

# Tameside MBC

## TENANCY STRATEGY 2013-2016

<b>Project name</b>	<b>Tameside Tenancy Strategy 2013-2015</b>		
<b>Document version number</b>	<b>V3.0</b>	<b>Document date</b>	<b>24-10-12</b>
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## 1.0 INTRODUCTION

- 1.1 The Localism Act 2011 places a new duty on local authorities to prepare and publish a Tenancy Strategy which sets out the objectives to be taken into consideration by individual registered housing providers as they make decisions about their own tenancy policies.
- 1.2 This strategy is Tameside Council's response to that duty. It sets out how we would like registered providers with affordable housing stock in the district to respond to the relevant changes introduced by the Localism Act.
- 1.3 Registered providers are now required to publish their own clear and accessible policies on tenancies. It is important to note that registered providers must '**have regard to**' our tenancy strategy in developing their own tenancy policies.
- 1.4 In addition, many registered providers will have already signed contracts with the Homes and Communities Agency (HCA) over the development of the new affordable rent product for the delivery of affordable housing until 2015, which means they will already have tenancy plans in place. However, we ask that registered providers with stock in Tameside review their own tenancy policies after the publication of this strategy to ensure that, wherever possible, their policies work to complement our strategy.
- 1.5 It is also recognized that registered providers, work across a range of geographical boundaries. Therefore, the Association of Greater Manchester Authorities (AGMA) has produced a framework of principals to guide registered providers on the form of tenancy that AGMA authorities would prefer them to use, as they begin to develop their own tenancy policies (**see appendix 1**).
- 1.6 The role of scrutinizing landlord services and intervening when consumer standards are not met now falls to tenants panels, MP's and Councillors. The HCA as regulator will have a much more limited role acting only when it considers there is a risk of serious detriment to tenants. Landlord tenancy policies, informed by local authority Tenancy Strategies, will be an important means for local residents to hold their landlords to account.

## 2.0 SCOPE OF THE TAMESIDE TENANCY STRATEGY

- 2.1 This document fulfills our duty to publish a strategy that set outs the matters that registered providers of affordable housing in the district must have regard to when they develop policies relating to:
  - The introduction of the new 'affordable rent' product
  - The use of fixed term tenancies
  - Changes to the way we use the private rented sector to house homeless people
  - Developing a "single Point of Access" to short term supported housing schemes
- 2.2 Although baseline data on rents across the borough is considered, this strategy does not advise on rent setting. It does not consider tenancy management issues, except those relating to the termination of fixed term tenancies.
- 2.3 The strategy does not detail changes we will make to the lettings and assessment policy or the housing register, as this is currently under review. However, the Tenancy Strategy will provide the strategic direction for this policy.
- 2.4 The strategy will not be able to make changes to national policy with regard to welfare reform; the council must comply with the changes set out by government.

- 2.5 The Government has also introduced changes to the types of tenancy that providers of affordable housing are able to offer new tenants including:
- The kinds of tenancies they grant
  - The circumstances in which they will grant a tenancy of a particular kind
  - Where they grant tenancies for set terms, the length that those terms will be
  - The circumstances in which they will grant a further tenancy on the ending of the existing tenancy

### 3.0 AFFORDABLE RENTS

- 3.1 The 2010 Comprehensive Spending Review introduced the concept of Affordable Rent as an alternative to social rent, to help fund new development.
- 3.2 All registered providers who have entered into development contracts with the Homes and Communities Agency (HCA) will be able to charge Affordable Rents, which can be set at up to 80% of market rents on new homes for new tenants at the point of letting.
- 3.4 Providers with these contracts in place are also able to introduce Affordable Rents on a proportion of their re-lets. All new homes that receive HCA grant will be let in this way.
- 3.4 In new affordable housing developments that do not receive HCA grant, providers do not have to develop Affordable Rent homes and can continue to build traditional social housing. Significantly, tenants in properties let at Affordable Rents will be eligible for Housing Benefit, which is currently uncapped in the social housing sector
- 4.4 **What this means in Tameside**
- 4.5 Before the introduction of Affordable Rents, all rented properties in the affordable housing sector were let at social rents, which are lower than market rent. The table below highlights the difference between the average social rents, market rents and 80% of market rents, as at February 2012:

Property Type	Market Rent	80% of Market Rent	RP Social Rent - average across stock (inc service charges)	Difference (+/-) between average RP Social Rent and 80% of Market Rent
1 Bed	£86.54 per week	£69.23	£77.66	-£8.43
2 Bed Flat	£103.85 per week	£83.08	£83.66	-£0.58
2 Bed House	£103.85	£83.08	£85.43	-£2.35
3 Bed House	£125.00	£100.00	£92.60	+£7.40
4 Bed House	£150.00 per week	£120.00	£96.73	+£23.27

- 4.7 This shows the significant difference between existing social rents and the level of rent that tenants will be paying at 80% of market rents, particularly in larger properties
- 4.8 Tameside Council accepts the need for providers to set targets for converting a percentage of existing stock in to affordable rent accommodation.
- 4.9 The council expects that affordable rent conversions to be affordable and therefore expects providers to monitor affordability.

4.10 Where an Affordable Rent Tenancy is offered, it is expected that registered providers, when offering the property, will be clear about the rent terms offered and ensure prospective tenants are aware of the terms.

4.12 The council expects providers to assess affordability of their affordable rent accommodation for interested prospective tenants.

4.13 Housing providers must produce a system describing rent charges to advise on the affordability for a tenant before they sign up of a property.

## **5.0 FIXED TERM TENANCIES**

5.1 The Localism Act 2011 enables registered providers to let affordable housing on fixed term assured tenancies to new tenants, as opposed to the assured (“lifetime”) tenancies they currently use.

5.2 The fixed terms used should be set at a minimum of 5 years in all but exceptional cases, when two years (in addition to any probationary tenancy period) may be considered.

5.3 The reason for this change in national policy is to encourage people living in affordable housing to move on when their circumstances improve to the extent that they can afford another tenure option, so freeing up the affordable housing for a 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 (either at a social rent or Affordable Rent) subject to landlord agreement and previous good conduct of tenancy
- To move into the private rented sector
- To move into home ownership, either via a low-cost home ownership route or otherwise.

5.4 When a registered provider decides not to reissue a tenancy at the end of the agreed term, the provider must give notice of this decision 6 months before the end of the tenancy and must provide advice and assistance for tenants to help them find suitable alternative accommodation.

5.5 It is important to note that there is no obligation for registered providers to use this type of tenancy.

### **5.6 What this means for Tameside**

5.7 As a council, we are committed to meeting the housing needs of residents and work hard to prevent homelessness. We welcome opportunities to ensure that the housing stock in Tameside is put to the best possible use, as illustrated in our Housing Strategy.

5.8 However, we must also be aware of issues relating to the sustainability of communities and neighbourhoods. It is important that we do all we can to ensure that the introduction of fixed term tenancies in affordable housing does not undermine the concept of a sustainable community, by encouraging too much transience in local populations.

5.9 We must also be aware of the potential for people to become caught in a ‘benefits trap’ if the security of their tenancies is linked to them not improving their own circumstances. Further, it is important to take into account the needs of particular groups in specialist housing – for example older people, or those receiving support linked to their

accommodation – as to achieve the best outcomes for these groups it may be unsuitable to use fixed term tenancies.

5.10 For these reasons, it is with caution that we acknowledge the introduction of these tenancies and we encourage providers to be cautious in their use of them.

#### 5.11 What we will expect Registered Providers to consider

- What are the tenure needs of individual households waiting for social housing
- What is the likelihood that households being offered social housing today will be able to access or afford other tenures in the future?
- What impact will a predominance of fixed term tenancies have in particular neighbourhoods and particular communities
- What are the main priorities for the local area and how might the registered provider's tenancy policy support or undermine them?
- We expect providers to use 5 years as the minimum term for all fixed term tenancies.
- We expect providers of specialist older people's housing to use lifetime tenancies for this group in those specialist homes.
- We expect those receiving long-term support that is related to their housing to receive lifetime tenancies, or longer fixed terms, depending on their needs.
- We expect registered providers to carry out an assessment of the housing options for any potential tenant who would require a major adaptation to ensure the sustainability of the tenancy granted and the best outcomes for the tenants.
- We expect 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 one bedrooms or more. In cases of under occupation, the tenant should be offered a smaller home with the same or alternative registered provider.
- Where a Landlord has committed to finding an alternative property we will expect providers to build in flexible timescales for re-locating
- We expect that tenants who have had a review of their tenancy will be given at least six 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.

