing options. Housing associations should take responsibility for providing advice and assistance to such tenants themselves and not excessively burden partners including housing advice and assistance agencies.

Mutual exchange is a useful tool which can help to make the best use of affordable housing stock. We do not want the introduction of fixed term tenancies to impact upon the effectiveness of mutual exchange and/or tenant mobility. Although there are protections for existing tenants in certain circumstances, these are not universal.

We encourage housing associations to set out within their tenancy policies, what will happen to a tenant's security of tenure if they choose to mutually exchange their home. We

also encourage the promotion and continued use of mutual exchange as a housing option for all tenants.

4.1 Our expectations on Tenancies

We support the use of introductory and probationary tenancies where appropriate.

We expect housing associations to offer lifetime tenancies for vulnerable people and other households in designated or specialist housing. We support the use of fixed term tenancies for other types of accommodation, particularly family housing.

We expect housing associations to use five years as the minimum term for all fixed term tenancies. In exceptional circumstances housing associations may set out shorter fixed term tenancies of a minimum of two years. Such exceptional circumstances should be set out and justified in the provider's tenancy policy.

We expect housing associations to reference their mutual exchange policy within their tenancy policy, clearly highlighting any impacts that exchanging may have on a tenant's security of tenure.

We expect housing associations to assess the housing options and appropriate type of tenancy for households which include a disabled member, to best meet the needs of the household as well as ensure the best use of our limited accessible stock and aid and adaptation budgets.

We expect housing associations to encourage tenants to downsize their home when needed, through the inclusion of safeguards within their tenancy policy.

4.2 Our expectations on Tenancy Renewal

We expect housing associations to clearly set the exact circumstances when a tenancy will and will not be renewed in their tenancy policy and clearly communicate this with the tenant prior to them signing their tenancy agreement.

We expect housing associations to have a presumption of renewal for all fixed term tenancies, except where the tenant(s):

- **Financial circumstances are significantly improved** to the point that they are able to afford and access a different tenure of housing that meets their needs locally. This may include purchasing their current home.
- **Have breached the terms of their tenancy** such that the Registered Provider has to consider taking possession proceedings under the terms of the tenancy agreement (such as rent arrears).
- **Under/over occupy their home.** In cases of under/over occupation, the tenant should normally be offered an alternative home with a Registered Provider. Incentive schemes are also supported to assist such households move.
- **Property has been extensively adapted** but for someone with a disability who no longer requires the adaptations or no longer lives with the tenant. In such cases, the tenant should normally be offered an alternative home with a Registered Provider.

Registered Provider Incentive Schemes are supported to assist such households move.

We expect housing associations to take into consideration the individual circumstances of household members before making a decision not to renew a tenancy and consider circumstances such as ill health, disability or terminal illness, the need for support, impacts on children, including their education, availability of suitable alternative accommodation locally.

We expect notification if Housing associations are minded to end the tenancy, and that adequate reasons for the decision to end the that tenants will be given at least six months' notice if the provider is tenancy are given along with information on the right to appeal the decision.

We expect housing associations to:

- Provide excellent advice, information and assistance to assist such tenants' access alternative accommodation.
- Frame the appeals process in such a way to allow tenants to make an informed decision as to whether to submit an appeal, including how to seek independent advice and where necessary representation.
- Have particular regard to their duty to cooperate with the local housing authority to prevent homelessness.

5 Disposal of Affordable Housing

Given the need for additional affordable housing in the borough, generally we would not wish to see the disposal of affordable housing stock. However, it is recognised that in certain circumstances, this may be justifiable, providing that it allows for future investment within the borough and generally provides an increase in housing that is affordable locally.

There is a very limited amount of supported housing for vulnerable people in the borough. Therefore where possible, it is preferable that such accommodation is retained within the affordable housing stock. If schemes become unviable to run, the Council will need to be assured that adequate, alternative provision has been made for potential residents who are affected by their home being disposed of. Any housing association will need to explore with the Council any opportunities to use these properties or retain the land for the purpose of delivering additional affordable housing in the future. Consideration should also be given to the aims of the countywide Supporting People Strategy⁵ and the availability of Supporting People funding for housing related support.

We aim to create and maintain mixed, balanced and sustainable communities. To make sure that rural areas and areas of high affordable housing need continue to have a supply of affordable accommodation, housing associations will need to carefully consider and limit the number of disposals of affordable housing in those areas. In addition, as there is an acute need for larger affordable family homes, housing associations should not dispose of accommodation that has four or more bedrooms unless exceptional circumstances can be demonstrated.

⁵ Supporting People Strategy 2011-2016, Gloucestershire County Council
<http://glostext.gloucestershire.gov.uk/documents/s3324/Supporting%20People%20Strategy%20Executive%20Summary.pdf>

6 Discharging the homelessness duty through the private rented sector

Local authorities are now able to discharge their duty to homeless households with an offer of suitable accommodation in the private rented sector, provided that the tenancy offered is for a minimum of 12 months. This change is intended to respond to the shortage in affordable housing.

We intend only to use private tenancies in this way where alternatives are not available or where households have had an opportunity to bid for suitable social/affordable housing. We will ensure that we only use suitable accommodation and that we do not encourage repeat homelessness by placing households in housing need into short-term private rented accommodation.

We also need to be aware of the changes due to welfare reform the timescales in which each of these changes is likely to be made. This is to make sure that we do not place anyone to whom we owe the homelessness duty, into a private rented property that they will no longer be able to afford when changes are made to the LHA and other benefits.

7 Our considerations when using the private rented sector

When considering the use of private rented accommodation to discharge our duty to homeless households, where possible, we will consider suitable accommodation to be that provided by private landlords who have been approved through the countywide 'Fit to Rent' property accreditation (or similar Council approved) scheme⁶. This will help to ensure that the accommodation is appropriate and that the tenancy is available for a period of 12 months or more. Where such accommodation is not available, we will work with other reputable landlords to secure suitable safe and well-managed alternative accommodation.

8 Monitoring the strategy

This Strategy will be updated according to the requirements of the Localism Act 2011.

There are no direct actions for the council to take at this time as the Tenancy Strategy is for our housing association partners to have regard to it in forming their own tenancy policies.

Any future actions will be addressed as part of the overarching Housing Strategy 2017-2021 action plan.

⁶ See the Housing Strategy 2017-2021 appendix 1d page 7 for more information.

9 Glossary of terms

Affordable Housing / affordable homes	As defined by the NPPF, 2012 Annex 2 https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/6077/2116950.pdf
Affordable rents	Rented housing provided by a housing association subject to a rent of up to 80% of local market rents (inclusive of any Service Charge where applicable)
Benefit Cap	The limit on the total amount of benefit that most people aged 16 to 64 can receive. More information can be found here https://www.gov.uk/benefit-cap/overview
Choice Based Lettings (CBL)	A scheme that gives housing applicants the choice and ability to 'bid' (express an interest) in council and housing association properties that it advertised via the local housing authority.
Department for Communities and Local Government (DCLG)	This government department defines itself as " <i>The Department for Communities and Local Government's job is to create great places to live and work, and to give more power to local people to shape what happens in their area.</i> " https://www.gov.uk/government/organisations/department-for-communities-and-local-government
Homeseeker Plus	The Gloucestershire and West Oxfordshire Choice Based Lettings scheme to allocate social housing
Housing association	Also known as Registered Providers (RP) or Registered Social Landlords (RSL) a housing association offers homes for rent and sale at below market values in accordance with meeting the definition in Section 1(1a) of the Housing Associations Act 1985 or Section 80 of the Housing and Regeneration Act 2008, or is a body approved or accredited by the Homes and Communities Agency or equivalent successor body whose terms of approval or accreditation have been evidenced to the satisfaction of the Council.
Housing Benefit	Financial support from the local authority to assist low income households to pay their rent
Local Housing Allowance	Used to work out Housing Benefit for tenants who are in private rented housing
Private rented housing	Tenants who rent from a private individual or company that is not a housing association.
Roofless	Used to describe a person who is rough sleeping or does not have a 'roof' in terms of bricks and mortar i.e. people living in a vehicle could be defined as "roofless".
Social housing/ social rented housing	Used to describe housing rented by housing associations and council housing.
Social rents	Rents that are set by the housing association in accordance with the formula set by the Homes and Communities Agency (or its successor body)
Universal Credit (UC)	"A new type of benefit designed to support people who are on a low income or out of work. It will replace six existing benefits and is currently being rolled out across the UK. The new system is based on a single monthly payment, transferred directly into a bank account." https://www.moneyadvice.service.org.uk/en/articles/universal-credit-an-introduction
Welfare Reform	Changes to benefits that started in 2013, brought in by the Welfare Reform Act 2012.