

Strategic Tenancy Policy Report

Dacorum Borough Council



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Working in partnership, to create a Borough which enables the communities of Dacorum to thrive and prosper

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housingdelivery@dacorum.gov.uk or 01442 228 000 “Strategic Housing”

1. Introduction, Background Information and Summary

- 1.1 The Council has 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. The Council's Strategic Tenancy Policy (STP) will meet this responsibility and will apply to all Council owned stock, as well as being a consideration for Registered Providers (Housing Associations) with housing stock in the Borough.

Flexible Tenancy and Affordable Rent

- 1.3 These two concepts have been introduced in the Localism Act 2011 in order to address Housing issues and a shortage of affordable housing and have been incorporated into the STP.
- 1.4 **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 (RPs) 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.
- 1.5 Dacorum Borough Council will use Flexible Tenancies, with a five year duration, on most council properties. This approach has been adopted because Flexible Tenancies allow for a more flexible use of stock and prioritise housing need.
- 1.6 **Affordable Rent** is a new rent level where rent will be charged at up to 80% of market rent levels, significantly higher than the social rent level which has been the main rent for some time. The increase in rental income must then be used to build more Affordable Homes.
- 1.7 Dacorum Borough Council endorses the Affordable Rent tenure, as it represents a new way to fund Affordable Homes under the current funding system run by the Government's Homes and Communities Agency. Some Registered Providers (RPs) in the Borough are already developing Affordable Rent properties and the Council has potentially agreed to do so under its own new build program. Affordable Rent can be affordable for households in housing need and is within the limits to claim for Housing Benefit, making it accessible to all potential tenants.

Who does the Strategic Tenancy Policy affect?

- 1.8 The STP will not affect existing tenants.
- 1.9 The new tenancy types cannot replace **existing** tenants' tenancies unless they move or transfer properties. This Council has decided to ensure that **Transfer tenants have**

their tenancies protected if they choose to move within Council accommodation. This means that current Transfer tenants will keep their existing Lifetime Tenancy if they choose to transfer properties within the Council's own stock. 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.

- 1.10 The STP primarily affects existing and future new Homeseekers and Homeless applicants on the Council's Housing Register.

What are the key parts of the Strategic Tenancy Policy?

- 1.11 The two main aspects of the STP are that Dacorum Borough Council is proposing to begin using 5 year Flexible Tenancies for new tenants, and that the Council may raise a small number of rents to Affordable Rent Levels.
- 1.12 The Council will protect existing tenants by ensuring that current tenancy and rent types will not change, even if the tenant opts to transfer to a different property. This means that Lifetime Tenancies (secure tenancies that exist for life) will be retained by existing tenants.
- 1.13 Lifetime Tenancies will also be issued on all Sheltered Housing properties (supported housing for older people).
- 1.14 The Council cannot control RPs (Housing Associations) and the Council accepts that RPs in the Borough will use Flexible Tenancies and bring in Affordable Rents for some of their properties. However in the interests of partnership working and Dacorum residents, the Council would expect RP's to consider the Council's proposals carefully.

Why has the Council taken these decisions?

- 1.14 The Strategic Tenancy Policy has been carefully designed to provide as much security for prospective tenants as possible, whilst also maximising the use of Affordable Housing stock (Affordable Housing includes all types of council and housing association homes) – this means providing safe and appropriate housing to those most in need, as well as providing the largest number of Affordable Homes as possible.
- 1.15 The STP takes into account government policy and guidance, the Council's statutory obligations, best practice examples from other Local Authorities and the views of the Council's Housing Association partners, as well as meeting the Council's Housing Principles and Corporate Priorities.
- 1.16 Flexible Tenancies will be used in the Borough by RPs (Housing Associations) and Central Government has made it clear that Flexible Tenancies are part of the approach that Local Authorities should adopt. Flexible Tenancies can provide a good

level of security for households who need housing assistance but cannot access market housing (this is known as households being in housing need).

