



---

Appendix 3 – STP Preliminary Draft

---

Strategic Housing Services

---

April 2012

---

## ‘Strategic Tenancy Policy – Preliminary draft’

Version Control	
Status of Policy	V0.5
Sponsor	Julia Hedger – Group Manager Strategic Housing
Author/Reviewer	Luke de Kretser, Lead Officer, Strategy and Partnerships Jack Burnham, Team Leader, Strategy and Development
Approved	TBC
Review Date	March 2015

**Dacorum Borough Council Strategic Tenancy Policy -  
Preliminary Draft**

**Status of this document:**

This document is a Preliminary Draft that represents the considered direction proposed by DBC Officers. It has taken on board the views of a range of stakeholders and will be consulted upon alongside the Consultation Paper that can be found in Appendix 2 of the overarching Cabinet Report. DBC Officers expect this document to form the basis for a finalised Strategic Tenancy Policy subject to consultation responses and further government guidance.

**1.) Background**

Dacorum Borough Council have a statutory duty under Section 150 of the Localism Act to produce a Tenancy Strategy which outlines the Council's policy on the new rents and tenures introduced by central government. Our Strategic Tenancy Policy will meet this responsibility and will apply to all Council owned stock, as well as being a consideration for our Registered Provider partners (Housing Associations) in the Borough.

It is worth noting at the very outset that the central government changes that are dealt with in this document **will not impact upon existing tenants**, and tenants that are looking to transfer will be offered protection in the circumstances outlined in section 3.4.

**1.1) National Context**

The changes that have been introduced by the government are in response to number of factors, including a poor economic climate and poor nationwide housing statistics. As is the case nationwide, Dacorum's housing need outstrips the supply of new homes, and is even more pronounced when looking at Affordable Homes. The new government's presumption is that existing Affordable Homes need to be managed more effectively to meet housing need, and that more Affordable Homes need to be built. Central government believes that the changes in rent levels and tenancy lengths (outlined below) will address these issues.

**1.2) Affordable Rent: an explanation**

The desire to build more Affordable Homes is accompanied by a significant cut in government grant funding for Affordable House building. The government has decided to use a new rent level, Affordable Rent, to fill in this imbalance.

Affordable Rent will be charged at up to 80% of Market Rent levels, significantly higher than the Social Rent level that has been the main tenure for some time. The increase in rental income **must** then be used by the Registered Provider (RP) to build more Affordable Homes.

If the RP has not signed a contract with the government, they will not be able to charge Affordable Rents. Affordable Rents will also only be charged on new build units and a specified proportion of re-lets. Therefore Social Rent levels will continue on some properties. However it is worth noting that Affordable Rent has been introduced by the government and will be brought forward by Registered Providers across the country.

### **1.3) Flexible Tenancies: an explanation**

Flexible Tenancies are the new tenancy type that the government has introduced. The tenancy must have a minimum fixed term of two years but there is no maximum fixed term, enabling Local Authorities and Registered Providers to set their own limits. At the end of the term there would be a review process which will determine whether the tenancy is re-issued or not (see section 2.6).

Central government is encouraging providers to use Flexible Tenancies so that they can use the Affordable Housing stock more effectively. Furthermore there is an underlying theory that Affordable Housing should be a pathway out of dependency on state sponsored housing, and in to other housing solutions, as opposed to a lifetime solution. However it is clear that the decision to retain Lifetime (secure) Tenancies rests with the individual housing provider. Flexible Tenancies can be let at Affordable and Social Rents.

The alternative to Flexible Tenancies is the current tenancy type, the Lifetime Tenancy. Lifetime Tenancies are also known as Secure Tenancies, and allow the tenant to stay in the property for their entire lifetime assuming that they do not breach the terms of the tenancy.

### **1.4) Who will be affected by the changes in the STP?**

The Strategic Tenancy Policy will not affect existing tenants.

The new **tenancy types cannot replace existing tenants' tenancies** unless they move or transfer properties, however the Council is proposing that **Transfer tenants have their tenancies protected** if they choose to move. This means that current Transfer tenants will keep their existing Lifetime Tenancy if they choose to transfer properties. As well as providing existing tenants with peace of mind, this will contribute to achieving the best use of stock as current Tenants will feel able to move (enabling their properties to be re-let) without worrying about tenancy types.

