

High Peak Borough Council

Tenancy Strategy

2012-2015



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1. Introduction

Under the Localism Act 2011, all local authorities have a duty to produce a tenancy strategy¹, setting out the objectives to be taken into consideration by individual registered providers as they make decisions about their own tenancy policies. The aim of this strategy is to outline the local authority's response to the changes to affordable housing introduced in the Act.

From April 2012 the council and registered providers will be able to manage 'social' and 'affordable rent' housing in a different way. There are choices to make but these need to be made carefully, bearing in mind what the council wants to achieve in the Borough and the housing needs and aspirations of local residents.

This strategy sets out the authority's vision for the council's housing stock and registered providers with affordable housing in High Peak.

The Localism Act has enabled the council as a landlord² and registered providers to make choices about how they manage social and affordable housing in the future. In summary:

- Registered providers may choose to introduce the new 'affordable rent' product.
- Registered providers will be able to 'convert' a number of existing social rented homes to a higher 'affordable rent'.
- Registered providers and the council may choose to introduce the use of fixed term tenancies³.
- The council could change who can access social and affordable rented homes. They could decide to limit those who can join the register or could give additional preference to other groups.
- The council may choose to discharge its homelessness duty into the private rented sector.

There are other changes that are likely to affect the supply of affordable housing in High Peak in the future, and the need and demand for these homes:

- The council will be able to decide how to spend all the rent from their homes from April 2012. A Housing Revenue Account Business Plan is

¹ Section 150- Localism Act 2011

² Future reference to 'registered providers' incorporates the council as an independent stock holding landlord.

³ If you are an existing tenant of the council or a registered provider your security of tenure is protected.

currently being developed to ensure council homes are brought up to a decent standard and to maintain this standard in the longer term.

- People who have a low or no income and receive benefits may receive less money in the future as a result of the Welfare Reform Act. People may have less to spend on their housing costs and may need to move to more affordable housing.

This strategy provides an overview of how the council will address the issues of rent, tenure reform, and changes to the housing register. The Home Options allocations policy will be reviewed independently of this strategy to ensure it reflects any compulsory changes that are introduced as a result of the Localism Act and any relevant government consultation⁴.

Section 150 of the Localism Act 2011 requires local authorities to prepare and publish a tenancy strategy, setting out the matters which the registered providers of social housing for its district are to have *regard* in formulating policies relating to;

- The kind of tenancies they grant
- The circumstances in which they will grant a tenancy of a particular kind,
- Where they grant tenancies for a fixed term, the lengths of the terms
- The circumstances in which they will grant a further tenancy on the coming to an end of an existing tenancy.

In preparing this strategy, the council has considered how it relates to its current Home Options allocations policy and its emerging Homelessness Strategy, as required by the Localism Act 2011.

This strategy has been developed in consultation with registered providers and a wide range of stakeholders. It is important to note that some registered providers may have already signed Homes and Communities Agency contracts concerning the development of new affordable rent products for the delivery of affordable housing until 2015. However the council asks registered providers operating in the High Peak to ensure that their policies compliment and do not contradict, this tenancy strategy.

Aims

The key aims of the High Peak Borough Council Tenancy Strategy are to:

- Fulfil the council's legal duties as set out in the Localism Act and in the Housing Act Part VI and VII (as amended by the Homelessness Act 2002)
- To set out clear expectations for registered providers operating in the borough
- To make the best use of the council's housing stock and wider social housing in the borough

⁴ CLG, Allocation of accommodation; guidance for local housing authorities in England, 2012

- To prevent homelessness and enable housing to be offered to those in the greatest need
- To offer tenancies which are in the interest of the individual household
- To create and maintain sustainable communities

Monitoring

The Tenancy Strategy will be reviewed periodically. It is proposed that the Council will establish a group consisting of representatives of registered providers and other key stakeholders to assist in reviewing the strategy to ensure its continued effectiveness.