- 1.17 The largest impact of these proposals will not be felt until a new tenant on a Flexible Tenancy comes up for review (suggested after 5 years to fit in with government guidance and the majority of providers).
- 1.18 It is unlikely that the review will cause many people to lose their tenancy. This is because **the Council are proposing to automatically renew the Flexible Tenancy if the applicants' circumstances have not changed**, which will result in many tenants simply having their tenancies renewed. This point is backed up by research by Family Mosaic Housing Association whose research concludes that 5 years in to an existing tenancy only 10% of households could move out of Social Housing¹.
- 1.19 Dacorum Borough Council are committed to meeting tenants' housing needs and providing the right level of housing assistance, so that tenants who at the time of the review still need the Affordable Housing, will either have their existing tenancy renewed, or be provided with another tenancy on a different property more appropriate for their needs.
- 1.20 New Affordable Rent properties are starting to be developed in the Borough and the Council accepts that this is one of the new ways to deliver Affordable Homes within the current funding system. The new rent level can be affordable; this is because it is still eligible for Housing Benefit. Affordable Rents will also not be applied retrospectively to existing tenants – and under the Choice Based Lettings (CBL) system the tenant can choose to live in a property with different rent levels. The vast majority of the Council's Housing stock will remain at current Social Rent levels.
- 1.21 The proposed approach will provide the largest amount of good quality Affordable Housing as possible, to those who are most in housing need, in a fair and transparent way.

¹Changing Direction: Should Social Housing be a hand up or a handout – Family Mosaic, October 2011.

Who was asked about these changes?

- 1.22 A period of consultation on the STP ran during August & September 2012. The Consultation was advertised widely and gathered the views of the community, key partners and stakeholders to feed in to the STP.
- 1.23 The Council has a statutory duty to consult with Housing Associations (Housing Associations are referred to as Registered Providers in the STP), who were consulted as part of the process. The wider public, existing tenants, and specifically new Homeseekers on the Housing Register were also targeted as part of the consultation.
- 1.24 The responses from the consultation were weighed up against other considerations, including Dacorum Borough Council's statutory responsibilities, government guidance, and other Council policy considerations.

Allocations Policy review and Strategic Tenancy Policy adoption

- 1.25 The Council's Housing Allocations Policy is currently under review and will be completed and ready for adoption in April 2013.
- 1.26 The detail about how properties are allocated is contained within the Allocations Policy. The Council will not be letting its stock at Affordable Rents or Flexible Tenancies until the STP has been adopted by Cabinet.
- 1.27 The existing Allocations Policy does not exclude the letting of Affordable Rent and Flexible Tenancy properties if the Council's RP partners bring them forward before the Allocations Policy review has been completed.
- 1.28 Housing Associations are advised to speak to the Council's Strategic Housing Team about their Tenancy Strategies before they look to advertise their properties through Moving with Dacorum. RP's Flexible Tenancy terms must be provided to the Council so that they can be advertised to prospective tenants.

Housing Principles and Policy Framework

1.28 The proposed approach laid out in this document is designed to meet Dacorum Borough Council's Housing Principles as well as statutory obligations.

1.29 Dacorum Borough Council Key Housing Principles

There are four key principles that feed in to Dacorum Borough Council's core policies. These principles are reflected throughout the Housing Policy Framework:

- The Council will give priority to those in Housing Need
- The Council will maximise the use of our housing stock to meet local priorities
- The Council will seek to increase the delivery of Affordable Housing in the borough
- The Council will ensure that its policies are designed to continue promoting cohesive and sustainable neighbourhoods.

