
INTRODUCING FLEXIBLE TENANCIES FOR SINGLE PEOPLE UNDER 35

SUMMARY REPORT

Purpose of the Report

1. To consider introducing two years flexible tenancies for single people under 35 years as a result of changes being introduced as part of the Government's welfare reforms.

Summary

2. The Government are introducing a Local Housing Allowance (LHA) cap on housing benefit from April 2019 for tenants in social housing. Anyone who becomes a tenant after April 2016 and is in receipt of Housing Benefit (HB) in April 2019 will have their benefit capped to LHA levels. Everyone who is in receipt of Universal Credit (UC) will also be affected by the cap, regardless of when they became a tenant.
3. This change will particularly affect single people under 35, as they will have their benefit capped at the LHA shared room rate. In Darlington, this is currently £59.20 per week, which is approximately £16 to £18 per week below current rents for one bed properties.
4. The introduction of the LHA cap represents a clear risk to the tenant's ability to maintain a tenancy and afford the rent. Consequently, housing providers are now taking action to mitigate this. Some providers will not allocate properties to single people who are not working, whilst other providers are offering two year flexible tenancies which provide an opportunity to monitor a tenant's ability to maintain their tenancy. This recognises that even if applicants are working when they take up a tenancy the position could change.
5. The Housing and Planning Act 2016 obliges Council's to let all new tenancies as flexible tenancies with limited exemptions and this is expected to be implemented in the Autumn 2017. In advance of this, it is proposed that two year flexible tenancies are introduced for single people under 35. This can be done through the existing powers in the Localism Act 2011. This proposal reflects the way that the LHA is being implemented, and the accumulating number of fewer than 35's who will be affected by April 2019.
6. The introduction of two year flexible tenancies for this group allows a more frequent review of tenant's circumstances, particularly their financial position, allowing for

constructive discussions with the tenant about any risks or changes.

Recommendation

- (a) It is recommended that the contents of the report are noted and comments made on the proposal to introduce two year flexible tenancies (fixed tenancies) for single people under the age of 35 from 1 June 2017.

Paul Wildsmith
Director of Neighbourhood Services & Resources

Background Papers

Pauline Mitchell: Extension 5831

S17 Crime and Disorder	The contents of this report have been considered in the context of the requirements placed on the Council by Section 17 of the Crime and Disorder Act 1998, namely, the duty on the Council to exercise its functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent, crime and disorder in its area. It is not considered that the contents of this report have any such effect.
Health and Well Being	There are no issues relating to health and well-being which this report needs to address
Carbon Impact	There are no carbon impact implications in this report
Diversity	There are no diversity issues
Wards Affected	Wards where the Council have one bed flats that single people might apply for
Groups Affected	Single people under the age of 35
Budget and Policy Framework	There is no particular impact
Key Decision	This is not a key decision
Urgent Decision	This is not an urgent decision
One Darlington: Perfectly Placed	The report has no particular implications for the Sustainable Community Strategy.
Efficiency	The change will reduce the risk of increasing rent arrears

MAIN REPORT

Information and Analysis

7. At the Spending Review and Autumn Statement in November 2015, the Government announced that LHA rates would apply to tenants in social housing, bringing them into line with private sector tenants. The current LHA rates that are frozen until 2020, apply in Darlington as follows:

Table 1: LHA Rate for Darlington

LHA rate	Weekly amount	Monthly amount
	£	£
Shared room rate	59.28	257.59
One room rate	75.00	325.89
Two room rate	90.90	394.98
Three room rate	107.11	465.42
Four room rate	149.17	648.18

8. Taking account of current Council rents, the main impact will be on single people and in particular people who are single and under 35. The shared room rate applies to anyone in shared accommodation, and anyone under 35, even if they live in self-contained accommodation. Their HB/UC housing costs payment will be capped at £59.20, which is significantly below Council rents. Council rents for one bedroom flats vary, but the shortfall will be £16 to £18 per week, on average and for a small number, the shortfall will be between £20 and £30 per week. For single people aged 35 or over, the LHA is £75 per week. This will mean some tenants will have a shortfall but this will only be £3 to £5 per week on average.
9. The change will affect anyone who takes up a tenancy after April 2016 and are in receipt of benefits at April 2019 when the cap will be implemented. Since making the original announcement, the Government have made a number of changes, moving the implementation date from April 2018 to 2019 and including everyone who is in receipt of UC regardless of when they took up their tenancy.
10. There are currently 193 single people on the waiting list for Council properties:

Table 2: Age: Waiting list

Age	Families	Non-families	Total
16/17	1	0	1
18-24	101	91	192
25-34	214	102	316
35-54	222	260	482
55-64	21	208	229
65+	11	405	416
Total	570	1066	1636

11. From April 2016 to September 2016, 147 properties were let to people under 35. Of these, 46 were single and 32 were in receipt of benefits. Using these figures to project the potential impact, suggests that accumulatively about 130 tenants could be affected by April 2019. However, there will also be an unknown number of people who will be in receipt of UC by April 2019 to take account of.
12. To address the risks that the LHA shared room rate introduces, housing providers are beginning to change their tenancy policies. Thirteen Group, who are the largest housing provider in the Tees Valley sub region and manage the former Council stock in Hartlepool, Middlesbrough and Stockton, has introduced two year flexible tenancies for single people age under 35. They did this so that they can review any risks from the LHA shared room rate with the tenant and agree a plan of action if necessary. This response is similar to other housing providers in the North East. A smaller number of providers have decided to only allocate properties to single people under 35 if they are already in employment.
13. The Localism Act 2011 introduced the discretionary use of flexible tenancies (fixed term). The aim was to help ensure that social housing best meets the needs of local people. It also allows for a review of the tenancy at least 6 months before the end of the tenancy. This enables both the tenant and the housing provider to consider if the tenancy should continue. Generally, tenancies are let for 5 years, but the act also allows for a minimum of two years.
14. The Council already uses flexible tenancies for some properties in high demand, such as four bedroom houses and rural properties but these are for five years. In the Housing and Planning Act 2016, the Government decided to make the use of flexible tenancies compulsory for all new lettings of Council properties with a few exemptions. The Government has delayed the introduction from April 2017 to the Autumn of 2017, to allow supporting guidance to be published. This will see a number of different length flexible tenancies being introduced, based on individual circumstances.
15. In view of the risks to income and to protect tenant's interests, it is now proposed that two year flexible tenancies are introduced for single people who will be under 35 at 1st April 2019. It is proposed that this change is introduced in advance of the wider implementation of flexible tenancies that is expected to follow in the Autumn.
16. The two year flexible tenancy will start after a one year Introductory Tenancy that all tenants new to social housing sign up to. As part of the sign up process, financial checks are undertaken and advice given on the implications of taking on a tenancy. People who are single and under 35 are being given information on the LHA shared room rate and the potential risks from April 2019.

Outcome of Consultation

17. The potential introduction of a two year flexible tenancy for single under 35's has been discussed with the Tenant's Customer Panel and they understand and agree with the proposed change.
18. An Equality Impact Assessment will be produced to support a Cabinet report.