Key facts about affordable homes in High Peak

There are around 5137 social rented homes (12.6% of all homes in the borough)

- The council owns 4104 (78%) of these homes.
- There are 17 registered providers in High Peak managing 1033 homes.
- In 2010/11 fewer homes became available to rent than in 2009/10 and 2008/09 (434 total homes let compared to 474 and 492)

The average rent for a two bed social rented home, owned by a registered provider (excluding local authority stock) is £78.10 per week.

- The average cost of private renting a two bed house is £115 per week
- An affordable rent of up to 80% market rent could be £92 per week.
- The average gross household income in High Peak is £26,052. To buy an average price house a household on an average income would need 3.1 times this.

There are currently a total of 2623 households in 'housing need' (bands A – C) on the councils register for social and affordable homes, of whom;

- 1977 families (37%), 2505 single people (47%) and 836 couples (16%)
- 23 households are in Band A- Emergency/ top priority,
- 146 households are in band B- Urgent need to move
- 2454 households are in band C- Identified housing need
- 2695 households are in band D- and have no identified housing need.

The 2007 Housing Needs Survey identified a shortfall of 329 affordable dwelling per year:

- Glossop- 209 dwellings
- Central – 35 dwellings
- Buxton- 39 dwellings
- Rural areas within the National Park – 12 dwellings
- Rural areas outside the National Park – 34 dwellings

Affordable housing completions (definition NI155):

- 2007/08 - 63
- 2008/09 - 32
- 2009/10 - 16
- 2010/11 - 31
- 2011/12 - 40

2. Affordable Rent

The 2010 Comprehensive Spending Review introduced the concept of ‘affordable rent’ as an alternative to ‘social rent’. The additional rental income that it can generate is to be used to fund new development in a time of dramatically reduced Homes and Communities Agency (HCA) grant subsidy. All registered providers who have entered into development contracts with the Homes and Communities Agency and received grant monies are required to charge affordable rents. The Framework⁵ specifies that registered providers will be able to let a property at an affordable rent (inclusive of service charges, where applicable) of up to 80% of the gross market rent which reflects the property size and location. It also recommends that when setting rents registered providers take into account the local market context (including the relevant Local Housing Allowance) and wider benefit policy.

Registered providers with Homes and Communities Agency contracts are also able to introduce affordable rents on a proportion of their re-lets, otherwise known as conversion. In new affordable housing developments that do not receive Homes and Communities Agency grant, providers do not have to develop affordable rent homes and can continue to build cheaper social rented housing.

Before the introduction of affordable rent all rented homes in the affordable housing sector were let at social rents, which based on Hometrack data sources are typically 60-70% of market rents.

Planning Policy Statement 3 defines affordable housing as including ‘social rented, affordable rented and intermediate housing, provided to eligible households whose needs are not met by the market.’

Social rented housing is:

‘Rented housing owned and managed by local authorities and registered social landlords, for which guideline target rents are determined through the national rent regime. The proposals set out in the Three Year Review of Rent Restructuring (July 2004) were implemented as policy in April 2006. It may also include rented housing owned or managed by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or the Homes and Communities Agency as a condition of grant’⁶.

Affordable rented housing is:

‘Rented housing let by registered providers of social housing to households who are eligible for social rented housing. Affordable rent is not subject to the

⁵ CLG/ HCA, 2011-15 Affordable Homes Programme- Framework

⁶ CLG, Planning Policy Statement 3 (PPS3): Housing, June 2001, p25-26

national rent regime⁷ but is subject to other rent controls that require a rent of no more than 80 per cent of the local market rent⁸⁹.

PPS3 also states that ‘the terms ‘affordability’ and ‘affordable housing’ have different meanings. ‘Affordability’ is a measure of whether housing may be afforded by certain groups of households. ‘Affordable housing’ refers to particular products outside the main housing market’.

The tables below highlight the differences in weekly social and market rents levels for the High Peak area.