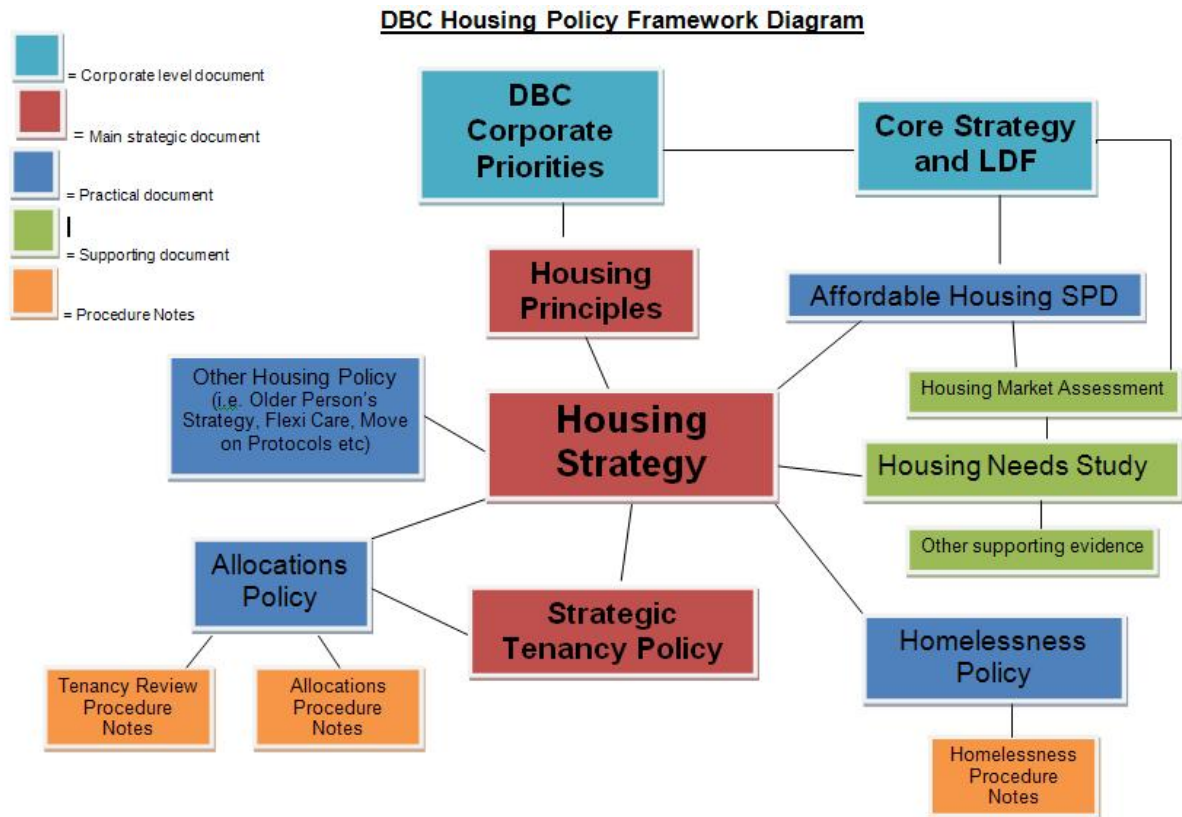
1.30 Further Housing Principles

The list below details the more specific Housing Principles which are likely to only be applicable in certain situations. They seek to build upon the direction in DBC's core priorities and the Key Housing Principles as identified above.

- Give priority to households in the greatest Housing Need when allocating Affordable Housing
- Aim to maximise the use of our housing stock in order to meet Housing Need
- Give preference to local people where possible when allocating housing
- Meet our Affordable Housing delivery targets by:
 - Working closely with our Registered Provider partners, developers and internal colleagues
 - Develop our own council owned housing delivery programme
- Engage with the community and partner organisations on housing issues and policy
- Work with the local Private Sector in Housing, including the Private Rented Sector
- Ensure that due consideration is given to any vulnerable client groups.

- Give consideration to environmental sustainability issues within the borough's existing and prospective housing stock and attempt to promote sustainability best practice

Housing Policy Framework



2. Dacorum Borough Council Strategic Tenancy Policy

2.1 The key policy points relevant to the Borough are highlighted in the green boxes.

Flexible Tenancies

2.2 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.

- *Dacorum Borough Council will issue 5 year Flexible Tenancies on general needs stock from 1st April 2013.*
- *Dacorum Borough Council expects local Registered Provider to let the majority of their properties on 5 year Flexible Tenancies from 1st April 2013.*

2.3 Flexible Tenancies are supported by the Council for a number of reasons, including: they aid management of stock, they promote a flexible use of stock, they prioritise those in Housing Need and they allow housing providers to 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.

2.4 It has become accepted across Local Authorities, RPs 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 Council stock to meet housing need.

Introductory Tenancies

2.5 Dacorum Borough Council has used 1 year introductory tenancies since 2002.

- *Dacorum Borough Council will continue to issue 1 year introductory tenancies. On completion of the 1 year introductory tenancy, a 5 year flexible tenancy will be issued.*
- *Dacorum Borough Council endorses the use of introductory or starter tenancies for new tenants by local Registered Providers.*

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

Advertising and Letting Flexible Tenancies

2.7 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.

