

Draft Tenancy Strategy



This tenancy strategy identifies the Council's objectives which registered housing providers operating within Leicester should have regard to when developing their tenancy policies

DRAFT Leicester's Citywide Tenancy Strategy – November 2012

1. Introduction

The Localism Act 2011 requires all local authorities to prepare and publish a tenancy strategy setting out matters that should be taken into account by all registered housing providers¹.

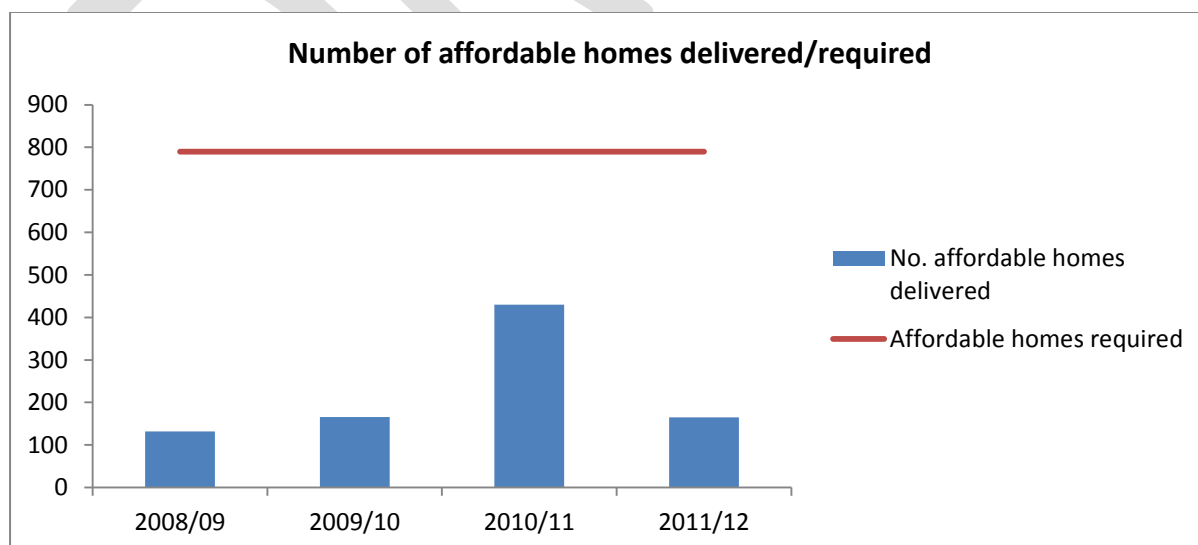
This tenancy strategy identifies the Council's objectives which registered providers operating within Leicester should have regard to when developing their tenancy policies (with detail as to how each landlord will use the new types of tenancies). This document also provides local guidance on the use of affordable rent tenancies.

Leicester's Tenancy Strategy relates to lettings of all social and affordable rented properties including adapted, sheltered and extra-care housing. It does not cover lettings to hostels, temporary accommodation or other forms of supported housing.

2. Local Context

There is a shortage of social rented housing in Leicester. At the 1st of October 2012, there were 9,700 households on the Housing Register (the register of those applying for social housing). Of these, more than half are families with children (52%).

There is also a substantial shortfall in the supply of affordable housing. The 2008 Strategic Housing Market Assessment suggested that Leicester needed 790 new affordable homes per year (up to 2015). Almost half (45%) of the 790 affordable housing need is for larger properties (3-bedroom or larger).



¹ Throughout this document where reference is made to registered providers it includes Leicester City Council.

This shortage of social rented housing and affordable homes impacts on levels of overcrowding and homelessness in the City. Leicester experiences significantly higher levels of overcrowding than is the case nationally. The 2001 Census found that 10.6% of all Leicester's households were overcrowded compared with 7.1 % nationally. There are 568 severely crowded households (almost all of these are families with children/expecting) on the Housing Register (4/05/12).

Homelessness is increasing; the number of households statutorily approved as homeless was 56 in 2010/11 compared with 94 in 2011/12 (a 68% increase). In addition to this Leicester City Council's Housing Options service prevented 1,598 households becoming homeless in 2011/12 compared with 1,370 in 2010/11 (an increase of 17%).

There is also more pressure on social housing. For example, since the introduction of right to buy in 1982 the amount of council housing has reduced from 37,000 to around 22,000 in 2012 and tenancy turnover has reduced.

There is a severe need for more affordable housing. To help meet the housing needs of as many households as we can we need to make the best possible use of our affordable housing stock and maximise opportunities to build new affordable housing.

3. Strategic Context

Tenancy Policies should be developed within the context of the Council's priorities:

- A strong and democratic Council
- A place to do business
- Our children and young people
- A low carbon city
- The built and natural environment
- A healthy and active city
- Getting about in Leicester
- People, leisure and culture

When developing tenancy policies, registered providers should also have regard to:

- Leicester's Homelessness Strategy
- Leicester & Leicestershire Local Investment Plan
- Affordable Housing Strategy
- Leicester City Council's Housing Allocations Policy

4. Guidance to Registered Providers on Tenancy Policy

The Homes & Community Agency (HCA) tenancy standards requires all registered providers to publish clear and accessible policies which outline their approach to tenancy management, including interventions to sustain tenancies and prevent unnecessary evictions, and tackling tenancy fraud.

When developing tenancy policies local providers should also consider the following guidance.

4.1 Affordable Rent

4.1.1 Background

Affordable rent was introduced by the government in April 2011; it is rented housing where the rent is up to 80% of the local private market rent (inclusive of all service charges) at the time of let.

Registered partners (housing associations, some developers and some local authorities) of the HCA's development programme can charge affordable rents. Some existing homes owned by housing associations could be converted from social rent into affordable rent when they are re-let to support the registered provider's development programme.

4.1.2 Guidance for Providers

There is a need for affordable rented housing locally to support future affordable housing development. Providers may have already signed contracts with the HCA for new affordable homes. However when they review their tenancy policies, housing providers in Leicester are expected to have regard to the following issues:

Local affordability

- The effect of the Universal Household Benefit Cap when setting affordable rents - Higher rents will mean an increasing proportion of household income being spent on rents.
- Setting affordable rents at the maximum Local Housing Allowance. Local Housing Allowance can fluctuate down as well as up and households in receipt of housing benefits could find themselves in a situation where they cannot afford to remain in a property that meets their needs. Registered Providers also need to consider the impact on low income working households.

Advertising and information

- Vacant affordable rent properties must be advertised through HomeChoice (Choice Based Lettings Scheme). Registered Providers should provide advice and assistance to ensure potential tenants fully understand their housing options and whether affordable rent is an appropriate type of tenancy for them. This should include signposting potential tenants to appropriate specialist organisations where appropriate.
- Conversions to Affordable Rent - Providers who convert their social rented stock to affordable rent within the City are expected to show a commitment to develop additional affordable housing within the City.

- Details of conversions from social rented properties to affordable rent properties should be shared with the council for monitoring purposes.

Mixed and sustainable communities

- Registered providers should take into account the impact of conversions upon the tenure profile and the need for mixed and sustainable communities (including the impact on encouraging mixed income communities).

Demand for larger family housing

- Conversion to affordable rent should be avoided where possible for 4 bed (and larger) houses. There is a shortage of homes for larger families.

4.2 Types of Tenancies

4.2.1 Background

A range of tenancy types are available:

- Introductory / probationary / starter / demoted tenancies
- Lifetime tenancies (previously known as secure or assured tenancies)
- Fixed term tenancies (known as Assured Shorthold or Secure Flexible tenancies)

Registered providers no longer have to offer assured or secure tenancies and can offer fixed term tenancies for at least 5 years, except in exceptional circumstances where the minimum may be 2 years. Social landlords will still be able to offer the types of tenancies they currently use in addition to existing tenancy types. Existing secure and assured tenants cannot have their tenancies converted.

4.2.2 Guidance for housing providers:

Whilst developing / reviewing their tenancy policy we expect providers to:

- Consider **one year introductory / probationary tenancies for all new tenants** as an effective way to deal with breaches of tenancy conditions such as rent arrears and unacceptable behaviour.

The Council has considered the advantages and disadvantages of fixed-term tenancies for Leicester, and considers the disadvantages outweigh the advantages.

We recommend that providers do not adopt fixed term tenancies. If however they are adopted we would expect providers to follow the Council's recommendations to:

- Consider making all fixed term tenancies a **minimum of 5 years** excluding any probationary period. The type of exceptional circumstances in which landlords will wish to offer tenancies of less than 5 years should be clearly stated within their tenancy policy.

- Consider the **appropriateness of fixed term tenancies for specialist housing and certain household types**. The Council would generally expect lifetime tenancies to be used for older and vulnerable people who are receiving long-term support that is linked to their accommodation. Also for properties where major adaptations have been provided to meet the long-term needs of a tenant a lifetime tenancy should be considered.
- **Monitor the use of fixed term tenancies for effects on tenancy sustainment and community balance and sustainability**. If there are detrimental effects, providers would seek to address this through amendments to their lettings policy.
- Consider the **needs of prospective tenants when considering tenancy length**. For example, to consider longer term tenancies for families with children based on issues such as the importance of continuity around schooling.

4.3 Renewal / Termination of Fixed-Term Tenancies

4.3.1 Background

Individual landlord's tenancy policies should set out what will be considered when deciding whether the tenancy is renewed. This should reflect factors such as the tenant's level of needs, impact on children and their education, income and employment status and the local pressures for social housing.

4.3.2. Guidance for Housing Providers

We expect Registered Providers to:

- Provide **clear information on renewal and termination** of fixed term tenancies that is available to tenants. There should also be clear and transparent processes to appeal tenancy decisions, including decisions not to renew.
- Consider **automatic renewal of tenancies unless a major change has occurred** e.g. their financial circumstances have significantly improved or the property has become under-occupied.
- **Conduct tenancy review no later than 6 months prior to the end of the fixed term period.**
- **Provide appropriate housing advice where a fixed term tenancy is not renewed** and set out what advice and guidance will be provided in their tenancy policy. All reasonable steps should be taken by the housing provider to prevent homelessness.

4.4 Tenancy Transfers

4.4.1 Background

The Localism Act allows social landlords to develop their own policies for transfers for people who are not in housing need but who are seeking a move.

4.4.2 Guidance for Housing Providers

Providers are expected to clearly state in their tenancy policy the circumstances where they will or will not grant another tenancy at a different property and the type of tenancy to be offered.

- **Where a tenant is required to move by their landlord or where it is strategically beneficial** (for example where they are under-occupying or to vacate an adapted property where it is no longer needed) it is recommended that providers **transfer the tenant on the same terms as their current tenancy** (with the exception of Affordable Rent properties where there is no discretion to offer on a social rent).

Providers are asked to clarify in their tenancy policy their **proposals to provide guidance to tenants applying for a mutual exchange** including the possible implications for the type of tenancy they will hold (e.g. could involve a change from a lifetime tenancy to a fixed term tenancy).

5. Reviewing the Tenancy Strategy

This document will be reviewed at least every 5 years and sooner if there are amendments to legislation or regulations which affect this document.

The review process will be conducted by Leicester City Council, in consultation with relevant registered providers.