

# Executive

## Tenancy Strategy

18 June 2012

### Report of Head of Regeneration and Housing

#### PURPOSE OF REPORT

To provide Executive with a Tenancy Strategy for approval.

This report is public
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#### Recommendations

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The Executive is recommended:

- (1) To adopt the Tenancy Strategy (attached at Appendix A)
- (2) To agree a six month review period for the Strategy Tenancy Policy (if recommendation (1) is approved).

#### Executive Summary

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##### Introduction

- 1.1 The Tenancy Strategy provides guidance for Registered Providers (RPs) operating in the Cherwell District Council area. It sets out the Council's position on the provision of affordable housing including the use of Flexible Tenancies, Affordable Rents and the use of private sector tenancies for homeless households. This policy supports the Government's aim to make best use of housing stock, focussing support on the most vulnerable people in society. It is believed this can be achieved through greater freedom to respond to local circumstances.
- 1.2 The Localism Act 2011 introduces a duty for Local Authorities to produce a Tenancy Strategy within a year of its enactment, which means we would need to have a policy in place by November 2012. However, officers are recommending a Tenancy Strategy at this time because it is an important part of the framework for how affordable homes are provided in the District. The provision of affordable housing is already changing through the Government funding regime, channelled through the Homes and Communities Agency and it is important for the Council to work through

these changes and influence where it can at an early stage. The changes that are taking place are already beginning to impact on the business planning and product provision of Cherwell's Registered Provider partners and officers believe the strengths of recommending a Tenancy Strategy at this time outweigh any negatives.

- 1.3 Registered Providers are required to produce their own Tenancy Policy and should have regard to the Local Authority's Tenancy Strategy when writing it. However, most Registered Providers work in a range of Local Authority areas, and may find that they are being asked to meet varying requirements. Producing a Tenancy Strategy for Cherwell now increases our relative influence on partners' policies.
- 1.4 This policy provides the clarity for partners that is being sought and supports Cherwell District Council in undertaking its strategic planning. However, the document should also be subject to ongoing (as well as periodic) monitoring and review, and as part of its implementation a timetable for referral back to Executive is proposed.

### **Proposals**

- 1.5 The Tenancy Strategy is adopted by Executive.
- 1.6 The Tenancy Strategy is reviewed six months after it is adopted to take account of further Government policy changes and evidence of the effect of the policy.

### **Conclusion**

- 1.7 The Tenancy Strategy forms an important part of the Council's vision for the provision of Affordable Housing in the District and it complements the objectives within the Housing Strategy. It gives an early indication to Registered Provider partners of the Council's willingness to work within the new funding regime with new rental products, while safeguarding the interests of some of the District's more vulnerable residents.
- 1.8 The Council has received support from Registered Providers, members of the public and support agencies for providing early guidance in this area, confirming the direction of the policy.

### **Background Information**

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- 2.1 The Tenancy Strategy includes the following policy areas:
  - Flexible Tenancies
  - Affordable Rents
  - Disposals of Registered Provider properties
  - The Housing Register
  - Using the private sector to house homeless people

## **Flexible Tenancies**

- 2.2 The Localism Act allows Registered Providers to offer their tenants fixed term tenancies, rather than the lifetime tenancies which have been offered till now. The Tenancy Strategy recommends an absolute minimum term of two years in exceptional cases, with a tenancy term of at least five years being the norm.
- 2.3 The Tenancy Strategy also outlines the exceptions to Flexible Tenancy offers as follows:
- 2.4 *Properties with adaptations* – In some circumstances, Registered Providers may offer shorter term tenancies to households where a member requires an adapted property, to improve the use of adapted properties if the household no longer require the adaptations.
- 2.5 *Specialist accommodation* – Specialist accommodation covers a range of accommodation. It includes provision for older people and people with enduring conditions which mean that they and their carers need the security of knowing that a home has been offered for life.
- 2.6 It also includes accommodation which is offered with conditions about engagement in education, training and work skills, where it may be appropriate to offer a shorter term tenancy.
- 2.7 Consultation with stakeholders showed concern that flexible tenancies should not lead to an increase in homelessness. Officers have built in recommendations that Registered Providers should engage with tenants throughout their tenancy to offer and recommend routes to improving their housing options by increasing their income. Where a tenancy is not renewed, officers expect this to be a positive outcome for the household. Issues of tenancy breach should not be dealt with through the tenancy renewal route but through the other established routes available through the Courts.
- 2.8 The policy has been amended to take account of issues arising from consultation, including
- Clear advertising of properties on the Choice Based Lettings system to give clarity of the product being offered
  - Pre-tenancy information and training offered to help applicants understand their rights and responsibilities as tenants