The policy contained in the STP primarily affects existing and future Homeseekers and Homeless applicants on the council's Housing Register.

### **1.5) Registered Providers**

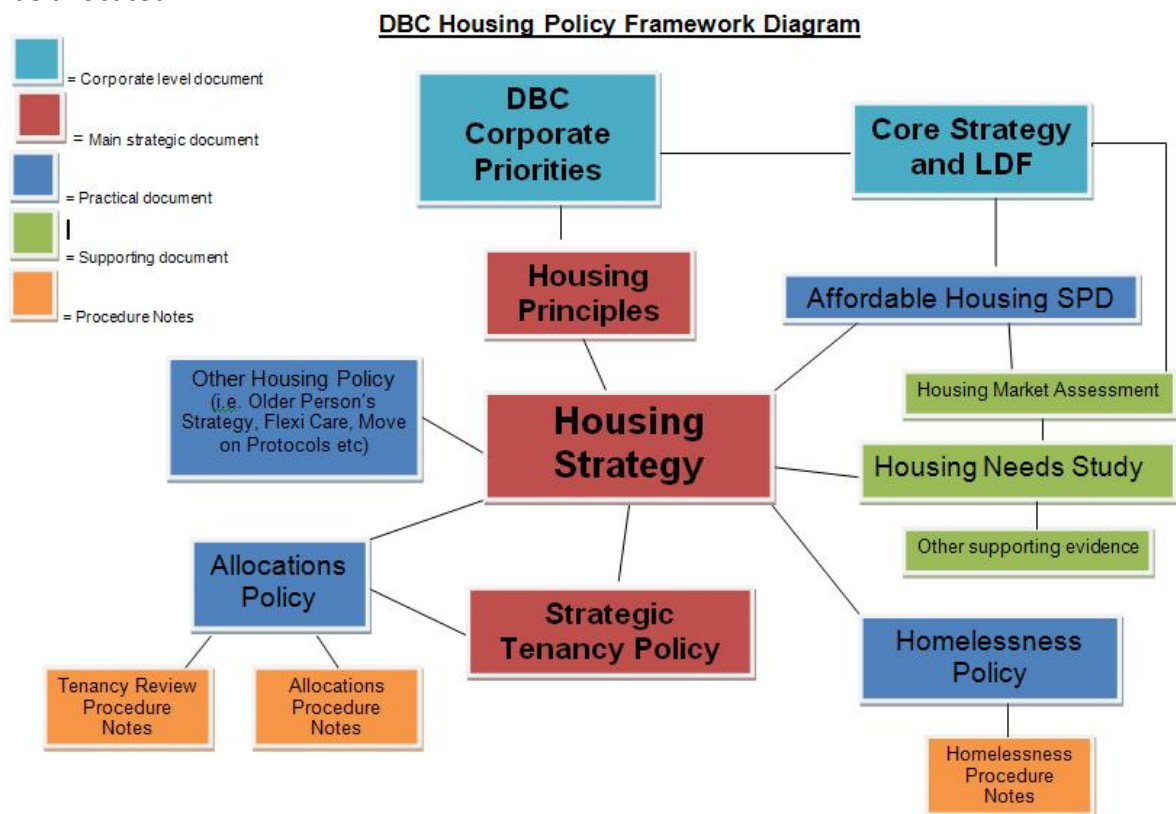
Registered Providers of housing are another term for Registered Social Landlords (RSL) or Housing Associations. Registered Providers (RPs) can issue their properties as Flexible Tenancies and at Affordable Rents (if they have a contract to do so with the Government). RPs have to have their own Tenancy Strategies and have to give regard to Local Authority

Tenancy Strategies and therefore, in DBC, this document. However, this document is not binding on RPs. Therefore in some areas their policy may be different from the Council's.

The Council believes that it is in the interests of partnership working for RPs to pay close attention to this STP and to work with us to achieve our aims for Affordable Housing.

### 1.6) Housing Policy Framework

Our STP is a strategic document that is part of our wider Housing Policy Framework. It will follow the principles laid out in the Housing Principles document, and in turn will inform the Allocations Policy which will contain some of the detail about how the new tenancy types will be allocated.



