

Subject:	Tenancy Strategy 2013		
Date of Meeting:	6 March 2013		
Report of:	Strategic Director of Place: Geoff Raw		
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Ward(s) affected:	All		

FOR GENERAL RELEASE

1. SUMMARY AND POLICY CONTEXT:

- 1.1 The Localism Act 2011 makes it a statutory duty for each local authority to produce and publish a strategic Tenancy Strategy that will guide providers of social housing in development of their Tenancy Policies.
- 1.2 Our Strategy covers two key policy areas:
 - Policy 1: Tenure – our expectations on the types of tenancies that social housing providers should be granting and how they should be managed
 - Policy 2: Affordable Rent – how we expect rents to be kept affordable by those developing new social housing
- 1.3 This report presents the Brighton & Hove Tenancy Strategy 2013 (Appendix 1) for approval.

2. RECOMMENDATIONS:

- 2.1 That Housing Committee approves the Tenancy Strategy 2013 (Appendix 1).
- 2.2 That Housing Committee delegates authority to the Directors and Heads of Service to take all steps necessary or incidental to the implementation and delivery of the Tenancy Strategy 2013.

3. RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS:

- 3.1 The Localism Act 2011 requires Councils to develop a Tenancy Strategy setting out a framework for providers of social housing (housing associations and councils) informing them of what local authority's expects them to give "regard to" when developing their own tenancy policies in the following areas:
 - The type of tenancies they will grant (fixed term or lifetime)
 - The circumstances under which they may grant one type of tenancy and not the other

- The length of fixed term tenancies and when they may either be extended or terminated
- 3.2 The Brighton & Hove Tenancy Strategy also considers Affordable Rents. To help fund the development of new affordable housing using less grant than previously the Government has introduced Affordable Rents where those homes developed with Government funding (and some existing homes when vacant) are let at a rent up to 80% of market rent. The extra rent enables the housing provider to borrow more money to pay for building the home. The Government has advised that Providers have flexibility on the type of tenancy to be offered for Affordable Rent, which includes the option to offer lifetime tenancies.
- 3.3 **Policy 1: Tenure** – our expectations on the types of tenancies that social housing providers should be granting and how they should be managed:
- 3.3.1 Under the Localism Act 2011, Local Authorities and Registered Providers now have the freedom to decide whether to give fixed (registered provider) or flexible (local authority) term tenancies or continue to give lifetime tenancies to new tenants. Fixed or flexible tenancies must be for a period of at least five years (or two years in exceptional circumstances).
- 3.3.2 Since the Council's housing stock is often concentrated in deprived areas we have a need to promote stable communities where residents can develop a stake in their neighbourhood to help these places thrive. In view of this we believe that as a general rule flexible tenancies are not appropriate for the council's housing stock at this time and we believe we should continue to use lifetime tenancies.
- 3.3.3 As registered provider housing stock is more diverse and integrated within existing and more often less deprived communities we believe registered providers are best placed to decide whether fixed or lifetime tenancies are more appropriate for their housing stock in any particular area.
- 3.3.4 Through the policies of this strategy we have introduced a set of principles and safeguards to ensure that decisions on the types of tenancies granted are fair, transparent, communicated effectively and reflect the needs of the particular household.
- 3.3.5 It is important to state that there would be no change for existing tenants who will continue to enjoy lifetime tenancies.
- 3.4 **Policy 2: Affordable Rent** – how we expect rents to be kept affordable by those developing new social housing:
- 3.4.1 To help fund the development of new affordable housing using less grant than previously, the Government has introduced Affordable Rents where those homes developed with Government funding (and some existing homes when vacant) are let at a rent up to 80% of market rent. The extra rent enables the housing provider to borrow more money to pay for building the home which covers the shortfall from the reduced grant.

- 3.4.2 The decision on Affordable Rent tenancies is a matter between the developing landlord and the Homes & Communities Agency however we want to be involved in these discussions to make sure that these rents remain truly affordable.
- 3.4.3 Our modelling suggests that for homes with more than 1 bedroom, 80% of market rent would be above the Housing Benefit allowance. We expect Affordable Rents in the city to be capped at the Local Housing Allowance limit to keep them affordable.

4. COMMUNITY ENGAGEMENT AND CONSULTATION

- 4.1 Legally the strategy must be produced in consultation with registered providers (housing associations) however as the strategy has a direct impact on those applying for social housing we also promote the consultation through the Homemove website to those on the Housing Register.
- 4.2 The responses highlighted a division of opinions between the Professionals and Residents. Providers generally supported the policies but Residents did not support Tenure Reform (and want to see lifetime tenancies used across all social housing) but were more in agreement with our proposed Affordable Rent policies.
- 4.3 Chapter 7 of the Strategy summarises the main findings of the consultation and what has been changed as a result of the feedback we received.

5. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 5.1 This strategy sets out the key policy framework for providers of social housing in the city for Tenure and Affordable Rent. There are no financial implications for the Housing Revenue Account from continuing with lifetime tenancies. The introduction of affordable rents for future new build developments would reduce the level of subsidy required to fund schemes. The financial implications of any affordable rents that the council introduces in order to make future new build developments viable will be reported to Housing Committee and Policy & Resources Committee as schemes are developed.

Finance Officer Consulted: Sue Chapman

Date: 21/02/13

Legal Implications:

- 5.2 Section 150 of the Localism Act 2011 imposes a duty on the City Council as a local housing authority, to prepare and publish by 15 January 2013 a tenancy strategy setting out the matters to which the registered providers in its area 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.

