

Wiltshire Council

Cabinet

18 December 2012

Subject: Tenancy Strategy

Cabinet Member: Councillor John Thomson – Adult Care, Communities and Housing

Key Decision: Yes

Executive Summary

All Local Authorities are required to produce a Tenancy Strategy as one of the requirements of the Localism Act. Wiltshire Council is required to have a Tenancy Strategy in place by January 2013. As a landlord we are also required to produce our own Tenancy policy which will confirm our approach to tenancy management for our own stock. This policy is currently being developed by Housing Management

The strategic direction for the development of this strategy has come from Wiltshire's Housing Partnership, who will continue to help set and agree the priorities and direction for strategic housing. The outcome of our full three month consultation with communities, tenants, key partners and housing providers has been fed into this strategy, which has set a framework for providers to 'have regard to' rather than being prescriptive.

The strategy acknowledges the additional flexibility that flexible tenancies will bring and provides some suggested exclusions on the use of flexible tenancies, as well as identifying factors that housing providers should consider on reviewing a fixed term tenancy. The strategy proposes that the Council will support housing providers introducing affordable rents of up to 80%, but consideration should be made on affordability issues following the introduction of the welfare reform.

Note: The Tenancy Strategy does not deal with the amendments and review that will be made to the allocations policy Homes4Wiltshire. A separate review and consultation process commenced last month to address the new freedoms that were brought about following the introduction of the Localism Act. Further information on this review can be obtained directly from Nicole Smith – Head of Strategic Housing.

Proposal

That cabinet:

a) provide approval to formally adopt the tenancy strategy

Reason for Proposal

The Localism Bill (2012), S150 places a duty on the Local Authority to prepare and publish a Tenancy Strategy by January 2013

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1.0 Purpose of Report

To consider and adopt Wiltshire's first Tenancy Strategy as required by the Localism Act, to set a framework for the housing providers across Wiltshire to have 'regard to' when developing their own tenancy policies.

2.0 Background

- 2.1 All Local Authorities are required to produce a Tenancy Strategy as one of the requirements of the Localism Act. This report is to inform cabinet on the background and requirements of the strategy Appendix 1, as well as a summary of the consultation responses, Appendix 2, and amendments made, Appendix 3.
- 2.2 The Tenancy Strategy sets the framework that Wiltshire Council would expect housing providers in Wiltshire to consider when developing their own tenancy policies which should confirm their approach to tenancy management.
- 2.3 The Tenancy Strategy has set out proposals on:
- Affordable rents
 - How fixed term tenancies will be used
 - The circumstances in which lifetime tenancies should be granted – exclusions
 - The review criteria for re-issuing of tenancies at the end of a fixed term
 - Succession rights
 - Disposals and conversion of existing social housing stock
 - The review of our allocations policy
- 2.4 Housing providers are only required to 'have regard' to our tenancy strategy when formulating its own tenancy policy. Housing providers will be able to offer a flexible fixed term tenancy on affordable and social rented homes once they have adopted their tenancy policies, which should explain
- the kind of tenancies they will grant

- the circumstances in which they will do this
- the length of tenancy terms and
- the circumstances in which a further tenancy will be granted

3.0 Main Considerations for Cabinet

3.1 The Localism Act includes a number of changes to the way in which affordable housing is provided. It has introduced a programme of social housing reform which will make changes to the type of tenancies that are provided, called tenure reform, the ability to charge an affordable rent as well as a new structure to allow for a flexible approach to the allocation of social housing, called allocation reform. The key objectives of the social housing reform are:-

- Localism, fairness and focusing social housing on those most in need in a way that enables them to use it as a springboard to opportunity
- Social housing is flexible and available to more people and to those that genuinely need it
- Make the best use of social rented homes
- Increase the freedoms available to all social landlords to determine the sort of tenancy they grant to new tenants
- Protect the right of existing tenants

3.2 The tenancy strategy has covered the main areas contained within the social housing tenure reform.

Social Housing Tenure Reform

3.3 The key element of tenure reform is the introduction of flexible fixed term tenancies.

“a flexible tenancy is a tenancy that lasts for a fixed term, and which is regularly reviewed”

3.4 The introduction of flexible fixed term tenancies is intended to give greater freedom to local authorities and housing associations to be able to better manage its properties and respond to local circumstances and the needs of individual households. The tenancy strategy proposes that the Council welcomes the additional local flexibility of fixed term tenancies as they provide an opportunity to address issues such as under-occupation, improve stock turnover, and encourage the best use of Wiltshire’s limited affordable housing stock.