Property type	RP Social Rent (average across HP)	100% Market Rent	80% Market Rent ‘Affordable Rent’	£'s difference	% difference
1 bed property	£67.20	£92	£74	£6.80	10%
2 bed property	£78.10	£115	£92	£13.90	18%
3 bed property	£88.90	£144	£115	£26.10	29%

(Source: Hometrack June 2012)

Local Housing Allowance Levels in High Peak

Broad Market Area (BRMA)	Rental Area	Southern Greater Manchester	Peaks and Dales	Tameside and Glossop
1 bed shared		£59.08	£68.12	£57.69
1 bed self contained		£98.08	£86.54	£86.54
2 beds		£126.92	£111.92	£103.85
3 beds		£137.31	£126.92	£125.00
4 beds		£196.15	£156.92	£150.00

(LHA levels correct June 2012)

Affordable Rent and Local Housing Allowance levels in High Peak

Broad Rental Market Area (BRMA)	80% of market rent	Southern Greater Manchester BRMA	Difference to LHA	80% of market rent	Peaks and Dales BRMA	Difference to LHA	80% of market rent	Tameside and Glossop BRMA	Difference to LHA
1 bed	£74	£59.08	-£14.92	£74	£68.12	-£5.88	£74	£57.69	-£16.31

⁷ The national rent regime is the regime under which social rents of tenants of social housing are set, with particular reference to the Guide to Social Rent Reforms (March 2011) and the Rent Influencing Regime Guidance (October 2001)

⁸ Local market rents are calculated using the Royal Institution for Chartered Surveyors (RICS) approved valuation methods.

⁹ CLG, Planning Policy Statement3 (PPS3): Housing, June 2011, p25-26

shared									
1 bed self contained	£74	£98.08	£24.08	£74	£86.54	£12.54	£74	£86.54	£12.54
2 beds	£92	£126.92	£34.92	£92	£111.92	£19.92	£92	£103.85	£11.85
3 beds	£110	£137.31	£27.31	£110	£126.92	£16.92	£110	£125.00	£118.00

The above data is a borough wide average and it should be acknowledged that there are pockets of affluence and deprivation where market rent levels may be higher or lower.

The above tables indicate that affordable rents on 1 bed self contained units, 2 and 3 bed accommodation fall below the Local Housing Allowance level and there is little potential for a rent shortfall. It does however, highlight a concern for single people under the age of 35 who are only eligible for Shared Accommodation Rate and in the current housing market there is a potential of a rent shortfall of between £5.88- £14.92 per week.

Guidance on Affordable Rents

The council acknowledges that developments funded by Homes and Communities Agency grant will be delivered at affordable rent levels.

The council will not support affordable rent on sites with or without HCA funding if rent levels charged would be above the Local Housing Allowance levels and therefore unaffordable for tenants.

The council will continue to negotiate 30% affordable housing, with no Homes and Communities Agency grant subsidy on all relevant open market sites in accordance with the councils planning policy. On these sites the council will continue to expect a tenure split of 80% social rented, 20% low cost home ownership in order to address the on going need for social rent within the borough and minimise the potential for developers to charge more for land and property on the basis that affordable rent would generate more income. However if the provision of social rent is not viable the council will seek to work with developers and may allow affordable rent. **Affordable rent levels will be based on a site by site basis and may be less than 80% open market levels depending on the affordability of the final properties. The council aims to ensure rent levels are set as low as possible without affecting the financial viability of schemes.**

The council expects all providers will offer tenants that are likely to be affected by the welfare reform, advice and information about the proposed changes and what it will mean for individual families, having particular regard to the introduction of Universal Credit and under occupancy changes.

The council would expect all providers to advertise affordable rent properties through the Council's Home Options choice based lettings system, for monitoring purposes and to ensure fairness and transparency.

The council will expect all providers to carryout a financial assessment of tenants before moving into an affordable rent property to ensure that the rent is affordable to that particular household.

Guidance on Conversions

The council expects providers to take a strategic approach to conversions and should include the following as considerations:

The council would expect that any conversions undertaken will be evenly distributed amongst the existing social stock where possible. Obviously this would be dependent on where voids become available but the council would expect to see conversions in both high and low rental value areas and would not want to see higher rental value areas such as rural settlements targeted for an increase in conversions.