- *Dacorum Borough Council will let Flexible Tenancies through the Moving with Dacorum Choice Based Lettings System. Tenancy lengths must be made clear on property adverts. This process will be followed by the Council and by local Registered Providers.*

2.8 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 allocation system.

Allocating Flexible Tenancies

2.7 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.

- *Dacorum Borough Council will continue to let properties in line with the Housing Allocations Policy. No additional allocation criteria for Flexible Tenancies will apply, unless specified in a local lettings plan. The process will be followed by the Council and by local Registered Providers.*

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

Transfer applicants and Flexible Tenancies

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

- *Transfer tenants will retain their current tenancy type if and when they chose to transfer between properties.*
- *The Council would encourage local Registered Providers to allow their transfer tenants to retain their current tenancy type if and when they chose to transfer properties.*

- 2.10 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.
- 2.11 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.

Ending Flexible Tenancies

- 2.12 As the end of a Flexible Tenancy approaches, a review process will be undertaken to determine whether or not a new tenancy will be issued. This process will be known as the Flexible Tenancy Review.

- *Dacorum Borough Council will operate a presumption to renew the Flexible Tenancy for a further 5 year term, unless the tenant's household circumstances have changed from the point they were allocated the property.*
- *The Council would encourage local Registered Providers to adopt a presumption to renew in their Strategic Tenancy Policies.*

- 2.13 If the tenant is assessed as being in the same housing need as when the tenancy was issued, then another 5 year Flexible Tenancy should be issued. Housing Need is specified by the Council's Allocations Policy. The Council encourages RPs to give regard to this process and explain clearly to their flexible tenants the exact circumstances of how their tenancies will be assessed; renewed or ended. The Council believes 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.

Flexible Tenancy Review

- 2.14 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.
- 2.15 For Dacorum Borough Council 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 tenant's circumstances have changed, the Council will conduct a Housing Options review with the tenant, that may include an offer of more suitable accommodation elsewhere.*
- *The Council will produce a Flexible Tenancy Review Policy to outline further details on how this process will be handled.*
- *The Council would encourage local Registered Providers to adopt a similar review process in their Strategic Tenancy Policies.*

2.16 The Council believes that assessing the tenant against the Housing Allocations Policy is fair, consistent and transparent and will adequately assess the tenants' housing need. The Flexible Tenancy Review Policy will be in place prior to properties being let on Flexible Tenancies. This will ensure that tenants are aware of the review process when they sign up for new properties.

Timing of Review

2.17 When Flexible Tenancies approach their end date the owner of the property must undertake a review. The Localism Act mandates Local Authorities and RPs to give tenants 6 months' notice they will not be offered another Flexible Tenancy and allow them the right to appeal.

- *The Council will start the Flexible tenancy review process 12 months before the scheduled end date of the tenancy.*
- *The Council would encourage local Registered Providers to follow a similar review timeframe.*

2.18 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.

What happens if a Flexible Tenancy is ended?

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

- *A decision on whether or not the tenancy will be renewed will be made within a minimum of 6 months remaining on the tenancy.*
- *If a tenancy is ended, the tenant will be offered housing advice to explore their alternative housing options.*
- *This process will apply to both Council and Registered Provider properties.*

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

Tenancy Review Appeals

2.21 Tenants will be given the right to appeal against the outcome of their review. Details of the right to appeal will be set out in the Flexible Tenancy Review Policy. Information on the review process will be available to tenants when they sign up to the tenancy.

- *The Flexible Tenancy Review Policy will set out the appeal process.*
- *Registered Providers are required to set out their appeal process and provide written copies on request.*

Lifetime Tenancies

2.22 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).

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

- *The Council will offer Lifetime/Secure Tenancies to all tenants moving into Sheltered Housing (if the household meets the minimum criteria for the property (i.e. age))*
- *Registered Providers are encouraged to adopt a similar process for their Sheltered Housing stock.*

2.24 The Council believes 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.

Affordable Rent

- 2.25 Affordable Rent properties are going to be let in the Borough potentially by both Dacorum Borough Council and by RPs. Properties will be let at up to 80% of Market Rents for the property type, inclusive of service charge.
- 2.26 Dacorum Borough Council agrees that Affordable Rent properties should be developed in the Borough as they are one of the principal ways of delivering new Affordable Homes. RPs in the Borough are already developing Affordable Rent properties. Affordable Rent can be affordable for households in housing need (supported by the Dacorum Housing Market and Needs Assessment 2012) and is eligible for Housing Benefit, making it accessible to all potential tenants.
- 2.27 The vast majority of the Council's Affordable Homes will continue to be let at TargetRent levels.