## **Affordable Rent**

- 2.9 The affordable rent product marks a shift by the Government away from supporting affordable housing development through (capital) grant support to increased revenue funding for Registered Providers made possible by affordable rent and other options such as conversions i.e. the re-letting of existing stock at Affordable Rents (this would not affect existing tenants unless they move to a new home). Affordable rents can apply to new build properties as well as existing stock when they become void (empty).
- 2.10 The affordable rent model is part of the agreement between the Homes and Communities Agency (HCA) and the Registered Providers who agreed their RP packages with the HCA.

- 2.11 Some consultees questioned the introduction of Affordable Rents. We have recommended that the Council accepts the Government's changes introduced in the Localism Act, because the revenue income from Affordable Rents will help make new development more viable and support Cherwell being an Investment Ready district. There would be legal challenges if the Council were to refuse to accept the introduction of Affordable Rents, which are now included in the government's definition of affordable housing.
- 2.12 The Council is recommending that Affordable Rents are set at up to 80% market rents; but that they are capped at the Local Housing Allowance levels. This has the support of both government and housing providers.
- 2.13 In order to preserve the availability of social rented properties we have requested that a minimum of one third of general needs properties are relet at social rents. The policy requires that rents of supported housing properties are set at a level where the combined rent and service charge does not exceed the Local Housing Allowance level. This may mean setting rents at well below 80% of market rents.
- 2.14 Some Consultees raised the issue of neighbours paying different rents for the same properties. This is an unavoidable result of the Affordable Rent regime, but will be mitigated by the pre tenancy work which helps applicants understand the tenancy that they are taking on and clear advertising at the point of letting.

### **Disposal of Registered Provider properties**

- 2.15 As part of their improved asset management plans, Registered Providers will consider disposing of properties which do not meet requirements such as decent homes standards. We are asking that such decisions are taken in a context where:
- The maximum amount of social housing is preserved in the district
  - The Council has the option to purchase for its community led and self build housing programme
  - The property is offered to other Registered Providers
  - Any investment funding realised is retained in the District
- 2.16 Registered Providers may also dispose of property to the existing occupier either as an outright sale or on a shared ownership basis, and as a result of consultation this has been included in the options for disposal.

### **Housing Register**

- 2.17 There have been several policy changes which affect the allocation of property and the maintenance of the Housing Register; which will require a review of the Allocations Policy. It is proposed to continue to run an open Housing Register until that review has been carried out.

### **Using the Private Sector for offers to Homeless Households**

- 2.18 The Localism Act provides the opportunity for Local Authorities to discharge

their duty to households which have been accepted as homeless and to whom a duty is owed, via an offer of suitable accommodation in the private sector. A current Department for Communities and Local Government consultation sets out proposed standards which private sector properties offered to homeless applicants must meet, and the definition of a suitable locality. The standards will cover safety of appliances and furnishings (including heating systems), the need for a valid Energy Performance certificate and an adequate, written tenancy agreement. The Council will respond to the consultation by the deadline of 26<sup>th</sup> July. The Housing Strategy covers the work that we will undertake with landlords to build up opportunities for a strong and well managed private sector. There may in future be occasions on which it is appropriate for this power is used.

