
INTRODUCTION OF A TENANCY STRATEGY AND TENANCY POLICY

SUMMARY REPORT

Purpose of the Report

1. The Localism Act 2011 requires all Local Authorities to publish a Tenancy Strategy, to provide the framework for the future delivery of new affordable homes and all Registered Providers including housing stock retention authorities like ourselves to have a tenancy policy which has regard to the overarching Tenancy Strategy. This report outlines the scope of the new requirements and the issues that need to be addressed.

Summary

2. The Tenancy Strategy will set out the broad objectives to be taken into consideration by social landlords regarding policies on the grant and reissue of tenancies. The Tenancy Strategy needs to be introduced within 12 months from the 15 January 2011, the date when relevant provision of the Localism Act (S.150) came into force. The aim is that publication of this policy will provide transparency, enabling local communities to understand clearly how social landlords are responding to local housing needs and priorities. All Tees Valley Authorities aim to reach agreement on a Sub-Regional Tenancy Strategy by November 2012.
3. As Darlington has retained its housing stock it will also need to produce a Tenancy Policy specifically for its own stock. There is likely to be little difference between policies across the sub-region.

Recommendation

4. It is recommended that :-
 - (a) A Tenancy Strategy jointly developed across the 5 Tees Valley Local Authorities should form the core for a Darlington Tenancy Strategy and Tenancy Policy.

**Murray Rose
Director of People**

Background Papers

Localism Act 2011
A fairer future for social housing CLG Consultation Document

Ken Davies: Extension 2304

S17 Crime and Disorder	This report has no direct implications for Crime and Disorder
Health and Well Being	Implications for access to suitable housing
Carbon Impact	There are no carbon impact implications in this report
Diversity	The impact will fall on anyone registering for social housing, is a tenant of a Registered Provider or a Private Landlord who has a re-housing agreement with the Council
Wards Affected	Wards with social or private rented housing
Groups Affected	Social Housing tenants, tenants of Registered Providers and tenants of Private sector landlords who have housing agreements with the council. People on waiting lists
Budget and Policy Framework	The issues contained within this report do not represent change to Council budget or the Council's policy framework.
Key Decision	At this stage this is not a key decision
Urgent Decision	This does not represent an urgent decision.
One Darlington: Perfectly Placed	This strategy has implications for sustainable communities
Efficiency	Will ensure the effective use of Social and Private rented housing

MAIN REPORT

Information and Analysis

Background

5. The Localism Act places a duty on all Local Authorities to produce a Tenancy Strategy. The purpose of this policy is to set out the broad objectives to be taken into consideration by affordable housing providers when formulating the policies that will govern how they will implement a range of new flexibilities that the Government has granted to them through a series of reforms to social housing policy and legislation.
6. Government housing reforms have given affordable housing providers greater freedoms that will allow them to:
 - (a) Provide new tenants with a fixed-term tenancy if it is felt to be more appropriate than the offer of a lifetime tenancy. The minimum length of fixed-term tenancy that affordable housing providers will be able to offer to new tenants is two years. Providers will still have the option to grant lifetime tenancies
 - (b) Determine the length of the fixed-term offered to each tenant on an individual basis.
 - (c) Develop their own policy setting out the criteria to be used to determine whether or not to reissue a new tenancy at the end of a fixed-term.

- (d) Build new homes and re-let existing homes under the new 'affordable rent' tenure, which enables housing providers to charge higher rent levels for accommodation than is presently charged for social rented accommodation.
7. The Government has made it clear that it wants local authorities to have a degree of strategic influence over how affordable housing providers implement these reforms. Housing providers will be expected to give 'due regard' to the objectives and principles set out in local authority Tenancy Strategy when formulating the policies that will govern how they will implement and utilise these new flexibilities.

What Should be Included Within the Policy?

8. The strategy must make clear:
- (a) The kinds of tenancies to be granted
 - (b) The circumstances in which a particular kind of tenancy will be granted.
 - (c) Where tenancies are to be granted for a certain term, the length of the term and the circumstances under which a new tenancy shall be granted.
 - (d) The strategy must have regard to the Local Authorities Homelessness Strategy and its Allocations Scheme.
9. The Government is making a number of reforms, some of which have national implications such as Right to Buy and Welfare reform. However there are a large number of significant reforms where implementation will be subject to a degree of local discretion. These include:
- (a) Introducing fixed term tenancies for social housing.
 - (b) Using 'affordable rents' to deliver new housing supply with reduced public subsidy.
 - (c) 'Affordable' rents are set at higher levels than social rents, at up to 80% of market rent.
 - (d) Giving local authorities greater control of their housing registers or waiting lists.
 - (e) Enabling authorities to discharge their homelessness duty through an offer of accommodation in the private rented sector.
10. It is these housing reforms with which the Tenancy Strategy is principally concerned and our strategic approach to their use is outlined below:

The Kinds of Tenancy to Grant

11. Registered Providers (including Councils and Housing Associations) will be able to let to housing register applicants on fixed term tenancies. The purpose of this reform is to enable better targeting of the social housing stock to those in most need. It is expected that by giving shorter tenancies to those that are able to move on and access other housing options, stock will be freed up and made available to households in greater need.