In light of the impacts of housing benefit caps and the introduction of Universal Credit the council would not want to see conversions of properties if the new affordable rent level charged would be above the Local Housing Allowance level.

The council would not want to see conversions of properties that have either been specifically designed or adapted to meet the needs of a disabled household.

The council will not support the conversion of social rented properties that are subject to section 106 agreement to affordable rent.

The council would expect registered providers to carefully consider the percentage of market rent charged and ensure that the converted property is affordable to those in the greatest housing need.

3. Fixed Term Tenancies

The Localism Act enables registered providers and the council to consider letting affordable housing (both social and affordable rent) for a fixed term period to new tenants as opposed to the existing assured or secure lifetime tenancies¹⁰. The new fixed term tenancies should be set at a minimum of five years but the Localism Act does allow for two year tenancies in exceptional circumstances¹¹.

The government's main aim in introducing this new flexibility is to encourage people living in affordable housing to move on should their circumstances improve to the extent that they can afford another tenure option, so freeing up the affordable home for another household in greater need. At the end of the fixed term, and depending on the circumstances of the individual household, tenants could have the following options:

- To remain in affordable housing, either in their existing home or in another affordable home
- To move into the private rented sector
- To move into home ownership, either via a low cost home ownership route or otherwise.

The table below examines the current turnover of the existing social stock. In 2010/11 there were a total of 434 lets (general, sheltered and supported housing properties) in council owned and housing association stock which equates to 8.4% of the affordable housing stock. This would suggest that the majority of tenants put down roots when they have been allocated a property and go on to create stable and sustainable communities.

Total lettings (general, sheltered and supported housing schemes)

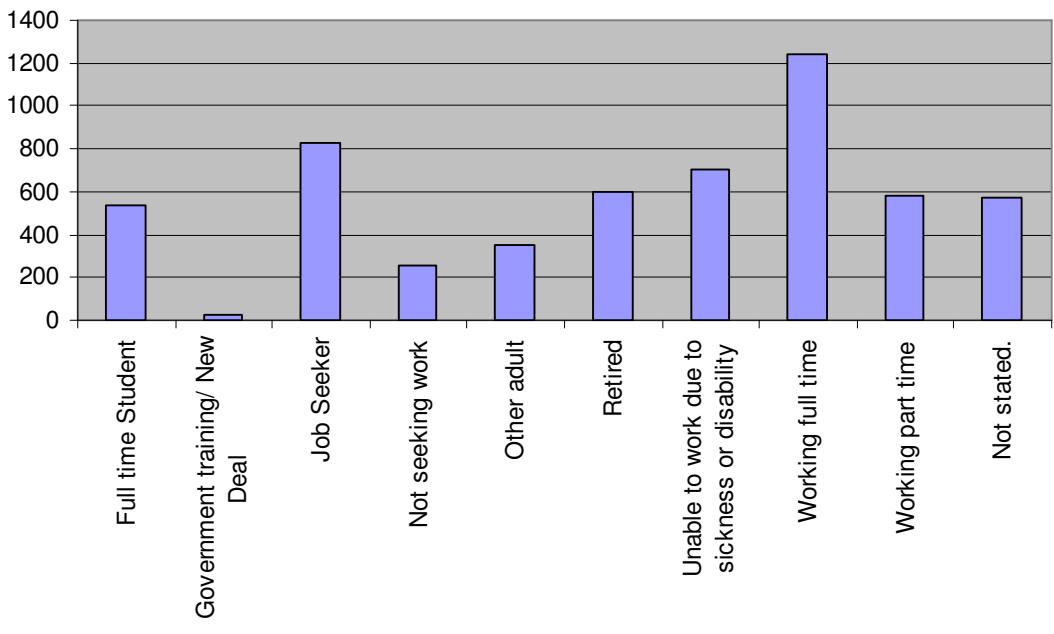
	2009/10 lettings	2010/11 lettings	Lettings as % of total affordable stock 2010/11
Registered Provider stock	168	169	3.2%
Local authority stock	306	265	5.2 %
Total social/affordable rent stock	474	434	5137