## **Consultation**

- 2.19 There has been consultation with a wide variety of stakeholders including RP partners, the public, members, and agencies who give support and advice to applicants. A consultation report is provided at Appendix B

## **Key Issues for Consideration/Reasons for Decision and Options**

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- 3.1 An early policy statement in the form of the Tenancy Strategy is required to give guidance to Registered Provider partners and customers/other partners and to allow the Council to move forward with strategic planning for the delivery of Affordable Housing in an environment where the Council's position is understood.
- 3.2 The Policy environment is fast changing and the effect of the introduction of Affordable Rent and Flexible Tenancies must be monitored to judge their effects. A review of this policy after six months is recommended.

The following options have been identified. The approach in the recommendations is believed to be the best way forward

<b>Option One</b>	To adopt the proposed Tenancy Strategy with a six month review period
<b>Option Two</b>	To adopt the proposed Tenancy Strategy with amendments
<b>Option Three</b>	Not to accept the proposed Tenancy Strategy

## **Consultations**

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A wide variety of stakeholders has been consulted and is listed at Appendix B. Some examples of the consultation responses are listed below.

Registered Providers operating in Cherwell District Council	“Sanctuary welcomes a clear strategic document from Cherwell as we manage more stock with CDC than with any other LA.... this is a well thought out document that provides useful directions to us and other RP’s to develop their tenancy strategies”
Homes and Communities Agency	“An early publication of the Tenancy Strategy is welcome as it gives a framework for Registered Providers”
Agencies offering advice and support to members of the public	“This document gives a very good balance between the understandable demands from the government that housing stock be used more efficiently and the Council’s more overt support for community cohesion and school continuity” Banbury Beacon Centre
Public consultation	“I support the idea of exceptions for older people and people with enduring mental health issues and learning difficulties”

## Implications

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<b>Financial:</b>	<p>The Tenancy Strategy sets out the framework to encourage inward investment into the Cherwell district by making use of affordable rent products. The policy supports the approach proposed in the Cherwell Housing Strategy of providing an environment in which the District is “investment ready” for new housing development; together with supporting residents to be “housing ready” by understanding their rights and responsibilities as tenants able to sustain a tenancy and to utilise their housing as a springboard to life and career opportunities.</p> <p>The provision of new Affordable Housing contributes to the avoidance of homelessness and the consequent expenditure on temporary accommodation</p> <p>Comments checked by Karen Curtin, Head of Finance Cherwell District Council and South Northamptonshire Council 0300 0030 106</p>
<b>Legal:</b>	<p>The Council is required through the Localism Act to produce a Tenancy Strategy.</p> <p>Registered Providers are in contract with the Homes and Communities Agency through the National Affordable Housing Programme and need this guidance from the Council.</p> <p>The Council’s new s106 and Nominations Agreements will be drawn up in the context of this policy.</p> <p>Comments checked by Richard Hawtin, Team Leader – Property and Contracts, Legal and Democratic Services 01295 221695.</p>
<b>Risk Management:</b>	There is a risk that delaying the production of the Tenancy

Strategy will impact on the business planning of Cherwell's Registered Provider partners to the detriment of delivery in the district.

This is a time of policy change in the areas of Affordable Housing and Welfare Benefits and it is important that the Strategy is frequently monitored to judge its effects

Comments checked by Claire Taylor, Corporate Performance Manager 0300 0030113

## **Equalities**

This policy has benefitted from an Equality Impact Assessment, which is available on request from the Strategic Housing Team. There are positive implications for older people and people who require supported housing where the council is recommending that Lifetime Tenancies continue to be offered.

There are concerns over future affordability for households with large numbers of children and this has been addressed through the policy with a continued requirement for some social rented properties.

Comments checked by Claire Taylor, Corporate Performance Manager 0300 0030113

## **Wards Affected**

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All

## **Corporate Plan Themes**

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**A district of opportunity**  
**An accessible, value for money council**  
**A safe and healthy Cherwell**

## **Executive Lead Member**

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**Councillor Debbie Pickford**  
**Lead Member for Housing**

## **Document Information**

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<b>Appendix No</b>	<b>Title</b>
Appendix A	Tenancy Strategy
Appendix B	Consultation Report
<b>Background Papers</b>	
Equality Impact Assessment – Tenancy Strategy	
Consultation Log – Tenancy Strategy	
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