



## Tenancy Strategy

Adopted December 2012

# MHDC Tenancy Strategy

## Introduction

Malvern Hills District Council (MHDC) is required by the Localism Act 2011 to publish a Tenancy Strategy by 14 January 2013.

This Tenancy Strategy was approved by the full Council on the 10 December 2012.

## Policy statements

### POLICY 1

- **The Worcestershire Tenancy Strategy Framework and Principles will form the basis for MHDC's Tenancy Strategy.**

This consultation document should be read in conjunction with the Worcestershire Tenancy Strategy Framework and Principles which was developed in conjunction with the other Worcestershire housing authorities:

<http://www.malvernhills.gov.uk/cms/housing/policies-and-publications.aspx>

### POLICY 2

**In formulating or reviewing its Tenancy Strategy, MHDC will have regard to:**

- **the Council's current allocation scheme under s166A of the Housing Act 1996**

The Council will consult RPs in due course on its approach to implementing the government's recently issued Code of Guidance on the allocation of social housing. Following consultation MHDC will publish a revised statutory allocations scheme.

- **the Council's current homelessness strategy under s1 of the Homelessness Act 2002**

This is the Worcestershire Homelessness Strategy, which is can be found on our website:

[http://www.malvernhills.gov.uk/cms/docs/Worcestershire County Homeless Strategy final version1\\_3 .doc](http://www.malvernhills.gov.uk/cms/docs/Worcestershire%20County%20Homeless%20Strategy%20final%20version1_3.doc)

- **the Council's current housing strategy under s87 of the Local Government Act 2003**

The Worcestershire Housing Strategy 2011-16:

<http://www.malvernhills.gov.uk/cms/housing/policies-and-publications.aspx>

**MHDC expects RPs, when formulating or reviewing their tenancy policies, to have regard to the Council policies detailed above, and to consider the impact of their Tenancy Policy on the availability of housing in the District.**

## MHDC Tenancy Strategy

### POLICY 3

- MHDC expects that, when setting or reviewing their Tenancy Policies, RPs will have regard to the Council's current published Tenancy Strategy in respect of the following matters:
  - **The kinds of tenancies that RPs grant**
  - **The circumstances in which different tenancies are to be granted**
  - **The length of fixed term tenancies**
  - **Criteria for reviewing tenancies at the end of the fixed term**
  - **Whether social rented stock is converted to affordable rent**
  - **How disposals of stock are managed**

What kind of tenancies?

### POLICY 4

- **MHDC supports the implementation of Flexible Tenancies in the circumstances described in the following policy statements: and seeks to ensure that RPs' Tenancy Policies provide clarity to tenants, and that the procedures used when offering or reviewing fixed term tenancies are consistent, transparent and fair.**

The government's new financing regime for affordable rent housing (let at up to 80% of market rents) has already been implemented. Given reduced government funding, the use of the affordable rent model to support the continuing provision of new housing is a necessary step, enabling RPs to raise more capital. MHDC does not wish to obstruct this process.

Developing housing associations and other private Registered Providers were required to include proposals for their implementation of affordable rents in their bids for funding under the 2011-15 programme of the Homes and Communities Agency (HCA). As a result, for some RPs operating within the District, implementation of fixed term tenancies for some new homes is already an accomplished fact.

The Worcestershire housing authorities held detailed discussions with partner RPs at the time when bids were being prepared, and the issues required to be addressed in RP's Tenancy Policies are reflected in the agreed Worcestershire Framework and Principles.

## MHDC Tenancy Strategy

In what circumstances?

### POLICY 5

- **MHDC supports the use of Flexible Tenancies for all lettings by RPs provided that**
  - The RP has had regard to MHDCs published strategy and policies; and
  - the RP secured HCA funding to provide new homes for affordable rent prior to April 2012; and
  - the RP has adopted a Tenancy Policy which adequately addresses MHDC's Policies 7, 8, and 9 below concerning the length of tenancies and criteria for review.

The Council accepts that there are circumstances where it is advantageous to all parties that a fixed term tenancy be granted; for example, to encourage the best use of family-sized accommodation. RPs are entitled to identify in their Tenancy Policy which characteristics of properties or tenants will normally result in the granting of a fixed-term tenancy, and the duration of that tenancy. This provides transparency in terms of lettings policy.

However, such policies need not prevent the RP from using its discretion to offer a lifetime tenancy in individual cases where this is deemed appropriate, based on an assessment of an individual's circumstances.

### POLICY 6

- **Older people and those requiring support should normally be offered a lifetime tenancy when they are allocated specialised accommodation which is suitable to their long-term needs. Where a fixed term tenancy is offered, its duration should be based on an assessment of the tenant's long-term needs.**

While security of tenure is preserved for all current tenants, new tenants will not have this benefit when accepting a fixed term tenancy. To ensure that they understand their rights, we expect RPs to provide information to all prospective tenants on the following:

- What tenure options are available and the eligibility criteria for each.
- Rent levels for each tenure and how rents are set (initially and on review).
- Frequency of rent reviews.
- Criteria for reviews at the end of a fixed-term or affordable rent tenancy.
- Information on rights of appeal and other housing options.