The draft strategy addresses the relevant issues. The council must also have regard to the tenancy strategy in exercising its housing management functions. The strategy is required to be kept under review.

Lawyer Consulted:

Liz Woodley

Date: 12/02/13

Equalities Implications:

- 5.3 The policies in our Tenancy Strategy have the potential to impact on all households in the city as anyone could find themselves in a crisis, such as through redundancy or illness that causes them to lose their home and require housing assistance through no fault of their own.
- 5.4 Our equality impact assessment has highlighted that the policies will have different impacts on different groups and where appropriate we have developed mitigation measures within those policies to ensure they provide an appropriate level of support.
- 5.5 **Policy 1: Tenure** - We believe that flexible/fixed term tenancies are not appropriate for certain groups such as those moving from institutional setting or treatment where lack of a lifetime tenancy could either prevent the move or cause a relapse. We also recognise that using fixed/flexible tenancies to allow homes to be freed up when no longer fully required, such as family sized homes or adapted/wheelchair housing places the existing household at a disadvantage compared to having a lifetime tenancy. However where a household is required to move an assessment will ensure that those with ongoing needs are able to stay in social housing, although in a different home.
- 5.6 **Policy 2: Affordable Rents** - Those choosing an affordable rent home will be doing so in the knowledge that the rents are higher than traditional social housing. As a safeguard against changes in life circumstances, we expect rents to not exceed the Local Housing Allowance rate to ensure that they remain affordable to those on benefits.
- 5.7 Monitoring of the impact of these policies will help us establish whether certain household types are being excluded or disadvantaged which could trigger a review of this strategy.

Sustainability Implications:

- 5.4 None directly arising from the report however, Policy 1: Tenure seeks to make best use of the social housing stock and Policy 2: Affordable Rents will support those seeking employment.

Crime & Disorder Implications:

- 5.5 None directly relating to this report however secure affordable housing is key to supporting households which in turn would result in reduced anti-social behaviour and crime.

Risk and Opportunity Management Implications:

- 5.6 A poorly thought out Tenancy Strategy risks undermining housing options for local people, the credit worthiness of Registered Providers and the viability of new affordable housing development. This strategy effectively mitigates these risks. In addition, as the policies within the Tenancy Strategy are consistent with

the Homes & Communities Affordable Housing Programme Framework 2011-2015 so can be used to help support funding bids for the provision of new affordable housing.

Public Health Implications:

5.7 None directly relating to this report however secure affordable housing is key to supporting households to maintain a healthy life and sustain their independence.

Corporate / Citywide Implications:

5.8 With high housing costs, low incomes and increasing homelessness pressures, the provision of well managed affordable housing is critical to help meet the needs of the city's residents to provide a stable home environment that promotes independence. The proposed policies support measures to increase in the supply of affordable housing and help us make best use of the housing stock.

5.9 Specific policy clauses have been included to ensure the vulnerable are supported by expecting lifetime tenancies to be granted to those with a Learning Disability who are moving to independence, those who have undergone treatment for a mental health condition where otherwise there would be a risk of a relapse and the elderly to reduce reliance on more institutional types of housing and support.

6. EVALUATION OF ANY ALTERNATIVE OPTION(S):

6.1 Policy 1: Tenure

Discounted Options	Comment	Our Approach
Recommend lifetime tenancies across both council and Registered Provider sectors	Registered Providers only have to have 'regard' to the Tenancy Strategy so we can not insist that lifetime tenancies are used. Some providers are already using fixed term tenancies. In addition, there are instances where a fixed/flexible term tenancy may be useful to make best use of the housing stock or support a household through a short term crisis.	This option is unenforceable. We recognise that Registered Providers have the ultimate decision about their stock however we have introduced a set of policy clauses within the Tenancy Strategy that seek to ensure tenancy decisions are fair, transparent and more focussed on the needs of the household.
Recommend fixed/flexible tenancies across both council and Registered Provider sectors	Earlier work with tenants during the development of the Localism Act highlighted that Council tenants wanted to keep	As we have control over the Council's housing stock and tenancies issued we are keeping lifetime tenancies in

	lifetime tenancies. In addition, the residents that responded to the consultation also wanted to see lifetime tenancies maintained.	council housing in accordance with residents' wishes.
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6.2 Policy 2: Affordable Rents

Discounted Options	Comment	Our approach
Object to Affordable Rent tenancies in Brighton & Hove	Affordable Rent tenancies are currently one of the primary conditions of funding for new affordable housing.	This option was discounted as it would severely reduce the amount of new affordable housing being built over the next few years. Instead, we have chosen to focus on making these homes truly affordable.
Not seek to cap Affordable Rents at the Local Housing Allowance limit	We have modelled that: <ul style="list-style-type: none"> • a 2-bed home at 80% market rent would require an income of more than £41,000 to be affordable • a 3-bed home at 80% market rent would require an income of more than £53,000 to be affordable to be affordable <p>2/3 of all households in the city have an income below £40,000.</p>	Without the cap, new social housing would be unaffordable to the majority of the city's households.

7. REASONS FOR REPORT RECOMMENDATIONS

- 7.1 The Localism Act 2011 makes it a statutory duty for each local authority to produce and publish a strategic Tenancy Strategy that will guide providers of social housing in development of their Tenancy Policies.

SUPPORTING DOCUMENTATION

Appendices:

1. Tenancy Strategy 2013
2. Frequently Asked Questions: Tenancy Strategy

Documents in Members' Rooms:

None

Background Documents:

None