Council New Build

- 2.28 The Council has entered into a contract with the Homes and Communities Agency to build new council properties. Phase 1 of the New Build Programme was approved by Cabinet in October 2012; which will see new Council owned homes built for the first time in many years

Affordable Rent properties owned by Registered Providers

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

- The Council expects Registered Providers to re-let existing stock at Affordable Rent levels at no more than the agreed level with the Homes and Communities Agency. Re-lets at Affordable Rent should be spread geographically through Registered Provider stock, and not concentrated in Dacorum.***

- 2.30 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.

Letting of Affordable Rent Properties

2.31 Central Government has made it clear within the Localism Act 2011, that the letting of Affordable Rent properties should not be treated any differently to Target Rent properties.

- *The Council will let all Affordable Rent properties through the Moving with Dacorum Choice Based Lettings system in accordance with the Allocations Policy. The rent type should be clearly defined in the advert. This includes Registered Provider stock.*

2.32 This approach is clearer and easier for tenants, meets the Council's existing nominations agreements, and makes use of the Council's existing allocation systems. The Council has taken this view because we do not believe there should be additional criteria placed upon Affordable Rent properties which are not covered in the Council's Housing Allocations Policy.

Succession

2.33 Succession occurs when the death of a tenant occurs and a member of their household wants to take over the tenancy. Existing terms of succession will not be changed or affected by this Strategic Tenancy Policy.

3. Consultation Summary, monitoring and review

Statutory Consultation

Some areas of the Strategic Tenancy Policy are fixed by the Council's statutory obligations to provide a Tenancy Strategy outlined in Part 7 of the Localism Act. A process of statutory and non-statutory consultation ran in August and September 2012, involving relevant council teams, Members, Registered Providers and closely following guidance and national policy examples.

Statutory Responses

Statutory responses

- 3.1 Feedback received from statutory partners was positive, with no negative comments.
- 3.2 Hightown Praetorian and Churches Housing Association (HPCHA) welcomed the document, commenting that the proposed changes were generally in line with their approach. HPCHA commented that they will be letting Sheltered Housing on fixed term tenancies. However, HPCHA did not agree with the Council's approach on retaining Lifetime Tenancies for applicable occupants of Sheltered Housing.

Non-statutory Consultation responses

- 3.3 The Council also opened consultation for feedback from the wider public and interested parties through the Council website's consultation portal, and through questioning at a Tenant Consultation event in March & April 2012.
- 3.4 A short questionnaire related to the principles of the Strategic Tenancy Policy, was undertaken during the mobile housing consultation event in March/April 2012. Over 80 responses were received, with the majority of respondents in favor of the changes proposed by the Council, citing the fact that the availability of more homes would be beneficial to households in housing need.
- 3.5 One formal consultation response was received through the wider non-statutory consultation. This response agreed with some of the Strategic Tenancy Policy but raised comments as summarised in the list below:
 - Concerns the Council's repair bill would increase due to an increase in voids

- Suggested 10 Years is a more appropriate length for a flexible tenancy
 - Housing need should decide who gets properties, not employment
 - Concern some tenants may not invest in their homes due to lack of security of tenure
- 3.6 The majority of responses to the Consultation viewed the Strategic Tenancy Policy as positive.
- 3.7 The issues raised in the non-statutory formal response were considered at the drafting stage of the Strategic Tenancy Policy, however the STP proposals are considered to be in line with best practice elsewhere and the best solution to the lack of affordable homes available within the Dacorum area.

Monitoring and review

- 3.8 The Council will closely monitor the impact of this Strategic Tenancy Policy on tenants, prospective tenants and housing associations. A number of performance indicators will be reported regularly to the Housing Overview and Scrutiny Committee to monitor the STP.
- 3.9 This policy will be fully reviewed in March 2015 in line with the end of the Governments affordable homes programme.
- 3.10 If you have any further queries or comments on the STP, please contact:

housingdelivery@dacorum.gov.uk

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