(Source CORE Annual Reports, 2010/11, 2009/10)

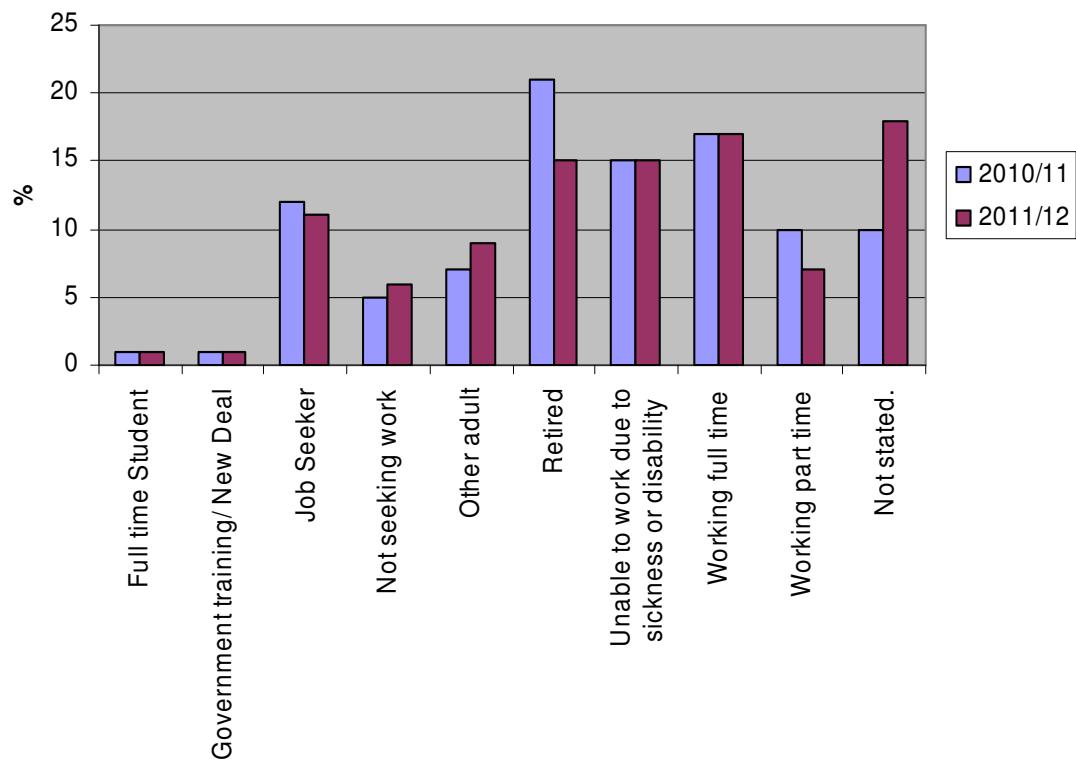
¹⁰ Registered providers will call these 'fixed term' tenancies, the council will call them 'flexible' tenancies- Localism Act 2011

¹¹ Exceptional is defined as not typical or usual

Economic status of 'head of household' applicants registered on Home Options waiting list



Economic status of new tenants (lettings) in 2010/11 & 2011/12



Guidance on Fixed Term Tenancies

- Principals

The council in general does not support the use of fixed term tenancies as evidence suggests they will have a detrimental affect on communities and limit community cohesion and sustainability.

Within the council's own stock, all tenancies issued will continue to be secure lifetime tenancies.

The council does acknowledge that the decision to use fixed term tenancies, and the length of these lies with the registered provider. Having expressed the council's preference not to see fixed term tenancies in the borough, where registered providers decide to use fixed term tenancies, the council's preferred tenancy terms are:

- Length of Tenancies

If registered providers do decide to use fixed term tenancies despite the councils view, the council considers, following consultation that a ten year fixed term tenancy should be used wherever possible. The council considers that tenancies of ten years or more will allow tenants to become active participants of the community.