### 1.7) Housing Principles

The proposed approach laid out in this document is designed to meet the Dacorum Borough Council Housing Principles as well as our statutory obligations. The principles on meeting housing need and better use of stock specifically apply.

The sections below outline DBC's Policy on Flexible Tenancies and Affordable Rents. The Green Boxes contain key policy points.

## 2.) Flexible Tenancies

Flexible Tenancies must be set for a minimum fixed term of 2 years. They **will not affect existing tenants**, who will remain on their current tenancies.

### DBC Policy:

Dacorum Borough Council will be issuing 5 year Flexible Tenancies.

The Council expect that the majority of general needs properties will be let on a Flexible Tenancy basis.

The Council recommends that Registered Providers let the majority of their properties on this basis.

Flexible Tenancies are supported by the Council for a number of reasons, including: that they aid management of stock, they promote a flexible use of stock, they prioritise those in Housing Need and they allow providers to better respond to a range of potential changes. Flexible Tenancies are also advocated by the government and are being adopted by Local Authorities across the country.

It has become accepted across Local Authorities, Registered Providers and central government that a minimum term of 5 years is preferable. A 5 year term is beneficial in terms of tenancy management and security for tenants. It also helps to better use our stock to meet housing need.

### 2.1) Introductory Tenancies

Dacorum Borough Council has used 1 year introductory tenancies since 2002 and intends to continue to use them.

### DBC Policy:

This means that new tenants will be given a 1 year Introductory Tenancy, and then a further 5 year Flexible Tenancy (assuming that the terms of the Introductory Tenancy are not breached).

The Council would like RPs to also use Introductory Tenancies (or Starter Tenancies) on their properties.

Introductory Tenancies are considered to be best practice when letting Affordable Housing, and help to control Anti Social Behavior.

## 2.2) Advertising and Letting Flexible Tenancies

Dacorum Borough Council currently uses a Choice Based Lettings (CBL) system called Moving with Dacorum to advertise all of its properties and most RP properties.

### DBC Policy:

The Council envisages that Flexible Tenancies will be advertised and let no differently from other tenancy types and the same CBL system will be used. Applicants registered on the Council's Housing Register will be able to choose whether or not they want to express interest in properties let at a Flexible Tenancy.

The tenancy type, whether Flexible or Lifetime, and where to find details on the tenancy terms and length will be made clear in the property advert. The Flexible Tenancy Review process will also be available to the prospective tenant.

The Council expects RPs to follow the process above. The Council expects to retain their existing nominations rights for the properties, regardless of tenancy type.

Advertising Flexible Tenancies in the same way as secure tenancies, whilst clearly explaining the tenancy type and conditions, will be easier for prospective tenants and will make use of the Council's existing systems.

## 2.3) Allocating Flexible Tenancies

Dacorum Borough Council currently allocates Affordable Housing in line with the Council's Housing Allocation Policy. Applicants are given a points level that is based on their housing need and this influences their position on the CBL shortlist used to allocate properties.

The Council expect this process to continue and Flexible Tenancies will be allocated in line with the Housing Allocations policy to all Homeseekers.

There will be no other additional allocation criteria for Flexible Tenancies unless it is covered in a Local Lettings agreement, as per existing procedure.

The Council expects RPs to follow this approach and accept nominations as per the Councils Allocations Policy.

This approach is consistent with meeting the housing needs of households and ensures fairness and transparency as well as clarity for the prospective tenant.

## 2.4) Transfer applicants and Flexible Tenancies

Many transfer applicants on the Dacorum Borough Council Housing Register will have currently have secure, Lifetime Tenancies.

**Transfer applicants will retain their current tenancy type if and when they choose to transfer to another council owned property.** This means that if an applicant is currently on a secure, Lifetime Tenancy, and they choose to transfer to a property that would normally be let as a Flexible Tenancy they will be offered another Lifetime Tenancy.

Dacorum Borough Council would like RPs to offer existing secure tenants who wish to transfer as much security of tenure as they are able to.

The Council believes that this approach fits with the government intention to protect the tenancies of existing tenants. This will also ensure that transfer applicants continue to apply for properties and aid us in achieving the best use of stock.

