

AGENDA ITEM 6

COMMUNITY AND SOCIAL AFFAIRS COMMITTEE

20 JUNE 2012

REPORT OF HEAD OF COMMUNITIES & NEIGHBOURHOODS

TENANCY STRATEGY

1.0 PURPOSE OF REPORT

1.1 This report seeks member's approval of the Tenancy Strategy (2012-17).

2.0 RECOMMENDATIONS

2.1 **Members note, comment and approve the Tenancy Strategy (2012-2017);**

2.2 **Subject to approval of recommendation 2.1; that delegated authority is given to the Head of Communities & Neighbourhoods in consultation with the Chair of Community & Social Affairs Committee to approve minor amendments to the strategy which may arise from the final two days of the consultation exercise and;**

2.3 **That a Tenancy Policy for the Council's housing stock be developed in 2012-13 to set out the Council's position as a landlord on the use of flexible tenancies.**

3.0 KEY ISSUES

3.1 Tenancy policies and tenancy strategies were introduced as part of a wider package of social housing reforms set out by the Government in *Local Decisions: a fairer future for social housing*. The reforms included the introduction of fixed term tenancies and affordable rent, changes to allocations and homelessness policy as well as the promotion of increased mobility for social tenants. These proposals have been implemented primarily through the Localism Act and changes to the regulatory standards that all social landlords are expected to meet.

3.2 The Localism Act introduced fixed term tenancies with the aim to offer people housing whilst they need it, to make better use of the limited affordable housing stock over the long term to better meet local housing needs. Historically social housing tenants have been offered an assured or secure tenancy, which granted them a home for life. A household's need for housing was only assessed when they applied for a home even though over time their circumstances and need for housing could have changed. Registered providers are now able to offer fixed term tenancies on a minimum fixed term of five years, however in exceptional circumstances these flexible tenancies can be for as little as two years. The new fixed term tenancies are in addition to those currently available and social landlords do not have to use them.

3.3 Alongside the introduction of fixed term tenancies, tenancy policies and strategies have also been introduced. A tenancy policy provides detail on the types of tenancies including any fixed term tenancies that an individual registered provider intends to use. The tenancy standard of the *Regulatory Framework for Social Housing in England (2012)* provides registered providers guidance on tenancy policies; it states that they should set out;

- The kind of tenancies they will grant;
 - The circumstances in which they will do this;
 - The length of tenancy terms;
 - The circumstances in which a further tenancy will be granted;
 - How tenancy decisions can be challenged;
 - The advice and assistance offered to tenants in the event that another tenancy is not granted; and
 - Policies on taking into account the needs of vulnerable households.
- 3.4 The Localism Act places a duty on local authorities to produce a tenancy strategy, a strategic document that describes the high level objectives and local issues that individual social housing landlords should take into consideration within their tenancy policies. The tenancy strategy should be developed with consideration to the local allocations policy and homelessness strategy and in consultation with registered providers. The tenancy strategy should also signpost people to where registered providers tenancy policies can be found (or summarise them) and be reviewed every five years.
- 3.5 The development of a tenancy strategy also provides the opportunity to provide local guidance to registered providers on the use of affordable rent tenure of housing. Affordable rented housing is let at a charge of up to 80% private market rent, typically higher than the level of social rents currently charged. Affordable rent was introduced because higher rents will overall increase rental incomes and allows more investment by housing associations and other registered providers to deliver additional affordable housing in a time of constrained grant budgets. Although any additional investment raised cannot be ring-fenced to provide more affordable housing locally.
- 3.6 There is an acute need for more affordable housing in the Melton Borough, there are currently over 750 households seeking housing on the Council's Housing Register, almost half of which are families with children. To help meet the housing needs of as many households as possible, the council need to increase the supply of affordable housing as well as ensure that it makes the best possible use of the existing affordable housing stock and the tenancy strategy has an important role in achieving these aims.
- 3.7 The tenancy strategy (shown in appendix A) has been developed to provide guidance on the use of both fixed term tenancies and affordable rent to make better use of the existing affordable housing stock whilst mitigating against identified potential negative impacts, such as homelessness levels in the Borough. It has been developed through extensive consultation (detailed in section 11 of this report) as well as data analysis to model the impacts of any changes to tenancies and rent charges (see appendix B).
- 3.8 The key elements of the tenancy strategy are that it;
- Encourages a place based approach – it gives special consideration to impacts within priority neighbourhoods and rural areas.
 - Encourages an approach based on the needs of individual households – giving special consideration to vulnerable people, particularly those with housing related support needs and disabilities.

- Expects providers to be proactive to ensure their housing remains affordable.
- Promotes the continued use of lifetime tenancies for housing designated for older people.
- Promotes policies which encourage households to downsize, particularly older households who are more likely to be under-occupying family housing
- Promotes policies which do not negatively impact the use of mutual exchange
- Promotes the principal of automatic renewal of tenancies unless there are major household changes
- Promotes excellent housing advice and support services, particularly for those whose tenancies are not to be renewed.
- Encourages the provision and retention of social rent in line with identified housing need.
- Expects providers who convert social rented housing to an affordable rent to show commitment to develop more affordable housing locally in the future.

3.9 There are 12 different registered providers of rented affordable homes in the Borough, the tenancy strategy will provide guidance to inform the tenancy policy of each of these providers, which includes the Council, who is the largest landlord owning just over three-quarters of the rented affordable homes in the Borough. The tenancy strategy will not be the tenancy policy for the Council's housing stock. A tenancy policy detailing the specific types of tenancies that will be used in the letting of council owned housing will be developed separately. The Council's tenancy policy will however need to have regard to the Council's tenancy strategy.