Many registered providers make use of Introductory and Probationary Tenancies. The council supports the use of Introductory and Probationary Tenancies, in particular for new tenants. However the council does not consider it reasonable to offer a Probationary Tenancy to an existing tenant of social rented housing, who has moved as a result of a transfer, unless it can be demonstrated that there is a poor record of tenancy management on their part.

In summary, if registered providers decide to progress with the use of fixed term tenancies the councils preferred tenancy terms are:

- Families with children of school age- a minimum of a 10 year fixed term tenancy
- Single and couples households under the age of 55- a minimum of a 10 year fixed term tenancy
- Households on low incomes, but not in receipt of benefits- a minimum of a 10 year fixed term tenancy
- Households with a disabled member- a minimum of a 10 year fixed term tenancy
- Older people over the age of 55- a minimum of a 10 year fixed term tenancy for people living in general needs accommodation and lifetime

tenancies for older people living in sheltered or other supported accommodation (Extra Care¹²)

- Expiry of the fixed term

The council expects registered providers to set out clearly within their Tenancy Policy how frequently a fixed term tenancy will be reviewed and the nature of the review including what factors will be considered.

The council would expect registered providers to consider the following when conducting reviews of tenancies:

- The size of the property and family composition
- Special features/ adaptations and the continued need for them
- An assessment of financial circumstances
- The conduct of tenant(s)

The council would expect registered providers to renew all fixed term tenancies other than where the tenants circumstances are improved to the point that they are able to afford a different tenure or where they under occupy their home by two or more bedrooms. In cases of under occupation, the tenant should be offered where possible a smaller home with the same or alternative registered provider.

The council would expect registered providers to consult with the council when assessing the criteria or level where tenants are deemed to be able to afford a different tenure.

In terms of tenancy conduct, it is important that the review of the fixed term tenancy is not used as an alternative to the usual remedies available to address breaches of tenancy. On that basis the council would not expect a landlord to decide not to renew a fixed term tenancy due to the way the tenant has conducted the tenancy, unless formal possession action is already underway or being considered.

The council expects that tenants who have had a review of their tenancy will be given at least 6 months notice if the provider is minded to end the tenancy, and that adequate reasons for the decision to end the tenancy are given with information on the right to appeal the decision. The council would also expect providers to notify the Housing Options Team at High Peak Community Housing of the decision to end the tenancy at the earliest possible opportunity or upon serving the notice.

Given the role of the council in tackling homelessness, it is expected that registered providers allow a tenant to remain in their property at the end of the tenancy until a suitable alternative has been found¹³.

¹² Extra Care Housing is designed with the needs of frailer older people in mind with varying levels of care and support available on site. People who live in Extra Care Housing have their own self contained homes, their own front door and a legal right to occupy the property.

- Use of assured and secure tenancies

The council wants lifetime assured tenancies to be offered to new tenants occupying certain property types. Primarily this would apply to sheltered and Extra Care housing schemes, which are usually let to older tenants who require the level of support offered by the scheme. The rationale is that tenants of sheltered or other similar housing tend to occupy the property on a longer term basis and their household and financial circumstances will usually remain unchanged.

- Advice and Assistance

The council expects registered providers to provide tenants with appropriate advice and assistance about their housing options at the time they conduct a fixed term tenancy review and at the point a decision is made that a tenancy will not be renewed.

When a fixed term tenancy is reviewed, registered providers should assess tenant's circumstances in the context of the available housing options and for these to be explored with them. Registered providers should have particular regard to their duty to cooperate with the local housing authority to prevent homelessness.

¹³ The Homelessness Act 2002 placed a duty of local authorities to provide free advice and information about homelessness and preventing homelessness to everyone in their district and assist eligible individuals and families who are homeless or threatened with homelessness and in priority need.