## 2.5) What happens at the end of a Flexible Tenancy?

As the end of a Flexible Tenancy approaches, a review process will be taken to determine whether or not a new tenancy will be issued. This process will be known as the Flexible Tenancy Review. More information on the Flexible Tenancy Review is found in section 2.6 below.

Dacorum Borough Council will operate a presumption to renew the Flexible Tenancy unless the Tenant's circumstances have changed. If the tenant is assessed as being in the same housing need as when the tenancy was issued, then another 5 year Flexible Tenancy will be issued. Housing Need is specified by the Council's Allocations Policy.

The Council expect RPs to give regard to this process and explain clearly to their Flexible Tenants the exact circumstances of how their tenancies will be assessed and renewed or ended.

The Council would like RPs to also adopt a presumption to renew the tenancy if the tenants circumstances have not changed.

DBC believe that this approach offers substantial and appropriate security of tenure for the tenant, whilst also maximising the use of stock and meeting the government's wider policy objectives.

## 2.6) Flexible Tenancy Review

As stated above Flexible Tenancies must undergo a review when they approach the end of their tenancy period in order to determine whether another tenancy will be granted or not.

For DBC tenants this review process will consist of assessing the tenant against the Council's Housing Allocations Policy. This is the same assessment process that resulted in a tenancy being awarded originally. If the assessment is the same, and there have been no changes to the tenants' circumstances, then another Flexible Tenancy will be issued.

If the tenants' circumstances have changed, then they may still be awarded another Flexible Tenancy in their current property, **or they may be offered a tenancy of another property**. There are a number of resolutions to the review that are possible. If the tenants' housing need has changed sufficiently then they will be offered other housing options and advice and another tenancy may not be issued.

The details of when changes in circumstances lead to a Flexible Tenancy being ended, and when another tenancy would be granted, will be contained in the Council's Housing Allocation's Policy, and the Council's Flexible Tenancy Review Procedure. This procedure will be available to tenants before any tenancies are issued on a Flexible Tenancy basis.

The Council would like RPs to follow a similar process, and at point of offer make it clear to their tenants what the criteria for the RP's review will be.

DBC believe that assessing the tenant against our Housing Allocations Policy is fair, consistent and transparent and will adequately assess the tenants' housing need.

## 2.7) The timing of a Flexible Tenancy Review

When Flexible Tenancies approach their end date the owner of the property must undertake a review. The Localism Act <sup>1</sup> mandates Local Authorities and RPs to give tenants 6 months notice that they will not be offered another Flexible Tenancy and allow them to appeal (see section 2.9).

Dacorum Borough Council will start the Flexible Tenancy Review process 12 months before the end of the 5 year Flexible Tenancy. Tenants' circumstances will be assessed against their original circumstances, with regards to the Allocations Policy and the Flexible Tenancy Review Procedure. Once a decision is made, the Council will inform the tenant no less than 6 months before the end of the tenancy.

The Council would like RPs to follow a similar procedure, and make the timings of their reviews clear to their tenants.

---

<sup>1</sup> Section 154 of the Localism Act 2011 inserts section 107D to the Housing Act 1985



This approach meets the Council's statutory obligations and gives the tenant substantial amounts of time to make decisions about the outcomes of the review process.

## **2.8) What happens if a Flexible Tenancy is ended?**

The Council have a statutory duty to provide advice to tenants when a Flexible Tenancy is ended. Registered Providers also have a duty to provide advice to tenants if a tenancy is ending.

If the outcome of the Flexible Tenancy Review process is to end the tenancy, then Dacorum Borough Council would expect their Strategic Housing Team to be notified at least 6 months before the end of the tenancy, or at the same time as the tenant is informed.

The Council also expects their Housing team to be informed when the two month notice for possession of the property is served to the tenant.

This procedure should apply to both the Council's internal teams and to all RP partners in the Borough.

The Council welcomes advice and assistance being given to the tenant from RPs and will seek to work collaboratively with the RP to provide appropriate support.

DBC would like to be informed before the end of the tenant's tenancy so that we can provide Housing Advice if required and ensure that we prevent and safeguard against any instance of Statutory Homelessness. Furthermore this approach will ensure that tenants do not feel isolated.

## **2.9) Can a tenant appeal the outcome of the Flexible Tenancy Review process?**

Tenants will be able to appeal the outcome their review and the details of how this can be done will be found in the Flexible Tenancy Review Procedure document. Information on the review process will be available to tenants when they sign up to the tenancy.

