

CABINET

Lancaster District Tenancy Strategy 22nd January 2013

Report of Head of Health and Housing

PURPOSE OF REPORT			
To provide members with a summary of the legal requirements placed upon local authorities by the Localism Act 2011 in relation to the adoption of a Tenancy Strategy, and to provide a final version of the document for approval by Cabinet.			
Key Decision	X	Non-Key Decision	Referral from Cabinet Member
Date of notice of forthcoming key decision	21 December 2012		
This report is public			

RECOMMENDATIONS OF Councillor Karen Leytham

- (1) That Cabinet note the report and approve the Lancaster District Tenancy Strategy 2012.

1.0 Introduction

1.1 The Localism Act 2011 introduced a series of social welfare reforms to give social housing providers more freedom to grant a greater range of tenancies (referred to as flexible tenancies), provides a new framework around affordable rents, allows greater discretion for local authorities to decide who can apply for rehousing, more flexibility for local authorities to discharge their homelessness duties and allows greater mobility within the social housing sector.

1.2 As part of the framework for allowing social housing providers to provide a wider range of tenancies, there is a new requirement for every local authority to produce and publish a Tenancy Strategy, which should be in place by 15th January 2013.

2.0 Purpose of a Tenancy Strategy

- 2.1 The Tenancy Strategy should set out the local authorities expectations for social housing providers in relation to:-
- The type of tenancies they will grant
 - Where tenancies are granted on a fixed term, the length of those

terms.

- The circumstances under which they will grant tenancies of a particular type
- The circumstances in which they will seek to bring a fixed term tenancy to an end.

2.2 Local authorities are obliged to consult all partner social housing providers about their proposed Tenancy Strategy before it is implemented. Social housing providers are required to have regard to the local authority's Tenancy Strategy when adopting their own Tenancy Policy, which is also a requirement of the Localism Act.

2.0 Summary of the main changes

2.1 Historically, social housing providers have granted periodic tenancies to new tenants, which is a tenancy that runs for an indefinite period of time until either the landlord or the tenant brings the tenancy to an end. Some social housing providers have, however, operated starter or introductory tenancies, which means there is an initial fixed term normally for 6 – 12 months and thereafter the tenancy becomes periodic assuming the tenancy has been conducted satisfactorily. The Localism Act 2011 gives social housing providers the freedom to grant fixed-term tenancies as the “norm”, should they choose to. The rationale for this approach is that the social housing provider can then formally review the tenant's circumstances at the end of the fixed term and decide whether to renew the fixed term or bring the tenancy to an end, if they consider that their tenant is no longer in need of that tenancy.

2.2 Whilst considering the potential benefits offered by the granting of fixed term tenancies as part of developing the Lancaster District Tenancy Strategy, there is little evidence that a high proportion of tenants would have the economic means to access market housing or rent in the private sector. However, those who do can be offered help and support through appropriate signposting, and the wider use of Choice Based Lettings to move into intermediate housing and/or home ownership. The Housing Needs Survey 2011 estimates that around 500 social housing tenants under-occupy their existing home by 2 or more bedrooms. Through its current allocation policy, Lancaster City Council actively encourages social housing tenants to move into smaller accommodation through its banding system, and through an improved mutual exchange service which forms part of Ideal Choice Homes – Choice Based Lettings Scheme. However, social housing providers do need to encourage this more widely and offer further incentives to existing tenants to help them to move. Whilst acknowledging that there could be some benefits achieved through operating fixed-term tenancies, there are clear disadvantages and increased risks associated with administering them in relation to the impact upon tenants and wider communities. It has to be stressed however, that Lancaster City Council, cannot veto the use of flexible tenancies by social housing providers, and on this basis, the Tenancy Strategy sets out the requirements that social housing providers must satisfy should they chose to implement them. However, through regular dialogue with R.P. partners and through the on-going consultation in developing a Tenancy Strategy, there is no indication that R.P. partners will be intending to grant fixed-term tenancies routinely, although they may do in exceptional

circumstances.

- 2.3 Social housing providers can now grant tenancies at an affordable rent and it is a requirement of the Homes and Communities Agency that any grant funded affordable housing brought forward in the current Affordable Homes Programme 2011 - 2015 are let at an affordable rent (which can be set at up to 80% of the market rent in an area). Social housing providers will generally need to set rents at a higher level than fair rents or target rents (which are normally around 50% of market rents) because grant rates are considerably lower than in previous years so a higher rent is required to make schemes viable and cover loan repayments.
- 2.4 Local authorities have more discretion to determine who can or cannot apply for rehousing and encourage greater mobility within the social housing sector. Lancaster City Council will be reviewing its current allocation policy to consider any appropriate changes, which will be reported to members separately in due course. However, as referred to in paragraph 2.2 the council has recently launched an improved mutual exchange system as part of Ideal Choice Homes - Choice Based Lettings Scheme for all social housing tenants who live within and outside the district.
- 2.5 Local authorities can now discharge their homelessness duties through the offer of a private rented tenancy instead of a social housing tenancy. The accommodation has to be available for a minimum period of 12 months and must satisfy a number of pre-determined suitability criteria. Lancaster City Council is still considering the potential implications of implementing this policy, but as a pre-cursor, the council has formed a new partnership with a charitable organisation called Methodist Action NW, who operates a social lettings agency in Lancaster district. This means the accommodation leased by Methodist Action is available for up to 2 years, and beyond in some circumstances.

