

TENANCY STRATEGY

GUIDANCE FOR REGISTERED PROVIDERS OF SOCIAL HOUSING

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TENANCY STRATEGY

- 1.1 The Council must publish a Tenancy Strategy and keep it under regular review. (Localism Act 2011). Our Tenancy Strategy was developed in consultation with registered providers, partner organisations, tenants, affordable housing applicants and local residents. This Tenancy Strategy is an update to the first Tenancy Strategy published in 2012 following a review in 2017.
- 1.2 Registered providers of social housing are to have regard to the Tenancy Strategy when they formulate policies relating to:
 - a. the kind 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 certain term, 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
- 1.3 The changes apply to tenancies created from April 2012 onwards. Existing tenants seeking a transfer retain their existing form of tenancy where the transfer request and allocation accords with Sections 158 Secure and assured tenancies: transfer of tenancy and 159 Further provisions about transfer of tenancy under section 158 of the Localism Act 2011. The specific responsibility for managing transfers rests with individual registered provider landlords.
- 1.4 In addition we have an emerging relationship with non-registered housing providers to increase the supply of affordable homes in the private rented sector and we would wish them to have regard to this strategy.
- 1.5 We expect registered and other housing providers to have regard to our detailed principles and objectives set out in section 3 Guidance, to our [Allocations Scheme](#) and to relevant Council strategies including:

[Corporate Strategy 2016-2020](#)

More housing is required to meet the housing need of the predicted population increase of Bath and North East Somerset from 180,000 to 200,000 by 2020. Housing must be good quality, fit for purpose and meet the needs of an ageing population.

[Economic Strategy 2014-2030](#)

More new affordable homes and mixed tenure homes are needed to maintain a balanced housing market built in the right places. A better quality of existing private rented and owned homes and homes for everyone is required.

[Homelessness Strategy 2012-18](#)

We aim to prevent homelessness and tackle the causes of homelessness and inequality, particularly the gap in life expectancy between residents living in the best and worst housing or in the most deprived neighbourhoods.

- 1.6 The strategy aims to contribute to meeting local housing need within the limited resources available. Although registered providers will be developing their own policies which will reflect their priorities, they are to have regard to this Tenancy Strategy and our four local priorities:
- A. To increase genuinely affordable and appropriate housing options for local people including options for people aged under 35, large families and older people
 - B. To sustainably provide new affordable housing at a time of limited public investment By increasing the supply of lettings through new, flexible approaches to managing and allocating tenancies (and providing effective, appropriate and timely advice at the end of fixed term tenancies)
 - C. To improve the response to local circumstances and priority housing needs including preventing homelessness and supporting our statutory duties to the homeless and priority housing needs.
 - D. To manage housing assets to make best use of and improve supply of affordable housing and by tackling and preventing tenancy fraud

PRINCIPLES AND OBJECTIVES

The principles and objectives below form the essential determinants of the strategy. Rent and tenancy policies of registered providers are expected to accord with these requirements, as well as the subsequent detailed sections. Rent and tenancy policies must:

- a. establish a strategic policy framework that will help allocate the limited resource of available affordable housing to best and efficient effect and use of stock;
- b. ensure that the approach to fixed term tenancies is consistent and fair and enables better use of stock for those in housing need and that the implementation of flexible tenancies does not have a negative impact on homeless and vulnerable households;
- c. accommodate policy and practice that promotes flexibility, innovation and choice and impacts positively on affordable housing supply and access;
- d. encourage access and allocation to property that meets the need of eligible applicants that is sensitive to their personal circumstances, and is fair;
- e. ensure that rents and housing costs remain genuinely affordable to the intended client groups and accord with national planning policy guidance;
- f. adopt approaches and practice that contribute positively to the environmental, social and economic well-being of communities and neighbourhoods;
- g. ensure that registered provider landlord policies have regard to local circumstances and are subject to routine monitoring and review;
- h. ensure that the principles of this strategy and those of registered provider's Rent and Tenancy Policies are responsive to customer understanding and expectation; are clear, concise and equitable in word and in practice;
- i. ensure that outcomes are customer focussed, based upon clear rationale and aimed at promoting continual improvement of service delivery;
- j. advance the principles of the equality legislation by fostering good relations between people, eliminating discrimination and advancing equality of opportunity;
- k. ensure that monitoring is regular and thorough, with reports and reviews that are evidence based, open, transparent and fully accountable.
- l. The Council will allocate properties in accordance with Homesearch Policy which is based upon the principle of choice based lettings. We will advertise Affordable Rent Tenancies (ART) and social rent tenancies, which may include Flexible and Introductory Tenancies, on the Homesearch website and property adverts will clearly state the landlord, the rent and the type of tenancy being offered. Properties advertised for letting under ART will be clearly labelled.

HOMELESSNESS PREVENTION

- 2.1 The Council is committed to preventing homelessness through the provision of high quality and bespoke early interventions and advice. There are risks associated with the new flexible tenancies and affordable rent tenancies and it is essential that registered providers have in place formally agreed policies designed to prevent homelessness. We expect these to include pre tenancy advice, move-on advice and pre-eviction protocols and to provide proportionate support for vulnerable people.
- 2.2 We expect registered providers to work in partnership with the Council and other relevant agencies to prevent homelessness or resolve practical housing options.
- 2.3 The Council will utilise the power to discharge its homeless duty by securing suitable private rented sector accommodation, where appropriate and where the supply of suitable accommodation allows. However as a general rule this option will not be used for vulnerable people who will continue to primarily be accommodated in the social housing sector. We expect registered providers to provide support for vulnerable people that include intensive and proportionate tenancy management and that contributes to sustainable communities.

FLEXIBLE TENANCIES

- 3.1 We welcome the introduction of these flexibilities which will enable better use of local affordable housing by providing tenancies to households experiencing highest housing need and encouraging more mobility within the sector and on to other housing options. However, we are keen to ensure that these flexibilities are applied in a manner that does not undermine social investment into communities and in a way that ensures that vulnerable tenants can benefit from an appropriate period of housing stability.
- 3.2 Whilst we recognise that not all registered providers are planning to offer flexible tenancies we expect all registered providers to develop tenancy policies that are fair but flexible and, that are created to support and deliver on the strategic aims above.
- 3.3 Lifetime tenancies can be offered to the elderly or where the tenant has a serious and long term illness or disability or in other exceptional circumstances.

- 3.4 We expect registered providers that offer flexible tenancies to comply with the outcomes of the consultation on minimum and maximum lengths of term by offering a term of no less than 5 years and no more than 10 years unless the criteria for a lifetime tenancy is met.
- 3.5 Tenancies less than 5 years should be the exception only. We believe that tenancies less than 5 years are unlikely to encourage a household to invest in their home and community. However, we recognise that there may be specific circumstances that necessitate the use of such tenancies, such as, particular properties for which there is exceptional demand for example larger family homes or properties that meet strategic management requirements.
- 3.6 Tenancies greater than 10 years, other than lifetime tenancies described above should be the exception only. Granting tenancies greater than 10 years, other than lifetime tenancies restricts the effective and efficient use of the housing stock. We expect registered providers to review all fixed term tenancies at the end of the term to decide whether or not it is reasonable to extend a further term and at this point, to have regard to strategic housing needs, see below.
- 3.7 In determining the length of tenancy consideration should be given to the circumstances of the tenants, particularly families with dependent children requiring stability in their educational needs or those living in adapted properties and those with a support need that is long-term but not necessarily lifelong.
- 3.8 Registered providers are required to formulate and publish policies that will govern the process under which tenancies will either be renewed or terminated at the end of the fixed term and that make best use of their housing stock. A review is required before the end of the flexible period and at this point it will be for the registered provider to consider the tenants individual circumstances and decide whether to offer a further fixed period or to terminate the tenancy. We will expect reviews to be carried out 6 months to one year prior to the end of the fixed term so that the tenant has time to plan ahead and for the following factors to be considered:
- a. the current circumstances of the household and the need for a property of the type and size that they presently occupy. We are keen to see that registered providers utilise the new flexibilities to address issues such as under-occupation and to make better use of adapted accommodation which is no longer required by a household and for which there is a local need. Tenants whose circumstance result in their tenancies not being renewed on this basis should be offered an alternative property suited to their needs, including advice about home-ownership if appropriate, unless there are other qualifying factors to be considered, such as those set out below;

- b. the financial capacity of the tenant to secure alternative market accommodation or affordable home-ownership. Both in terms of capital assets and income. However, this assessment must not act as a disincentive to work;
 - c. the conduct of the tenant throughout the fixed term tenancy. This includes any anti-social behaviour issues, rent arrears or property management issues;
 - d. the contribution of the household to the community and the potential impact on the community if they were to move out of the area.
- 3.9 Where the registered provider intends not to renew a tenancy at the end of the fixed-term their policies need to set out and include clear appeal and complaint procedures for the tenant.
- 3.10 We are committed to ensuring that the decision to terminate a fixed-term tenancy does not lead to increased levels of homelessness. Therefore, we expect registered providers to adopt best practice and any Homes and Community Agency or regulatory guidance with regard to dealing with the ending of tenancies, but as a minimum where a registered provider will not be renewing a tenancy at the end of the fixed-term the provider should engage with the tenant at the earliest possible opportunity.
- 3.11 Registered providers should provide households affected by the termination of a tenancy with appropriate advice and assistance that will assist them in successfully securing an alternative property. We welcome the extension of this advice provision to tenants of Lifetime Tenancies to enable them to take full and equal advantage of alternative housing options. The advice must include specialist housing and welfare advice and the options available to them including low-cost home ownership, alternative affordable housing tenures, advice on renting in the private sector.

AFFORDABLE RENT TENANCIES

- 4.1 The Council's preferred tenure for affordable rented homes is Social Rent and this is the tenure that takes precedent when considering new developments delivered through planning or with local authority funding. We do, however, recognise the role of Affordable Rent Tenure homes as part of a wider delivery of affordable housing in Bath and North East Somerset.
- 4.2 Affordable Rent Tenure (ART) were a new tenancy type introduced in 2010 as a means of delivering more homes, making the best use of constrained public subsidy, and the existing social housing stock, by charging a higher rent to service greater private borrowing. The affordability of ART tenancies, at up to 80% of market rent, is a significant concern for the Council.
- 4.3 For the 2015-18 Homes and Communities Agency (HCA) bidding round, the Council was pleased to see the requirement for conversions of existing social

rented stock to ART abandoned and far greater leniency given on delivering rented homes at less than 80% market rent.

- 4.4 The Council does not support the conversion of social rent properties to ART unless this is part of an agreed wider strategic proposal for developing sustainable, regenerated housing solutions to the rented housing stock.
- 4.5 The Council will support the delivery of ART homes only when the rent does not exceed Local Housing Allowance (if it is higher than the 80% market rent) and where:
 - a. HCA capital funding is secured; or
 - b. Additional value is required from the homes to ensure viability and scheme deliverability; or
 - c. The cost of social rent plus service charge exceeds the equivalent ART rent.
- 4.6 Registered providers are required to provide and publicise the detailed terms of ART including applicant eligibility, tenancy terms and options and arrangements for termination. ART rent will be determined independently in accordance to the Royal Institute of Chartered Surveyors practice for determining market rents and primarily calculated at 80%. Less than 80% will be required if:
 - a. it exceeds the Local Housing Allowance rate; or
 - b. it fails to meet the needs of eligible households by not being at a cost low enough for them to afford as determined with regard to local incomes and local house prices. (The Council has assessed its affordable housing need based on a household spending no more than 35% of its gross income on meeting its housing costs).
- 4.7 The Council will issue challenges where proposed rents at 80% of market rents are considered unaffordable and require revision based upon the market evidence of local incomes and house prices, or where the rent exceeds Local Housing Allowance.

ASSET MANAGEMENT AND TENANCY FRAUD

- 5.1 We will support the disposal of housing stock where registered providers can effectively demonstrate that:
 - a. they have a formally agreed strategy in relation to asset disposals with approved recommended actions substantiated by robust options appraisals taking into account stakeholder consultations, and funding obligations linked with the specific property and accommodation, and
 - b. the proceeds can be more productively used to develop new affordable housing within the district than maintaining the existing property, and
 - c. there will be no negative impacts on the balance and sustainability of the local neighbourhood,
 - d. The local authority is willing to provide formal support for the proposed disposal as part of the statutory regulator's consent process.

- 5.2 We will support and encourage measures to make the most effective use of the existing housing stock. We will expect registered providers to have formally agreed strategies to support and encourage under-occupying tenants to move to properties of a size more suitable to their needs.
- 5.3 Social housing is an asset for which there is very high demand in this area. It is vital not only that each social home goes to a household who needs it, but also that it continues to be occupied by the household to whom it was given. We expect registered providers to develop and have in place formally agreed policies that have regard to guidance published by Communities and Local Government, to prevent tenancy fraud. We expect these to set out how the registered provider will prevent:
- a. Civil matters including subletting and key-selling
 - b. Unauthorised assignment (including by mutual exchange)
 - c. Criminal offences including right to buy/acquire fraud and obtaining a tenancy through false statement.

MONITORING AND REVIEW

- 6.1 The Council will develop mechanisms to monitor allocations to ART and the impact of flexible tenancies. Registered providers will provide relevant data to help with monitoring, which will include the number of ART tenancies, the length of tenancies, the number of complaints and requests for review. We will expect registered providers to keep a register of properties let as ART and as flexible tenancies and to share this information with the Council as required for monitoring and strategic information purposes.

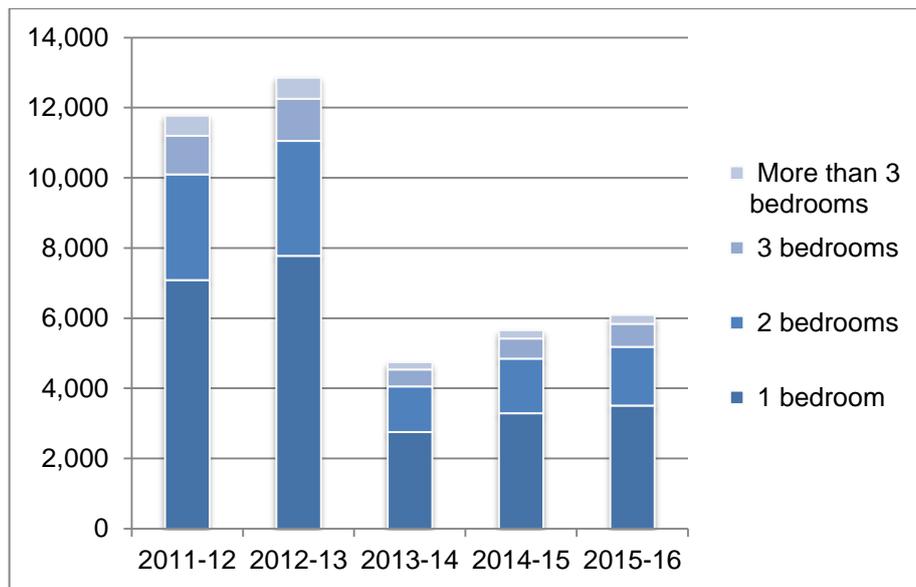
EVIDENCE (HOUSING NEED)

- 7.1 The Strategic Housing Market Assessment 2009 (updated 2013) shows that house prices and private rents are significantly above the national average and we need more homes to meet the assessed local housing need.
- 7.2 In Bath and North East Somerset the social rented dwelling stock provides approximately 8808 general needs, 357 supported, 2178 older persons dwellings. There are 33 private registered providers with owned or managed dwelling stock, the largest four are Curo Places Ltd (9305), Knightstone Housing Association (800), Sovereign Housing Association (233) and The Guinness Partnership and Guinness Housing Association(439) as shown in the table below.
- 7.3 **Size of Private Registered Providers in Bath and North East Somerset and stock distribution (HCA SDR 2015-2016)**

PRP name	Size of organisation	General needs - Self contained - Owned low cost rental	Supported housing - Owned low cost rental (units / bedspaces)	Housing for older people - Owned low cost rental (units / bedspaces)	Total number of owned units which fall the DHS	General needs - Self contained - Managed low cost rental	Supported housing - Managed low cost rental (units / bedspaces)	Housing for older people - Managed low cost rental (units / bedspaces)	Low Cost Home Ownership - Units Owned where Purchase price has <100% Equity	Low Cost Home Ownership - Units (Managed) where Purchase price has <100% Equity	Total sales to tenants	Total sales to other	First tranche low cost home ownership sales	100% staircase low cost home ownership sales	General needs self contained units vacant and available for letting	General needs self contained units vacant and not available for letting	Total general needs self contained units vacant
Curo Places Limited	Large	7457	123	1725	43	7457	27	1725	273	0	19	7	29	9	0	29	29
Knightstone Housing Association	Large	668	84	48	0	668	46	48	46			3	5	2	2	6	8
Sovereign Housing Association L	Large	233			0	233			56				1	3	5	1	6
The Guinness Partnership Limited	Large	170	0	106	0	226	0	213	22	6	0	7	0	2	9	1	10
Sanctuary Housing Association	Large	70	13	9	0	70	0	9							0	1	1
Guinness Housing Association L	RASA	56	0	107	0												
Aster Communities	Large	41	18		0	41	18		11		0	0	1	0			
Places for People Individual Supp	Large	25	20	16	0		3	16									
Wiltshire Rural Housing Associat	RASA	19	0	0	0												
Selwood Housing Society Limited	Large	14	0	0	0	14	0	0	1	0							
Merlin Housing Society Limited	Large	12			0	12											
English Rural Housing Associatio	Large	11	0	0	0	11	0	0	5	0							
NSAH (Alliance Homes) Limited	Large	9	0	0	0	9	0	0	0	0	0	0	0	0	0	0	0
United Housing Association Limit	Large	9			0	9											
The Lodge Co-operative Housing	RASA	8	0	0	0												
Solon South West Housing Assoc	Large	5	20	0	0	5	20	0							0	0	0
Chapter 1 Charity Limited	Large	1	0	0	0	1	0	0									
German Lutheran Housing Assoc	RASA	0	0	6	0												
Golden Lane Housing Ltd	Large	0	4	0	0	0	4	0									
Home Group Limited	Large	0	19	0	0	0	19	0	0	0	0	0	0	0	0	0	0
Methodist Homes Housing Assoc	RASA	0	0	37	0												
The Riverside Group Limited	Large	0	11	8	0	0	0	8									
Advance Housing and Support Li	Large		5		0		5		8					1			
Anchor Trust	Large			49	0			49									
Catalyst Housing Limited	Large								1								
Dimensions (UK) Limited	RASA		27		0												
Hanover Housing Association	Large			67	0			67									
Heart Of England Housing Assoc	Large									1							
Julian House	RASA		13		0												
Orbit Group Limited	Large								1	0							
Places for People Homes Limited	Large					25											
Shepherds Bush Housing Associ	Large								1								
St Mungo Community Housing A	Large						13										

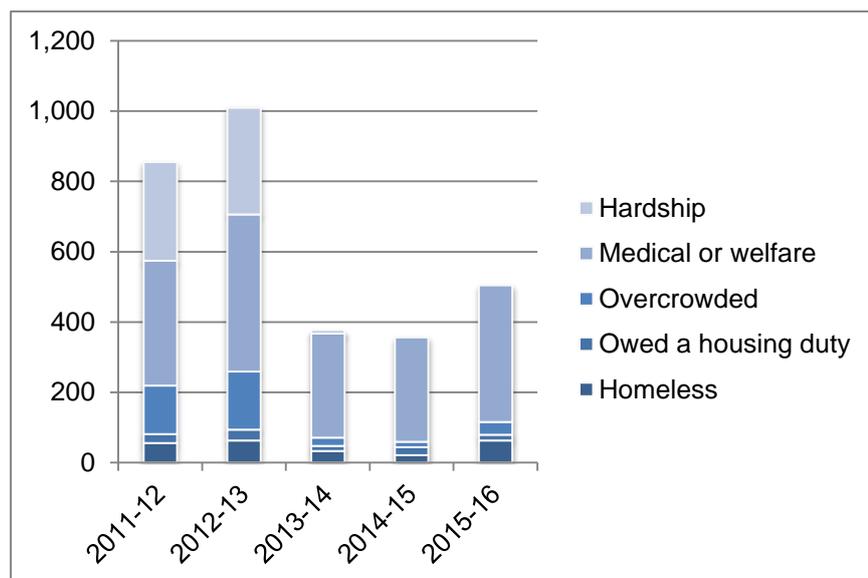
- 7.4 Homesearch, the register for affordable housing shows that the high cost of home ownership and private renting results in continuous and increasing annual demand for affordable housing of all sizes (determined by number of bedrooms). The dip in numbers at the end of 2013 is because the scheme was reviewed in 2012 and households with no local connection or gross incomes over £60,000 were excluded:

7.5 Households on the housing register and bedroom number required



7.6 Our allocations scheme prioritises applicants into three housing needs groups and allows them to bid for affordable housing. Low housing need group C includes families who are overcrowded. Urgent and high housing needs increased in 2015-16 with notable increases in numbers of overcrowded (15 in 2014/15 to 37 in 2015/16) and homeless (21 in 2014/15 to 63 in 2015/16) households as shown below:

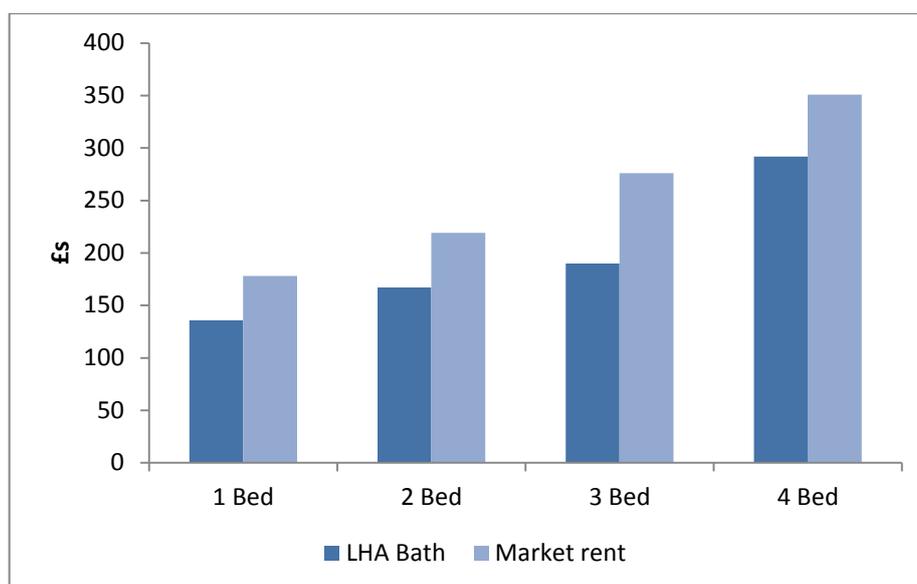
7.7 Number of households in groups A/B and type of urgent or high need



7.8 Average waiting times for households with urgent and high non sheltered housing needs are between 5 – 14 months. 2015-2016 average waiting times for households with low housing need, which includes families sharing bedrooms, were up to four years and for single people nearly six years. See the Homesearch Annual Report.

7.9 Renting privately is an alternative and quicker housing option, but is not always affordable because average market rents are above local housing allowance rates. as shown below:

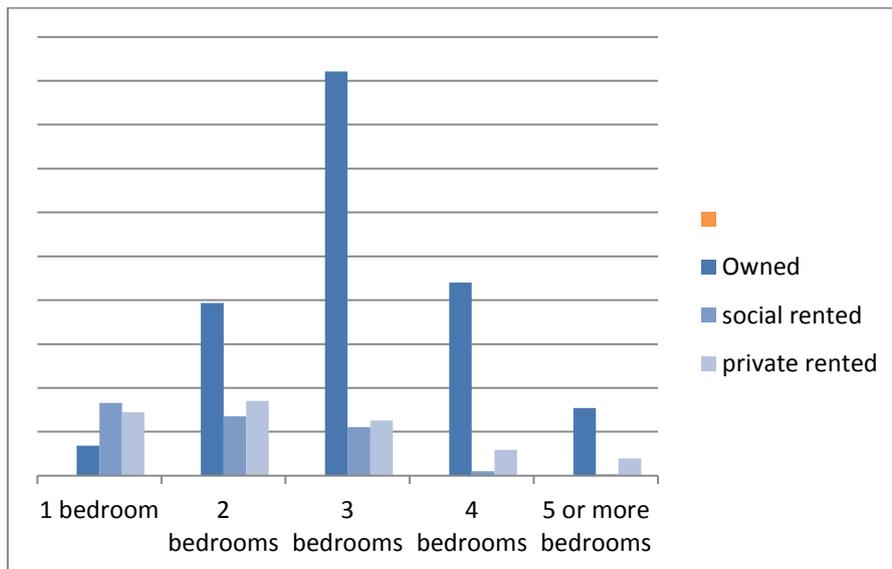
7.10 Local Housing Allowance compared to market rents 2016



7.11 We expect increased demand for shared housing because of changes to housing related benefit which mean that single people below age 35, renting in the private sector, will generally only be entitled to benefit for a room in a House in Multiple Occupation (HMO) or shared property. Competition within the private sector for shared housing is significant due to the pressure from accommodating student housing need.

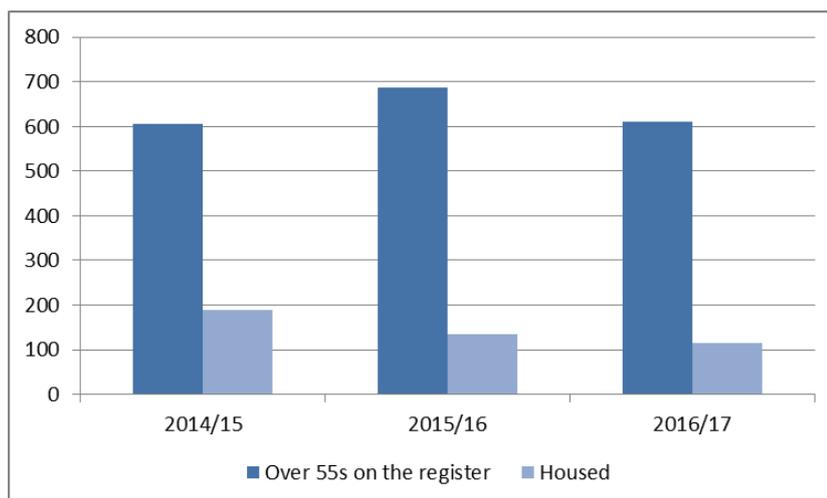
7.12 The 2011 Census shows that property sizes (by bedroom number) are unequally distributed across private and social housing and that there is a comparably low supply of four and five bedroom affordable rented homes:

7.13 Dwelling distribution by tenure (2011 Census)



7.14 Over the last three years fewer households aged 55+ on the housing register have been housed every year as shown by the chart below. Note that the register was reviewed in 2016/17 and households who did not reactivate their applications were removed. The level of housing need in this cohort is getting more urgent and includes households wanting to downsize and release family homes into the system.

7.15 People aged 55+ on register (last 3 years by housing need and rate of lets)



GLOSSARY

Affordable Housing – In March 2012 the Government revised the National Planning Policy Framework in particular the definition of Affordable Housing: Social rented, affordable rented and intermediate housing, provided to eligible households whose needs are not met by the market. Eligibility is determined with regard to local incomes and local house prices.

- Affordable housing should include provisions to remain at an affordable price for future eligible households or for the subsidy to be recycled for alternative affordable housing provision.
- Affordable rented housing is let by local authorities or private registered providers of social housing to households who are eligible for social rented housing.
- Affordable Rent is subject to rent controls that require a rent of no more than 80% of the local market rent (including service charges, where applicable).
- Intermediate housing is homes for sale and rent provided at a cost above social rent, but below market levels subject to the criteria in the Affordable Housing definition above. These can include shared equity (shared ownership and equity loans), other low cost homes for sale and intermediate rent, but not affordable rented housing.

Homes that do not meet the above definition of affordable housing, such as “low cost market” housing, may not be considered as affordable housing for planning purposes.

Affordable Rent Tenancy (ART) – an affordable rented property let on a rent up to 80% of market rent. Applies to certain new build units and converted social rented dwellings

Conversion – A former social rented dwelling relet on an ART

Equality/Equalities – As defined within the Equalities Act 2010 to ensure that no one is treated unfairly in respect of certain characteristics.

Homes and Communities Agency (HCA) – A government body managing public investment for housing delivery and economic growth, including the provision of new affordable housing and regulatory powers in respect of Registered Providers.

Registered Providers (RPs) – Social housing landlords, usually housing associations, registered with the HCA

Social rented housing – Social rented housing is owned by local authorities and private registered providers (as defined in section 80 of the Housing and Regeneration Act 2008), for which guideline target rents are determined through the national rent regime. It may also be owned by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with the Homes and Communities Agency.