Circumstances for Granting Different Tenancy Terms

12. There is a need to agree what tenancies we will use and under which circumstances. We may offer tenancies of 5 years or more, lifetime tenancies and introductory tenancies and the exceptional circumstance where tenancies of between 2 and 5 years may be offered. We will also be required to state where we would or would not offer a subsequent tenancy after the first expires and how we would deal with tenancy reviews. There is an expectation that we would provide support and advice such as:

- (a) Tenancy sustainment support
 - (b) Unnecessary eviction prevention
 - (c) Advice on succession rights
 - (d) Help people whose tenancies are coming to an end find somewhere to live
 - (e) Explain complaints and appeals processes
13. Conversion to the New Affordable Rent Model and Affordability. A proportion of new-builds and relets can be designated 'affordable rent' properties with rents charged at up to 80% of a market rent. The intention is that the additional funding can be used to support new build investment in a time where Homes and Communities Agency (HCA) subsidy has fallen dramatically. The Affordable Rent was introduced by the Government in April 2011 and is generally higher than the social rents currently charged but tenants are eligible for housing benefit.

Homelessness

14. Previously, we were able to offer homeless people accommodation in the private rented sector, but they are under no obligation to accept it. The Government is now allowing Local Authorities to house homeless households in the private rented sector, without needing households' consent to do so.

Allocations

15. Whereas previously almost anyone could apply for social housing, local authorities will now have the freedom to set their own eligibility criteria to join the lists, according to local needs and priorities. This measure, as with tenure reform, is primarily intended to allow housing to be targeted at those in most need. Households able to access other tenures, such as private rented, will be expected to pursue those options instead, rather than joining the social housing register. Under the previous allocation legislation, local authorities had to operate "open" waiting lists for social housing, meaning that anyone was entitled to apply for social housing, subject to some exceptions. The Government is allowing local authorities to set their own rules for allocations and to determine who is eligible to join the register based on the needs of their areas.

Monitoring and Reviewing

16. There will be a need to be a regular review of the strategy to ensure that it continues to reflect the needs of Darlington. The Government have not specified the frequency of reviews and therefore this will be a local decision but in view of the degree of change in housing at present then an initial review within the first twelve months of implementation would be prudent. Monitoring the impact of the strategy and the need for change will be via a number of sources including:
- (a) Continued research and data collections
 - (b) Emerging housing needs issues
 - (c) Changes in the wider housing market including rents
 - (d) The impact of Welfare reform

Action being taken

17. The 5 Local Authorities in the Tees Valley have formed a group to consider these changes and ultimately to develop a common Tees Valley Tenancy Strategy. Implementation of the strategy requires consultation with neighbouring Local Authorities and Registered Providers and therefore taking a collaborative approach is much more efficient. There is also already a high degree of similarity between the Authorities in their approach to addressing the new flexibilities provided within the Localism Act.
18. Although the Tees Valley Tenancy Strategy will form the base for the Darlington Tenancy Strategy there may be some variations in order to address specific issues and there may also be further variations in the Tenancy Policy that is specific to the Council's own stock.

Key Issues

19. The following are likely to form the key issues to be included in the Tenancy Strategy:
 - (f) There is a clear preference across the Tees Valley to continue to offer lifetime tenancies as well as where appropriate the use of probationary or introductory tenancies. Although fixed term tenancies may be used under particular circumstances this will be exceptional.
 - (g) Generally fixed term tenancies would only apply where people were moving into "move on" accommodation, temporary or some forms of specialist accommodation. There is a concern about the potential of frequent moves for families with children and the need to maintain stable communities.
 - (h) The Government has determined that 5 years should be the normal period of a fixed term tenancy. In exceptional circumstances a minimum of 2 years can be offered. As an example this may be helpful in the later stages of regeneration programmes where there is a risk of properties remaining empty for considerable periods or "move on" accommodation.
 - (i) Renewals of fixed term tenancies will depend on the purpose of the tenancy but if it were a 5 year fixed term then generally it is anticipated that a secure tenancy would be offered.
 - (j) For Registered Providers to continue to develop under the new financial arrangement for funding development it is necessary to convert some tenancies from Social to Affordable rents. It will be important to ensure that these rents are affordable for Darlington. However, there is no strong case to convert more social tenancies than those agreed with the Homes and Communities as part of the Affordable Homes programme. Registered Providers who are not developing or developing without HCA resources can continue to offer assured lifetime tenancies.

Conclusions

20. The Tenancy Strategy is considered to be a significant development in terms of engaging local communities and tenants in the management of social housing. It also introduces a level of flexibility that is intended to help meet local housing needs.
 - (a) The policy will clearly set out what local authorities expect of Registered Providers in their area to do to make the best use of social housing stock to meet local needs.
 - (b) The Tenancy Strategy is being developed jointly within Tees Valley and will form the core of the Darlington Strategic Tenancy Policy.
 - (c) There will be some differences between the overarching Darlington Tenancy Strategy and the Darlington Tenancy Policy due to the different requirements placed on authorities that have retained their stock.