3.0 Actions to Date

- 3.1 In January 2012, a number of local authorities in Lancashire, and a number of partner Registered Providers, put together a proposed framework to develop a Lancashire Tenancy Strategy. The rationale for this was that all current Registered Provider (R.P.) partners work across many different geographical areas and that the implementation of 14 different Strategies across Lancashire would be virtually impossible for each R.P. to have regard to. It was widely accepted at that time, that if a broad framework could be agreed, each local authority would still have the ability to include any specific policies or objectives as part of their own district Tenancy Strategy. In September 2012, the broad framework was agreed and endorsed by Lancashire Chief Executives, on the assumption that each of the local authorities produced their own Tenancy Strategy which would be tailored to their own housing needs and requirements.
- 3.2 Lancaster City Council has now produced a Lancaster District Tenancy Strategy, which puts that broad framework into a more local context. The document sets out the statutory requirements that have to be satisfied by the Tenancy Strategy and goes on to describe the Lancaster district housing

market, including tenure and affordability and the new affordable rent model, the arrangements for the granting of flexible tenancies for any social housing providers who intend to use them, and the housing options that are available to those in need of housing within the district.

4.0 Details of Consultation

4.1 The Draft Lancaster District Tenancy Strategy was issued to all social housing providers, by the 12th November 2012, along with other key stakeholders (active Homelessness Forum members) and the District Wide Tenants Forum. The draft document was also presented to both Planning Housing Regeneration Group and Planning Policy Liaison Group respectively. Only one R.P. formally commented on the document and as a result, some minor alterations were made.

3.0 Options and Options Analysis (including risk assessment)

	Option 1: Approve the Lancaster District Tenancy Strategy in its current form.	Option 2: Approve the Lancaster District Tenancy Strategy with amendments
Advantages	The council will satisfy the legal requirements of the Localism Act 2011 and the Strategy will provide the necessary framework for all social housing providers to work within.	None.
Disadvantages	None identified	If the Lancaster District Tenancy Strategy is amended, it will be necessary to undertake further consultation and EqIA before final approval.
Risks	None identified	The Tenancy Strategy will not be in place by the required timescale set out in the Localism Act 2011.

4.0 Officer Preferred Option (and comments)

4.1 The officer preferred option is option 1. This will ensure that the council meets the necessary statutory requirements within the required timescale, and that immediately following approval, all social housing providers can have regard to the Lancaster District Tenancy Strategy when adopting their own Tenancy Policies, and will adhere to the requirements set out within the document.

5.0 Conclusion

5.1 The Lancaster District Tenancy Strategy has been developed through partnership approach with other Lancashire authorities and R.P. partners but is informed by the local circumstances and housing markets that exist, to ensure that the framework put in place is appropriate and relevant. The statutory consultation requirements have been satisfied and further consultation has been conducted with other key stakeholders and elected members. Cabinet members are therefore requested to approve the document.

RELATIONSHIP TO POLICY FRAMEWORK

Corporate Plan 2012-2015 – Health and Wellbeing: Enhanced quality of life of local residents through access to good quality housing and reduce homelessness.
Lancaster City Council's current allocation scheme and policy seeks to create balanced communities and ensure that social housing is offered to those in the greatest need.

CONCLUSION OF IMPACT ASSESSMENT

(including Health & Safety, Equality & Diversity, Human Rights, Community Safety, HR, Sustainability and Rural Proofing)

An Equality Impact Assessment has been undertaken on the Lancaster District Tenancy Strategy prior to its proposed implementation to consider the impact upon particular groups.

LEGAL IMPLICATIONS

The Localism Act 2011 requires every local authority to have a Tenancy Strategy in place by the 15th January 2013.

FINANCIAL IMPLICATIONS

Given that this report is concerned with the district-wide strategy any financial implications for the Council are not a primary consideration. Indirectly, however, there may be implications arising when the Council (as a landlord) formulates its own Tenancy Policy, which will be reported to Members in due course.

OTHER RESOURCE IMPLICATIONS**Human Resources:**

None

Information Services:

None

Property:

None

Open Spaces:

None

SECTION 151 OFFICER'S COMMENTS

The Section 151 Officer has been consulted and has no further comments.

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no further comments.

BACKGROUND PAPERS

None

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