## 6.0 NEW POWERS TO DISCHARGE THE HOMELESSNESS DUTY THROUGH THE PRIVATE RENTED SECTOR

6.1 The Localism Act has introduced a significant change to the way that local authorities can use the private rented sector to house those assessed as being statutorily homeless.

6.2 Local authorities are now able to discharge their duty to homeless households with an offer of suitable accommodation in the private rented sector, provided that the tenancy offered is for a minimum of 12 months. Before this, local authorities could only discharge the homelessness duty in the private rented sector with the agreement of the household. This agreement is no longer required.

6.3 In May 2012 CLG published consultation guidance<sup>1</sup> to local authorities to ensure that any private sector housing used to is suitable to end their homelessness duty.

6.4 The consultation proposes a "suitability order" which will set out the circumstances in which accommodation used for the purposes of a private rented sector offer to end the main homelessness duty is not to be regarded as suitable.

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<sup>1</sup> CLG (2012). Homelessness (Suitability of Accommodation) (England) Order 2012 - Consultation

6.5 It is proposed that these circumstances cover 5 broad areas:

- Physical condition of the property
- Health and safety matters (e.g. gas, electrical and fire safety)
- Licensing for houses in multiple occupation
- Landlord behaviour; and
- Elements of good management

#### 6.6 **What this means in Tameside**

6.7 In Tameside, we already work closely with landlords and letting agents in the private rented sector to secure accommodation for homeless people in the district.

6.8 This change in legislation presents us with greater opportunities to do so and we welcome this option. However, we will need to be careful in discharging our duty in this way to ensure that we only use suitable accommodation and that we do not encourage repeat homelessness by placing people in the private rented sector.

6.9 This concern stems from the fact that 59 people who presented as homeless in 2011/12 did so because of a private rented tenancy ending.

6.10 We also need to be aware of the changes that are proposed in the Welfare Reform Bill and the timescales in which each of those changes is likely to be made. This is to ensure that we do not place anybody who we owe the homelessness duty to in the private rented sector in a property that they will no longer be able to afford when changes are made to the Local Housing Allowance and other benefits.

#### 6.11 **How we will use the new powers**

- We will only use the private rented sector to discharge the homelessness duty when we have assessed the household as being suitable for private sector housing and where an appropriate property is available on a tenancy of 12 months or longer.
- We will closely monitor the effect of placing people into the private rented sector and whether the households present as homeless again after the 12-month tenancy. If this happens, we will review our approach.
- We will encourage landlords to offer tenancies of 12 months tenancies or longer by using a range of incentives – for example, advice and support, private sector leasing schemes provided by registered providers, deposit bonds and where appropriate rent in advance.
- We will monitor the impact of welfare benefit changes on the supply of private rented housing as well as on those presenting as homeless due to receiving a notice of seeking possession

#### 7.0 **ACCESSING SUPPORTED HOUSING – THE SINGLE POINT OF ACCESS**

7.1 The Council needs to ensure that supported housing for homeless people is managed effectively and efficiently, and that services are available to those most in housing need.

7.2 The Council and Tameside Housing Advice (THA) has a long history of positive working with supported housing providers and floating support services, including making referrals, accessing move on and nominations and facilitation of a multi agency approach to ensure case resolution.

- 7.3 The role is currently divided between administering the Housing Register for social housing, including adapted housing and providing advocacy for customers needing to move on from statutory homelessness accommodation. This regularly includes customers needing to access supported accommodation across Tameside.
- 7.4 The single point of access and assessment that will accept all referrals, offer a single assessment of need, eligibility and priority. The location within Tameside Housing Advice Centre will maximise the effective use of other parts of the homeless system such as the statutory homeless provision and use of bed and breakfast accommodation.
- 7.5 Service providers will have the final say on accepting allocations but they will need to justify their decisions. This creates a more efficient access route to services, compared to the current provision where referring agencies need to make multiple referrals to individual services and each individual service manages its own access. It also streamlines the assessment process as the provider will not need to complete another full assessment, unlike the current system where service users may experience multiple assessments.