Before the tenancy sign-up takes place, prospective tenants should be advised of the term of tenancy to be offered; criteria used to decide the length of the tenancy; and in what circumstances the tenancy can be extended.

## MHDC Tenancy Strategy

### The length of fixed term tenancies

#### **POLICY 7**

- **All flexible tenancies should be issued for a minimum period of 5 years (in addition to the period of any preceding Starter Tenancy)**

A one-year Starter Tenancy (if necessary) provides an adequate safeguard prior to the issue of either a lifetime tenancy or a five-year flexible tenancy. The minimum period of two years permitted by statute is likely to create instability for both households and communities, and may result in additional housing management costs and negative social effects.

### Criteria for reviewing tenancies at the end of the fixed term

#### **POLICY 8**

- **Tenancies should never be ended on income-based criteria alone**

While income and savings will be a factor in considering whether to end a flexible tenancy, it should not be assumed that income at a certain level will result in a tenant becoming able to meet their needs in the private market. In cases where this is considered to be an achievable goal, the review process should provide sufficient time and adequate support to enable the tenant to find suitable alternative accommodation and to prepare for the financial consequences of the change in tenure.

#### **POLICY 9**

- **Reviews at the end of a fixed term tenancy should be linked to an active housing options approach**
- **Advice should regularly be offered to all tenants to help them plan for the future, identify their support needs, and assist them to access other housing options as their circumstances and aspirations change**

When conducting reviews there should be an emphasis on supporting the development of sustainable communities, and offering individual tenants positive and supported choices to improve their housing options. In order to prevent homelessness we expect RPs to conduct a tenancy review and initiate an active housing options approach no later than six months prior to the tenancy end date. Any decision to end a tenancy should provide reasons, and information on the tenant's rights of appeal.

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### When should social rented stock be converted to affordable rent?

Some partner RPs already have in place contracts with the HCA to fund new provision using affordable rents including plans to convert existing social rented properties to affordable rent in future. Therefore a key question to be addressed is to what extent, and how quickly, further social rented properties may be converted.

#### **POLICY 10**

- **MHDC seeks to maintain an appropriate balance between the new supply of housing and the number of conversions of social rented stock to affordable rent.**

It is vital that both the supply and the affordability of new subsidised homes are in line with identified needs. We will therefore seek to ensure that conversions do not exceed the total number of new homes delivered in the period covered by the current HCA programme (April 2011 to March 2015).

The recent SHMA report indicates that of the 158 new subsidised homes required each year, 127 should be for social rent. This calculation of annual need takes into account the turnover of existing social rent properties in previous years, which provides the bulk of the annual supply of new lettings. The annual requirement for new social rented homes can only increase with every relet which is converted to affordable rent.

#### **POLICY 11**

- **MHDC seeks to ensure that at least 50% of all subsidised rental stock within the district remains social rented in the long term: by protecting existing social rented homes and securing the delivery of new social rented homes by negotiation**

There is substantial evidence of a continuing need for new social rented homes, which people in housing need can afford. However, there are no social rent units in the HCA's 2011-15 programme for the District, and some partner RPs have already agreed plans with the HCA to convert existing social rent homes to affordable rent.

The recent SHMA report showed that 41% of households cannot afford to pay the average affordable rent for a 2 bedroom house; the figure rises to 51% for a 3 bedroom house. Anecdotal evidence suggests that applicants bidding for such properties through Home Choice Plus are not fully considering whether they can afford the rent in the long term – and this problem will be exacerbated by implementation of the Welfare Reform Act.

Accordingly, RPs are expected to moderate the overall rate of conversion of existing social rented properties to affordable rent in line with this policy; and should seek to agree with MHDC an annual programme of such conversions.

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### POLICY 12

- **MHDC seeks to protect the existing stock of social rented bungalows; these are already in short supply, and will be difficult or impossible to replace under the affordable rent regime**

There is little prospect of securing additional social rented homes in the future, except by negotiation through s106 agreements.

MHDC will vigorously pursue social rented provision by negotiation on private developments under the emerging affordable housing policy in the South Worcestershire Development Plan. However, viability considerations will make it particularly difficult to secure bungalows for social rent through negotiation.

### POLICY 13

- **MHDC is opposed to the conversion of social rented properties to affordable rent in the following circumstances:**

**a) High value rural locations**

In higher value areas, including many villages, 80% of market rent will be unaffordable to local people. For many, claiming benefits to make up the difference will not be an option. In formulating their annual programmes of conversions to affordable rent, RPs should consider affordability to people on average local incomes.

**b) Specialised housing**

Housing designed or adapted for people with special needs, including older people, should not be converted to affordable rent.

### How disposals of stock are managed

### POLICY 14

- **MHDC expects RPs to seek MHDC's approval for any disposals of stock; and that these should be justified in terms of the net benefit to local people in housing need. In most cases this will involve re-investing the proceeds of disposal in new homes for rent in the District.**

### Reviewing the tenancy Strategy

This Tenancy Strategy will be reviewed in January 2014.