4.0 **POLICY AND CORPORATE IMPLICATIONS**

4.1 The tenancy strategy has direct links to priority 9 of the Council's corporate plan; 'Help provide a stock of housing accommodation that meets the needs of the community'.

4.2 As a social housing landlord, Melton Borough Council will need to develop a tenancy policy which will need to have regard to the Council's tenancy strategy.

4.3 Under the Localism Act the tenancy strategy, allocation scheme and homelessness strategy are required to have regard to each other. The tenancy strategy has been developed having regard to the existing allocations scheme and homelessness strategy. Any future reviews or amendments of these three strategies will need to have regard to one another.

5.0 **FINANCIAL AND OTHER RESOURCE IMPLICATIONS**

5.1 The impacts of the tenancy strategy will need to be monitored and under the Localism Act the strategy will need to be reviewed at a minimum every five years.

5.2 As a social housing landlord, Melton Borough Council will need to develop a tenancy policy which will need to have regard to the Council's tenancy strategy. The Council will also need to review and comment upon the tenancy policies developed by other registered providers.

6.0 LEGAL IMPLICATIONS/POWERS

6.1 The Localism Act (section 150) places a duty on local authorities to produce a tenancy strategy. The Council is required to prepare and publish a tenancy strategy by 11th January 2013 (within 12 months of the section coming into force), however earlier adoption will mean that registered providers (including Melton Borough Council) are able to take into consideration the Council's tenancy strategy in the formulation of their individual tenancy policies.

6.2 The tenancy standard of the Regulatory Framework for Social Housing in England (2012) requires the Council to produce a tenancy policy to provide guidance on the types of tenancies it offers. It is proposed that a tenancy policy for the Council's housing stock be developed later in the year to set out the Council's position on fixed term tenancies, having regard to the guidance contained within tenancy strategy.

7.0 COMMUNITY SAFETY

7.1 No direct implications have been identified

8.0 EQUALITIES

8.1 An equalities impact assessment has been undertaken to support the development of the tenancy strategy (appendix D) as part of this assessment an equalities analysis of the housing register was undertaken (appendix E). The equalities impact assessment identified that there may be impacts in relation to age and disability and has tried to mitigate those impacts wherever possible.

8.2 Equalities issues were also specifically highlighted and consulted upon as part of the consultation of the draft strategy.

9.0 RISKS

Probability					Risk No.	Description
Very High A	High B	Significant C	Low D	Very Low E		
					1	Failure to adopt Tenancy Strategy in Line with legal requirements of Localism Act
					2	Strategy fails to adequately address negative impacts of fixed term tenancies and affordable rent increase homelessness
		3			3	Registered Providers individual tenancy policies fail to address strategic needs
		1				
			2			
	IV Negligible	III Marginal	II Critical	I Catastrophic		

Impact →

10.0 CLIMATE CHANGE

10.1 No implications have been identified.

11.0 CONSULTATION

11.1 A Leicestershire wide workshop, a public pre-consultation exercise as well as consultation with the Housing Services Landlord task group informed the development of a draft tenancy strategy which was then subject to a further consultation exercise.

Leicestershire Tenancy Strategy Workshop

11.2 To assist in formulating the tenancy strategy, a scenario planning workshop was held on the 16th November 2011 in conjunction with Blaby, North West Leicestershire, Oadby and Wigston, Charnwood, Hinckley and Bosworth and Harborough councils. The workshop was attended by a variety of local registered providers of affordable rented housing, local authority representatives as well as other interested bodies such as the voluntary services, adult social care and the probation service. The workshop looked at the potential effect of a variety of different length fixed term tenancies as well as affordable rent for a variety of household types (families with school age children, single and couple households under the age of 50, low income households not in receipt of housing benefit, households with disabled Members and older people over the age of 50). The outcomes of the workshop were used to develop a draft tenancy strategy and are summarised in appendix C.

Housing Register Public Consultation

11.3 A 6 week public consultation ran from the 6th March to the 13th April 2012. The target for this consultation was people registered on the housing registers of Blaby, Melton and Charnwood councils. The survey was also publicised on each of the local authorities' websites to target others with an interest in affordable rented housing and advertised through the Council's 'In Touch' tenants' newsletter. There were approximately 60 responses to the consultation exercise. The findings of the consultation were used to develop a draft tenancy strategy are summarised in appendix C.

Housing Services Landlord Task Group Consultation

11.4 The Housing Services Landlord task group was consulted as part of the initial consultation process to assist in the formulation of a draft strategy in January 2012. The task group also reviewed the draft tenancy strategy prior to its release for public consultation in April 2012.

Draft Tenancy Strategy Consultation

11.5 A 6 week public consultation on a draft tenancy strategy is due to conclude in 2 days on the 22nd June 2011. Consultees included all registered providers of social housing within the Borough as required by the Localism Act. Feedback from this consultation to date has been used to produce the final tenancy strategy. A verbal update of any findings will be presented to members at committee.

11.6 Recommendation 2.2 of this report has been included to allow for minor modifications of the strategy to reflect any further responses that may be received in the final two days of the consultation. Should any further consultation

responses result in a need to make any major modification to the strategy it will be brought back to the committee for their approval.

12.0 **WARDS AFFECTED**

12.1 All wards are affected

Contact Officers: H Rai - Head of Communities & Neighbourhoods
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Date: 7th June 2012

Appendices: Appendix A – Tenancy Strategy
Appendix B – Consultation summary
Appendix C – Data Analysis
Appendix D – Equalities Impact Assessment
Appendix E – Equalities Analysis

Background Papers: [The regulatory framework for social housing in England from April 2012](#)
[Local Decisions: a fairer future for social housing.](#)

Reference: Council, C'tees & Sub-C'tees/CSA/2012-13/Tenancy Strategy