

## Bath & North East Somerset Council

MEETING:	Housing & Major Projects Policy Development & Scrutiny Panel
MEETING DATE:	27 <sup>th</sup> March 2012
TITLE:	Draft Tenancy Strategy
WARD:	ALL
<b>AN OPEN PUBLIC ITEM</b>	
<b>List of attachments to this report:</b> Appendix 1- Draft Tenancy Strategy	

### 1 THE ISSUE

1.1 The Localism Act 2011 places a new duty on every local housing authority (Council) to prepare and publish a Tenancy Strategy, by January 2013, setting out the matters to which RPs in its district are to have regard to in formulating policies relating to:

- (1) the kinds of tenancies that they grant;
- (2) the circumstances in which they will grant a tenancy of a particular kind;
- (3) where they grant tenancies for a fixed term, the length of the terms; and
- (4) the circumstances in which they will grant a further tenancy on the coming to an end of an existing tenancy.

1.2 This report sets out a draft Tenancy Strategy which will form the basis of further consultation with social landlords, service users, local voluntary and community organisations.

### 2 RECOMMENDATION

The Housing & Major Projects Policy Development & Scrutiny Panel is asked to:

2.1 Note and comment on the attached draft Tenancy Strategy.

### **3 FINANCIAL IMPLICATIONS**

3.1 There are no direct financial implications arising from this report. However, depending upon the content of the Strategy there is the possibility, albeit in reality a remote possibility that it could impact upon the delivery of affordable housing. This would have financial and other implications for the Council. It should be noted that the proposed Strategy aims to strike a pragmatic approach ensuring that both current and future social tenants are treated fairly and as written would not create a barrier to the delivery of affordable housing.

### **4 THE REPORT**

4.1 In April 2011 the Government introduced a new form of social tenancy known as the Affordable Rent Tenancy (ART). This gives RPs<sup>1</sup> the option of increasing rent levels up to 80% of local market rents and on flexible tenancies. This is significantly different to the traditional social rent tenancy (SRT), where target rents are around 50% of market rents and tenants are given secure lifetime tenancies. Effectively this gives RPs the option to provide a product which sits midway between SRT and the private rented sector.

4.2 Funding to the HCA<sup>2</sup> has been reduced by around 50%. As such one of the primary reasons for the Government introducing ART was to mitigate against this funding reduction. In theory this is achieved by the RPs being able to increase their capital borrowing for new housing development by utilising the higher revenue stream generated under ART. As such whilst ART is an option it ceases to be optional if an RP wants to become an HCA investment partner. For these RPs all new schemes and a proportion of their existing stock must be offered using ART. In addition RPs investment partners are also encouraged to take a much more proactive approach to stock management, including disposal of stock where this will bring in funds to invest in new homes.

4.3 Bids to become HCA investment partners closed in May 2011. Whilst the contracts are yet to be fully finalised all of the five largest RPs by stock in Bath & North East Somerset are entering into contracts with the HCA, these being Somer, Knightstone, Guinness, Sovereign & Spectrum (formerly known as Western Challenge). As such all these RPs will be using ART for all new schemes where HCA funds are required and a proportion of their relets.

4.4 The Localism Act 2011 places a new duty on every local housing authority (Council) to prepare and publish a Tenancy Strategy, by November 2012, setting out the matters to which RPs in its district are to have regard to in formulating policies relating to:

- a) The kinds of tenancies they grant,
- b) The circumstances in which they will grant a tenancy of a particular kind,
- c) Where they grant tenancies for a term certain, the lengths of the terms, and
- d) The circumstances in which they will grant a further tenancy on the coming to an end of an existing tenancy.

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<sup>1</sup> Registered Providers, also known as Housing Associations or Social Housing Landlords

<sup>2</sup> Homes & Community Agency – Government funding agency for affordable housing

- 4.5 RPs are obliged to “have regard” to the Strategy when formulating their own policies though there is the potential for conflict, particularly for larger RPs that operate over a number of Council boundaries. In addition given the mismatch between time lines of the HCA investment contracts (May 2011) and the deadline for publishing Tenancy Strategies (January 2013) RPs are already now operating to contracts agreed with the HCA. That said, given that the strategic objectives of our partner RPs and the Council are highly aligned any conflict should be minimal.
- 4.6 The draft Tenancy Strategy is contained in Appendix 1. Whilst there is no reference in the legislation to affordability, asset disposals or housing advice we have included these issues which we consider to be important and appropriate in a strategic document of this nature. The strategy aims to articulate the following key messages:
- a) That we support the use of ART, within specified criteria, to the extent that it will generate and support an agreed level of future development in the district and attract investment in support of housing delivery;
  - b) That ART will be advertised through Homesearch on the principles of choice based lettings. That there should be an affordability assessment prior to sign up and that the RPs develop and agree eviction protocols;
  - c) RPs should offer flexible tenancies with a term of no less than 5 years and no more than 10 years. However, where tenants are elderly, disabled or have a long term lifetime illness or in other exceptional circumstances then longer and even life time tenancies would be appropriate;
  - d) We will support the disposal of housing stock where proceeds can be more productively used to develop new affordable housing and there are no negative impacts on the balance and sustainability of the local neighbourhood.

## **5 RISK MANAGEMENT**

- 5.1 A risk assessment related to the issue and recommendations has been undertaken, in compliance with the Council's decision making risk management guidance.

## **6 EQUALITIES**

- 6.1 The impact on equalities issues has been considered and incorporated into the draft Tenancy Strategy during development. In particular we have acknowledged the issues surrounding the age and disability strands. A formal Equalities Impact Assessment is now being undertaken on the draft Tenancy Strategy.

## **7 CONSULTATION**

- 7.1 Cabinet Member; Other B&NES Services; Service Users; Local Residents; Stakeholders/Partners.
- 7.2 The Localism Act 2011 states that the Council must consult with all RPs operating in the district and any one else prescribed by the Secretary of State. To date the Council has hosted two meetings to which all RPs operating in the district have

been invited. These were attended by nine RPs and the Cabinet member for Homes & Planning. In addition the views of service users, and potential services, were sought on the use of ART and flexible tenancies using the Council's E-consult system, to which around 100 responses were received.

7.3 The key feedback from these early consultations is that:

- a) ART should not be targeted to specific client groups and hence should be provided as an option for all clients on the Homesearch scheme. This aligns with the Government's guidance.
- b) The majority of Homesearch applicants, who responded to the survey, stated that they would consider bidding for ART properties.
- c) Views were divided on the length of flexible tenancy. The majority of Homesearch applicants, who responded to the survey, stated the tenancy period should be at least 5 years and possibly longer. Most RPs also thought that the minimum period should be 5 years though there was some support for longer tenancies with one RP stating that a 20 year tenancy should be the norm. Most RPs thought that in certain circumstances they may issue longer tenancies, for example for elderly tenants.

7.4 It is intended to use the draft Tenancy Strategy to consult and inform more widely with these groups.

## 8 ISSUES TO CONSIDER IN REACHING THE DECISION

8.1 Social Inclusion; Customer Focus; Sustainability; Young People; Human Rights; Other Legal Considerations

## 9 ADVICE SOUGHT

9.1 The Council's Monitoring Officer (Divisional Director – Legal and Democratic Services) and Section 151 Officer (Divisional Director - Finance) have had the opportunity to input to this report and have cleared it for publication.

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<b>Background papers</b>	None
<b>Please contact the report author if you need to access this report in an alternative format</b>	