## **7.6 What this means for Tameside**

7.7 Tameside Housing Advice will offer a variety of services on behalf of the Council including access to:

- A single point of access for supported housing
- comprehensive housing options advice
- Nominations to Registered Providers from the Council's Housing Register
- Support to access private rented sector via Bond Schemes and links to Social Lettings Agency being developed by New Charter

## **8.0 IMPLEMENTING THE TENANCY STRATEGY**

- 8.1 Monitoring the Tenancy Strategy will be undertaken by the Council's Housing Services section.
- 8.2 The Localism Act requires Local Authorities to keep its Tenancy Strategy under review, and that it may be modified or replaced from time to time.
- 8.3 It is anticipated that the biggest risks in the short term will be around the use of the private rented sector to discharge the homelessness duty.
- 8.4 Any monitoring of the Tenancy Strategy will be undertaken as part of the existing quarterly Tameside Housing Advice Contract Monitoring arrangements

## **9.0 CONTACT US**

- 9.1 If you would like further information on this Tenancy Strategy, please contact John Hughes: Principal Housing Strategy Officer on 0161 342 2741.

### **Greater Manchester Principles for Tenancy Strategy**

#### **Background**

The Principles of the Greater Manchester Tenancy Strategy arise from the need to prepare for the statutory duty that will arise following the enactment of the Localism Act. The context for a Greater Manchester Tenancy Strategy arises from the reference to the Greater Manchester Strategy, GM Housing Strategy and the GM Local Investment Plan – brief extracts from which are given below:

The Greater Manchester Strategy (2009) – Includes a strategic priority for “creating quality places to meet the needs of a competitive city region.”

Within the city region, there is need to focus on improving the match between the housing ‘offer’ and the aspirations of existing and potential new households and ensuring our housing policy is linked to improving life chances in deprived communities, attracting and retaining the best talent and moving towards a low-carbon economy. The challenge will be to meet these new demands in ways which provide affordable housing options and help to create and maintain missed vibrant communities where people want to live.

We need to use our leverage and partnership networks to create a climate where investment will be attracted to help transform the quality and nature of places in the city region, and those places help us to attract and retain the workforce our growing economy needs.

In the city region as a whole, we need to enhance the mix available to expand the choice and quality of homes, by investing in both existing and new homes. All new housing needs to enhance the quality of the housing offer, to create a better mix of house types, sizes and tenures in line with people’s aspirations, and to reduce carbon emissions and fuel poverty. Need to:

- Put in place the conditions to support and accelerate delivery of housing growth
- Focused intervention in the most deprived areas

Diversifying the housing mix through physical investment will be part of the solution, as will developing and piloting tailored local lettings policies for predominantly social rented areas.

#### **GM Housing Strategy (2010) – Our key ambitions are to:**

- Work in an integrated way to improve the life chances of people living in the most deprived areas on issues such as worklessness, improving education and training and improvement to health.
- Adopt a sustained approach to continuing existing commitments to addressing housing in the most deprived areas through the Housing Market Renewal Pathfinders and other programmes.
- Use flexible approaches in areas where regeneration can have the greatest impact, with a focus on communities isolated from economic opportunities and inequality, including disadvantaged black and minority ethnic communities.
- Diversify deprived neighbourhoods to generate communities with a greater mix of tenure and income levels.
- Improve housing management within estates and communities, and the continued availability of appropriate and affordable housing related support services for vulnerable residents.



## **GM Local Investment Plan 2 (2011)**

The GM Local Investment Plan 2 (2011) states that the GM Authorities must ensure that we maximise both the investment we can generate and the impact it makes in delivering the change our residents and communities need.