Dacorum Borough Council would like RPs to make clear to their tenants their review procedures, and make this information available to the tenant when they sign the tenancy.

## **2.10) Lifetime Tenancies**

All Affordable Housing Tenancies at present are let as either Introductory or Secure Tenancies. Secure Tenancies are often referred to as Lifetime Tenancies because they do not expire, providing the tenant with a home for life (assuming that they do not breach the Tenancy Agreement).

The ability for providers to offer Lifetime Tenancies remains, and Dacorum Borough Council believes that there is value in keeping the tenancy type for some households.

The Council will offer Lifetime Tenancies to all tenants going in to Sheltered Housing Schemes, assuming that the household meets the minimum criteria applicable for the property (specifically that the age criteria is met).

The Council would like RPs to follow an approach similar to this. We would like the RPs policy on Lifetime Tenancies to be clearly advertised to prospective Tenants.

DBC believe that this approach to providing Lifetime Tenancies strikes the correct balance between protecting tenants, providing security of tenure, and meeting the government's intentions for Affordable Housing. Sheltered Housing, by its definition, is designed to provide security and meet housing needs towards the later stages of a tenants' life. Therefore their housing needs and situation is less likely to change.

### **3.) Affordable Rent**

Affordable Rent properties are going to be let in the Borough by both Dacorum Borough Council and by Registered Providers. Properties will be let at up to 80% of market rents for the property type, inclusive of service charge.

Dacorum Borough Council believe that Affordable Rent properties should be developed in the Borough because they are the only way to fund new Affordable Homes under the new funding system run by the Government's Homes and Communities Agency. RPs in the Borough are already developing Affordable Rent properties and the Council is looking to do so under its own new build program. Affordable Rent can be affordable for households in housing need (this is supported by the Housing Market and Needs Assessment 2012) and is eligible for Housing Benefit, making it accessible to all potential tenants.

The vast majority of Council's Affordable Homes will continue to be let at Social Rent Levels.

#### **3.1) Council New Build**

The Council is seeking to enter into a contract with the Homes and Communities Agency to deliver new build council properties at an Affordable Rent level. This contract also allows the Council to convert some existing properties to Affordable Rent units to help fund the new properties. This programme is beneficial because it will see new Council owned homes built for the first time in many years.

#### **3.2) Affordable Rent properties owned by Registered Providers**

The Council welcomes plans by Registered Providers to build new Affordable Rent properties in the district. More information on the Council's stance to building new Affordable Homes can be found in our Affordable Housing Supplementary Planning Document (SPD).

The Council accepts that RPs new build plans will in part be funded by the re-let of existing properties at Affordable Rent levels. The Council will monitor to ensure that RPs only re-let the number of properties in the area at Affordable Rent levels that their contracts with the HCA allow.

The Council therefore expects to continue to re-let some RP owned properties at Social Rents.

### **3.3) Letting of Affordable Rent Properties**

Affordable Rent properties are not envisaged by central government to be any different in terms of lettings.

Dacorum Borough Council will let all Affordable Rent properties through their Choice Based Lettings system. Affordable Rent properties will clearly display the rent level and clearly advertise the rent type.

The Council expects RPs to follow the Council's approach outlined above when letting Affordable Rent properties in the Borough. Standard and existing nominations rights will apply to Affordable Rent properties in the same way that they would on other rent types.

This approach is clearer and easier for tenants, meets our existing nominations agreements, and makes use of the Council's existing systems.

### **3.4) Allocating Affordable Rent Properties**

As per section 3.3 and the allocation of Flexible Tenancies, we do not expect any Affordable Rents property in the Borough to be subject to any additional allocation criteria, unless it is covered in a Local Lettings agreement.

All details on how we allocate properties and the criteria used can be found in the Council's Housing Allocations policy.

The Council have taken this stance because we do not believe that there should be additional criteria placed upon Affordable Rent properties that is not covered in our Allocations Policy and that our Allocations Policy will adequately meet housing need.

## **4.) Succession**

Succession occurs when the death of a tenant occurs and a member of their household wants to take over the tenancy. Currently DBC are proposing to keep our existing terms of succession: