

Committee:	Date:
Housing Management and Almshouses Sub Committee	30 January 2014
Subject: Tenancy Strategy	Public
Report of: Director of Community and Children's Services	For Decision

Summary

This report seeks approval from members for the draft Tenancy Strategy.

The Localism Act 2011 requires the City of London to prepare and publish a Tenancy Strategy to set out the matters to which it and other social housing providers in the Square Mile are to have regard to in formulating their policies on tenancies. The key matters to be addressed are the approach to the use of fixed-term tenancies in social housing and the position with regard to the new Affordable Rent product.

Reforms introduced by the current Government have relaxed the requirement of social landlords to offer the most secure (lifetime) tenancies in their general needs homes, and instead allow for shorter fixed-term tenancies to be offered to new tenants. Such tenancies are an option in addition to lifetime tenancies, and do not replace them. It is for local authorities to recommend whether such tenancies are offered or not in their area.

The Government has also introduced the new Affordable Rent product. This form of affordable housing allows social landlords the flexibility to charge rents of up to 80 per cent of local market levels on both new social homes and a proportion of re-lets, as part of an agreement to build new homes. Such agreements relate to the receipt of development grant from the Greater London Authority. The City of London is not a recipient of such funding, and therefore is not obliged (or readily able) to consider converting its existing stock upon re-let to Affordable Rent.

It should be noted that the reforms introduced by the Government do not affect existing tenants who remain in their homes. The draft Strategy proposes safeguards for existing tenants that have to move for management or other urgent reasons.

The draft Tenancy Strategy proposes that lifetime tenancies should remain the predominant offer for new tenants. However, it recognises and allows for the use of fixed-term tenancies in limited circumstances, while setting out groups for which such a tenancy would not be appropriate. It also acknowledges and accepts that other social housing providers in the City of London may choose to re-let existing homes at Affordable Rent as part of a wider development programme. It further includes the flexibility to allow for the development of new Affordable Rent homes should the City of London seek to do so.

The Localism Act requires that the City consult on its Tenancy Strategy with all other providers of social housing within its boundaries. This consultation will be undertaken on approval by Members of this draft. Should consultation lead to substantive changes, the Strategy will be brought back to this Committee for approval.

Recommendation(s)

Members are asked to:

- approve the draft Tenancy Strategy for consultation with social housing providers in the City of London
- delegate authority to the Director of Community and Children's Services in consultation with Chairman to approve minor changes arising from the consultation, and produce a final version.

Main Report

Background

1. The Localism Act 2011 (the Act) placed a new duty on local housing authorities, including the Common Council of the City of London Corporation, to prepare and publish a Tenancy Strategy. The purpose of this strategy is to set out the matters to which the City of London and other social housing providers in the Square Mile are to have regard to in formulating their policies on tenancies, including:
 - the types of tenancy they grant
 - the circumstances in which they will grant a tenancy of a particular type
 - the length of any fixed-term tenancy
 - the circumstances in which they will grant another tenancy when a fixed-term tenancy expires, and
 - the local approach to rent levels and the position with regard to the new Affordable Rent product.

Current Position

2. Prior to the Act social landlords were required to let 'general needs' homes on the most secure form of tenure possible. As such social tenants of the City of London have benefitted from a Secure Tenancy, and housing association tenants within the Square Mile have been granted an Assured Tenancy. Both tenancies provide lifetime security of tenure.
3. The Act introduces a new form of local authority tenancy, known as a 'Flexible Tenancy' and also permits housing associations to let their general needs housing on (existing) Assured Shorthold Tenancies. The Flexible Tenancy is available to local authority landlords in addition to, rather than replacing, Secure and Introductory Tenancies.
4. The purpose of these changes is to allow social landlords the flexibility to let social homes to new tenants on fixed-term tenancies. Where fixed-term tenancies are used the Government has directed that the minimum fixed-term should be five years.
5. Fixed-term tenancies can only be offered to new tenants provided the local housing authority has adopted a Tenancy Strategy or interim policies that

allow for it. However, local housing authorities can decide whether to use them or not.

6. This change to social tenure has been introduced alongside the new the 'Affordable Rent' product. This form of affordable housing allows social landlords the flexibility to charge rents of up to 80 per cent of local market levels on both new social homes and a proportion of re-lets, as part of an agreement to build new homes.
7. The higher rents secured on Affordable Rent properties allow reduced levels of grant funding for new development, and are therefore integral to the Greater London Authority funded affordable housing programme. As such, many social housing providers are delivering Affordable Rent homes to meet the terms of this programme and maximise its outputs. However, the City of London is not a recipient of such funding and therefore is neither obliged to consider converting its existing stock to Affordable Rent upon re-let, nor able to choose to do so.
8. Social homes let by the City of London are let at social rents, based on a formula set by government.
9. The intention of the government's reforms is to tackle what it sees as failings in the social housing sector. It is suggested that the use of fixed-term tenancies will allow for more effective use of scarce social housing, by reducing under-occupation, moving on households who no longer need social housing and creating more opportunity for households in need.
10. Critics believe fixed-term tenancies will undermine community stability, wellbeing and aspiration, while creating additional costs for landlords. They further suggest that in reality most of these tenancies will be renewed and therefore create a great deal of uncertainty for little by way of additional lets. It is also suggested that Affordable Rent will serve to drive up the housing benefit bill while providing homes that in reality are unaffordable.

Proposals

11. A draft City of London Tenancy Strategy has been prepared for Members' consideration (see Appendix 1). It sets out an approach to the use of fixed-term tenancies and the position with regard to the new Affordable Rent product. This will provide guidance to both the City of London as a social landlord, and all other social landlords operating in the Square Mile.
12. The strategy proposes that lifetime tenancies should remain the predominant tenancy for social homes in the City. This recognises that lifetime tenancies play an important role in supporting the wellbeing of its residents by providing stability and certainty, and by creating a sense of belonging.
13. However, the draft strategy proposes to also allow for the use of fixed-term tenancies in local or scheme based approaches, such as those targeting low income households in employment, or those linked to a specific support programme. This approach also recognises that some social housing providers may use fixed-term tenancies for stock they hold in the City of London to meet their own strategic objectives.

14. The draft strategy explicitly seeks to protect the security of existing tenants who may need to move for management or other reasons (such as fleeing violence). It also proposes a lifetime tenancy should normally be offered to any person aged over 60 for whom there is no prospect of under occupation, and any single person or couple who become a tenant of a wheelchair accessible property for whom the accessibility of the property will always be required and there is no future prospect of under occupation.
15. The draft strategy also proposes the view that for certain vulnerable groups the use of a fixed-term tenancy would not be appropriate. Examples of such groups would be older people, adults with learning difficulties, adults with permanent support needs and households containing someone with long term support or care needs.
16. The draft strategy proposes that the issuing of tenancies at target social rent will remain standard practice, but that exceptions may be sought for specific developments of new housing.
17. The draft strategy also acknowledges and accepts that social housing providers in the City may choose to re-let existing homes at Affordable Rent as part of a wider development programme. Where this cross-subsidy cannot be invested in development in the City it is expected to be invested only within the City's neighbouring authorities as a priority, and not outside of the capital.
18. An Equalities Impact Assessment has been completed and is attached as Appendix 2.

Next steps

19. Subject to the approval by Members of the draft, the City of London is required to consult on its Tenancy Strategy with all social housing providers within its boundaries. It is anticipated that these providers will support the strategy. However, should this consultation lead to revision, the strategy will be brought again before Members for approval.
20. Publication is aimed for 1 April 2014 after which a separate City of London Tenancy Policy will be prepared, reflecting the approach set out in the Tenancy Strategy.

Corporate & Strategic Implications

21. The City's Corporate Strategy seeks a world class City which supports our communities through the appropriate provision of housing, and supports a safer and stronger City through supporting community cohesion. This strategy supports the delivery of that vision, and is integral to the City's strategic priorities for housing, its (forthcoming) Homelessness Strategy and its allocations policy.

Implications

22. There are no financial, legal, property or HR implications arising from the Tenancy Strategy.

Conclusion

23. The City of London Tenancy Strategy has been developed to fulfil the requirements set by Government in the Localism Act 201. It sets out a clear approach in relation to the use of the fixed-term tenancies and the new Affordable Rent product for all social landlords in the Square Mile.

Appendices

- Appendix 1 – Draft City of London Tenancy Strategy
- Appendix 2 – Tenancy Strategy Equalities Impact Assessment

Simon Cribbens

Policy Development Manager – Housing and Social Care

T: 020 7332 1210

E: simon.cribbens@cityoflondon.gov.uk