3.5 It expects housing providers to have clear and transparent policies on, who will be granted flexible tenancies and how long the tenancies will be for. A 5 year tenancy is the minimum term, but the policy recognises that in some circumstances a longer term or lifetime tenancy should be granted. The suggested exclusions from the use of fixed term tenancies are:-

- all forms of temporary accommodation where assured shorthold tenancies, non-secure tenancies and licences are permitted for shorter periods, to support us in carrying out our homelessness duty

- any tenant with a lifelong need for support or who is terminally ill and this would apply to tenants in specialist and supported accommodation, as well as older persons' accommodation such as sheltered or extra care
- a tenant with a spouse or child with a lifelong need for support or who is terminally ill
- any customer of retirement age who is living in a home which is suitable for their needs e.g. 1 bed property not classed as older persons' accommodation or extra care.
- Any customer identified as needing accommodation for witness protection or safeguarding issues.
- secure tenants whose tenancy commenced before 1 April 2012 and who are moving to another council property - already protected in law.

3.6 Flexible fixed term tenancies can only be applied to future social housing tenancies, as existing social housing tenants will not be affected by these proposals.

Affordable Rents

3.7 Affordable housing now includes social rented, affordable rented and intermediate housing, provided to eligible households whose needs are not met by the market. Affordable rented housing is social rented housing except that it is outside the national rent regime and can be offered to eligible households at a rent of up to 80% of local market rent.

3.8 The purpose of introducing affordable rents is to be able to raise sufficient income to help deliver affordable housing. Housing providers across Wiltshire have already received confirmation from the HCA regarding their development bids to deliver affordable housing and all bids have been based on 80% open market rents. It would therefore be difficult for housing providers to charge anything less without have a significant impact on their delivery programmes.

3.9 The tenancy strategy has therefore recommended that affordable rents can be set at up to 80% but on setting these rents housing providers should be mindful of the potential impact of the government's plans to introduce a universal credit system and benefit cap in April 2013 which will limit the amount of benefit available to families to £500.00 per week.

Consultation

3.10 S150 of the Localism Act specifies a required that we consult with all housing providers in the area in the formulating of a tenancy strategy. We have completed a full 3 months consultation process to comply with this act as well as with our Compact agreement.

The process of developing the strategy was launched at the Wiltshire Housing Partnership in November 2011. We have since completed a full 3 month consultation process that included consultation with all the housing providers with stock in Wiltshire, the housing partnership, our own tenants and the

tenant members of the Wiltshire Strategic Tenant Partnership as well as other housing stakeholders and the voluntary sector.

A summary of the consultation responses and amendments made to the strategy are contained within Appendix 2 and 3

4.0 Environmental Impact of the Proposal

4.1 There are no environmental impacts for this proposal.

5.0 Risk Assessment

5.1 The Council is required to have a Tenancy strategy in place within 12 months of Section 150 of the Localism Act coming into force. If it fails to have a Strategy in place by this deadline, the Council will not be complying with the requirements of the Act.

5.2 It is possible that some of the proposals in the Consultation Paper (e.g. flexible tenancies) could lead to a higher turnover in tenancies locally and an increase in the number of households becoming homeless and seeking assistance from the Council. This will be closely monitored when doing quarterly returns on homelessness.

6.0 Financial Implications

6.1 There are no financial implications in approving the Tenancy Strategy

7.0 Legal Implications

7.1 The Localism Bill, s150 places a duty on the Local Authority to prepare and publish a strategic tenancy policy within 12 months. The Tenancy Strategy in Appendix 1 when adopted will fulfil this requirement.

8.0 Options Considered

Tenancy Reform

8.1 The tenancy strategy sets out Wiltshire's position in respect of social housing tenancies. It provides guidance in relation to the nature of tenancies deemed appropriate for use, tenancy length and review conditions. As the tenancy strategy is only guidance the recommendations made are not prescriptive. The Options for the different aspects of tenancy management will be detailed within all housing providers' tenancy policies including our own.

Affordable Rent

8.2 The council could specify a reduced rent of less than 80%, but this could lead to fewer affordable homes if the housing providers were to apply the reduced rent. It would also risk making schemes unviable and at the very least delaying construction with consequent impacts on implementing the Local Development

Framework, the loss of new homes bonus and greater levels of homeless households in temporary accommodation

9.0 Conclusion

- 9.1 The Tenancy Strategy provides a framework for all housing providers to 'have regard' in the development of their tenancy policies and outlines the Council's recommendations on the various aspects of social tenancy reform.
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Background Papers

The following unpublished documents have been relied on in the preparation of this report:

Appendices

Appendix 1 – Tenancy Strategy

Appendix 2 – Summary of consultation responses

Appendix 3 – Summary of amendments made to the strategy