4. Changes to the Home Options Register

The Localism Act has enabled local authorities to determine which categories of applicants should qualify to join the housing register. At the moment anybody (with very few exceptions¹⁴) may join the waiting list, no matter what their level of housing need. In the new legislation, councils are able to close the list to some categories of applicant. Central government has retained a role in determining which groups should be given priority for affordable housing, by preserving the current reasonable preference categories.

High Peak Borough Council currently operate what is known as an 'open waiting list' where anybody (with a few exceptions) is able to apply for affordable housing. In order to ensure that the data held on the housing register is up to date, an annual review programme has been established where all registered applicants are contacted on the month of their initial registration and are asked to confirm their household details.

Priority Band	No. of households registered
Band A- Emergency/ Top Priority	23
Band B- Urgent Need to Move	146
Band C- Identified Housing Need	2454
Band D- Desire to Move	2695
Total	5318

(Source: Home Options- as at 31st March 2012)

With only 434 lets made in 2010/11, it is clear that social housing cannot provide the housing solution for all these people. High Peak were part of the government enhanced housing options trailblazer scheme which lead to the development of the enhanced Home Options website which provides information on range of housing options choices for residents. The council has decided to maintain an 'open' waiting list' as residents are able to gain access to information on private rented properties, shared ownership/ intermediate housing options and information on employment and training options all through the Home Options website.

The council will carry out a full review of the allocations policy in line with government guidelines following the Localism Act. Whilst this strategy does not set out the specific changes that the council will make to the allocations

¹⁴ High Peak Borough Council may exclude an applicant from the register if it considers that they have been guilty of unacceptable behaviour and is therefore unsuitable to be included on the register.

'Unacceptable behaviour is defined as behaviour, which would, if the person was either a secure tenant or a member of a secure tenants household, entitle a landlord to a possession order under any grounds 1to 7 of schedule 2 of the Housing Act 1985. High Peak Borough Council cannot, by law, allocate housing to anyone who is subject to immigration control within the meaning of the Asylum and Immigration Act unless they- already hold a secure tenancy, already hold an assured tenancy allocated to them by the local housing authority, or are in a class prescribed by regulations made by the Secretary of State.

policy, set out below are the main issues the government have asked us to consider¹⁵.

- Transfers for tenants without reasonable preference can now be dealt with outside of an allocation policy
- Adoption of the ‘bedroom standard’ when determining overcrowding
- Taking ‘good’ behaviour into account when granting priority for housing – including employment, training or volunteering
- Granting local connection to armed forces personnel for the areas in which they serve
- ‘Additional preference’ for former members of the armed forces who fall within the reasonable preference categories and are in urgent housing need
- Allowing people applying to foster or adopt to apply for a home with an extra bedroom.

Guidance on Local Lettings Policies

Sometimes on larger new build developments or in existing accommodation it can be necessary to introduce a local lettings plan to promote sustainability and create balanced communities.

The council expects to be consulted by registered providers before the development of any local lettings plan in the High Peak.

The council will require full justification as to why the local lettings policy is required and will not allow registered providers to use them as an opportunity to charge high affordable or intermediate rents.

All local lettings plans must be published on the Home Options website and all property adverts must state that a local lettings policy is in force.

¹⁵ CLG, Allocation of accommodation: Guidance for local housing authorities in England, 2012.

Annex 1- Principles for the council as a stock holding authority.

- All new tenancies for both general and sheltered stock will continue to be introductory tenancies which will lead to a secure lifetime tenancies providing the tenancy has been conducted in a satisfactory manner.
- All new tenancies issued will continue to be at social rents.
- Should the council in future develop new affordable homes these will be where possible at social rents.
- The council will continue to ensure that those in greatest housing need are given priority for affordable housing
- The council will continue to operate an ‘open waiting list’ and allow all residents to register for affordable housing.
- The council will review its allocation policy following the Localism Act 2011 and the anticipated publication of government guidance following the CLG Allocation of accommodation: guidance for local housing authorities in England consultation 2012.
- Where necessary to ensure sustainable communities the council will develop local lettings policies.