In short, the key objectives of this plan are to:

- Support economic and employment growth
- Deliver housing growth to support a growing economy
- Create places people want to live
- Provide better life chances for our residents
- Make the best use of assets and achieve more for less

Through this Local Investment Plan, we will support these strategies through selective investment in complimentary housing and regeneration measures, including piloting measures to reward those in work or making an active contribution to their community through the allocation of high quality social housing, and investing in new development which will help to break down the mono-tenure nature of some communities, which often helps to maintain a culture of low aspiration and worklessness. Crucially, to achieve lasting change, we also need to break the cycle where those successful in gaining and maintaining employment leave, to be replaced by that not in work. To stop this driving ever greater polarisation, we must make these more attractive places to stay for those who are able to choose to move elsewhere. Housing investment alone will not achieve that, but it can play an important part. Accordingly, AGMA will develop and agree with HCA assessment criteria to guide funding decisions based upon the objectives stated above.

## **Tenancy Strategies and conversion to Affordable Rent**

AGMA will in principle support providers using the flexibility to convert existing stock to Affordable Rent to help deliver investment in further new development. In doing so, providers should have regard to the overall balance of housing provision in neighbourhoods, including any impacts on vulnerable groups. AGMA will want to review the implications of proposed conversion rates and any spatial patterns in conversions in advising HCA on our view of provider offers.

## **Tenancy Strategy Vis Rent Strategy**

It is important to differentiate Rent Policy from Tenancy Policy (permission to charge affordable rent is given by HCA via Investment Programme Contracts and is not predicated upon specific tenancy types). An RP taking part in the Investment Programme will have a choice of offering (with or without a probationary agreement):

- Full assured social rented tenancy
- Full assured affordable rented tenancy
- Fixed term social rented tenancy
- Fixed term affordable rented tenancy

## **Draft Principles to create a Greater Manchester Tenancy Strategy Framework**

In light of the pending Localism Act, due late 2011, all Greater Manchester Authorities have agreed to define a number of key principles to create a framework for development of their own individual strategies. In developing their policies GM authorities will take account of the priorities set out in the Greater Manchester Strategy and supporting strategies will balance the imperative of supporting new development whilst also seeking to maintain sustainable communities.

All Greater Manchester Authorities have agreed to develop an initial Tenancy Strategy lasting for three years. The purpose of the Tenancy Strategy is that RPs are required to take due regard of the Tenancy Strategies of the Local Authorities in whose areas they operate in relation to their drafting of their own Tenancy Policies. The document will create a Framework whilst developing their strategy with the requirements of the Localism Act. The Framework will apply to stock owned by Councils (including stock managed by ALMOs) and the stock of other Registered Providers who (per the Localism Bill) have a duty to consider the policy of Local Authority.

This Framework also needs to be placed into its policy context, namely that welfare reforms, the Localism Bill, changes to TSA regulatory guidance all suggest that landlords should be thinking about a variety of new methods and tools to be proactive about their housing management. For example, under occupied family accommodation will not be freed up by the use of fixed term tenancies – but by competent targeting, empathetic customer contact and imaginative use of powers in tenancy agreements and lettings schemes.

The Greater Manchester Tenancy Strategy Framework will be based upon the following:

- This Framework provides guidance to Registered Providers on the form of tenancy that the Local Authority would prefer the Registered Provider to use – it differentiates between guidance in relation to rent levels or the use of affordable rents by those RPs with an investment contract with the HCA and the choices of tenancy type available to the RP
- There is an over-arching principle that the Greater Manchester Local Authorities wish to maintain and where necessary create successful places – the application of policy in relation to security of tenure must support this principle
- There is a presumption in favour of the use of lifetime tenancies, strongly so in relation to family accommodation
- However ... there is also a recognition that Local Authorities and Registered Providers must develop local strategies that must take into account the following: covenant requirements of lenders in relation to new development; asset management considerations; locality/ neighbourhood management requirements; appropriate strategies to release adapted and under-occupied accommodation, all of which may in some cases lead to the use of fixed term tenancies
- In the limited circumstances that Fixed Term Tenancies may be used in accordance with this Framework the Greater Manchester Local Authorities will be guided in the process approaching the review of a Fixed Term Tenancy prior to its expiration as follows:
  - A requirement that there is a competent housing options and housing advice service made available to the tenant several months prior to the end of the tenancy,
  - The Initial and specific local circumstances that led to the decision to create a fixed term tenancy and if they remain valid,
  - The published criteria of the RP outlining in what circumstances it will renew or conclude a fixed term tenancy.