

Strategic Tenancy Policy

Summary

Why produce a Strategic Tenancy Policy?

Legislation enacted through the Localism Act 2011 placed a duty on all local authorities to produce a Strategic Tenancy Policy. The purpose of this policy is to set out the broad objectives to be taken into consideration by affordable housing providers when formulating the policies that will govern how they will implement a range of new flexibilities that the government has granted to them through a series of reforms to social housing policy and legislation.

The first Strategic Tenancy Policy was agreed in January 2013. It was also agreed with partners that it should be reviewed annually at the beginning of each calendar year to ensure it is up to date and continues to meet the needs and aspirations of existing and potential tenants.

Flexible tenancies

Gateshead Council believes it is important that all residents have access to a decent, secure and stable housing environment. The Gateshead Strategic Tenancy Policy therefore highlights the continuing need to maintain long term tenancies in social housing.

Where registered housing providers use flexible tenancies they should normally be offered for a minimum period of five years including any probationary period. The council is of the opinion that the minimum fixed-term of two years should only be used in exceptional circumstances, as this is unlikely to encourage a household to invest in their home and community. Two year tenancies should only be issued where there is a short-term risk that the tenant may no longer require the property within a relatively short time frame of commencing occupancy.

Affordable Rents

Gateshead Council recognises that additional funding raised through charging higher rents can be used to deliver more affordable homes. The council also recognises that affordable rents provide another housing option for those who can afford this higher level of rent but not a full market rent.

Gateshead Council would expect that all extra revenue raised through affordable rents in Gateshead would be used to provide more affordable housing in the borough where sites and funding are available.

Homeless people

Gateshead Council works with partners to reduce homelessness and potential homelessness throughout the borough. The council's priorities are:

- prevention of homelessness utilising innovative methods to enable households to remain at home or avoid the need to apply as homeless;

- reducing the use of temporary accommodation; and
- working in partnership to help vulnerable households.

Gateshead Council would expect that registered housing providers support it in meeting its statutory duties relating to homeless and potentially homeless people by:

- i) accepting homeless households through nominations from the council ;
and
- ii) providing the most secure and long term type of tenancies to ensure that tenants have a stable and secure home environment.

Introduction

Gateshead Strategic Tenancy Policy aims to maintain a balanced housing market in social housing to ensure that affordable housing solutions are available to all sections of our communities. It is based upon consultation with stakeholders, councillors and our housing partners.

Social housing in Gateshead is generally of a very high standard with average rents below market rents in the private rented sector.

The vision for Gateshead is set out in its sustainable community strategy, 'Vision 2030'

Local people realising their full potential enjoying the best quality of life in a healthy, safe, prosperous and sustainable Gateshead'

The strategic objectives for people within the Council Plan 2012-17 include:

- financial Inclusion;
- inequality and educational achievement; and
- stronger independent communities.

To achieve these objectives it is important that all residents have access to decent, secure and affordable housing. The Strategic Tenancy Policy therefore highlights the continuing need to maintain long term tenancies in social housing to ensure that:

- residents have a secure home environment which will aid access to employment and to financial services. Residents with temporary tenancies can be excluded from these.
- a secure home environment is provided for children to help them attain in education. Fixed term tenancies may disrupt links with school
- people have a stake in their community. Fixed term tenancies may disrupt living arrangements and ensure that people who really want to live in an area are forced to move out of it.

- social housing does not end up being transient housing where households whose circumstances are improving are being asked to move out of their home;
- homelessness does not increase as this will have a detrimental effect on health and education inequalities and lead to social exclusion.

The National Context

Legislation enacted through the Localism Act 2011 places a duty on all local authorities to produce a Strategic Tenancy Policy. The purpose of this policy is to set out the broad objectives to be taken into consideration by affordable housing providers when formulating the policies that will govern how they will implement a range of new flexibilities that the government has granted to them through a series of reforms to social housing policy and legislation.

Government housing reforms have given affordable housing providers greater freedoms that will allow them to:

- provide new tenants with a fixed-term tenancy if it is felt to be more appropriate than the offer of a lifetime tenancy. The minimum length of a fixed-term tenancy that affordable housing providers will be able to offer to new tenants is two years. Providers will still have the option to grant lifetime tenancies;
- determine the length of the fixed-term offered to each tenant on an individual basis;
- develop their own policy setting out the criteria to be used to determine whether or not to reissue a new tenancy at the end of a fixed-term; and
- build new homes and re-let existing homes under the new 'affordable rent' tenure, which enables housing providers to charge higher rent levels for accommodation than is presently charged for social rented accommodation.

The Government has made it clear that it wants local authorities to have a degree of strategic influence over how registered housing providers implement these reforms. Housing providers are expected to give 'due regard' to the objectives and principles set out in this Strategic Tenancy Policy when formulating the policies that will govern how they will implement and utilise the new flexibilities allowed under the Localism Act.

The Local Context

The council and registered housing providers have been successful in providing a range of new properties and carrying out Decent Homes work to existing stock. Housing that could not be brought up to standard has been disposed of in both the council and housing association stock.

Gateshead Council's response to the Localism Act 2011 and the Homes and Communities Agency's regulatory framework is based upon the key housing issues in Gateshead. The council's Tenancy Policy sets out how it will let council homes and sets out the council's response to the new flexibilities set out in the Localism Act. The policy can be found at:

www.gateshead.gov.uk/housing/strategy/policiesstrategies/home.aspx

Gateshead Council's own Tenancy Policy states that existing secure council tenants transferring to another council property will be given a secure tenancy for their new home.

New tenants will be granted an introductory tenancy which will last for 12 months. This can be extended for a further six months if we feel a tenancy has not been conducted satisfactorily.

The council will charge social rent on most council properties. However, it will charge rents of 80% of the local market rent in the private sector on any properties it leases from private landlords and lets on a flexible tenancy.

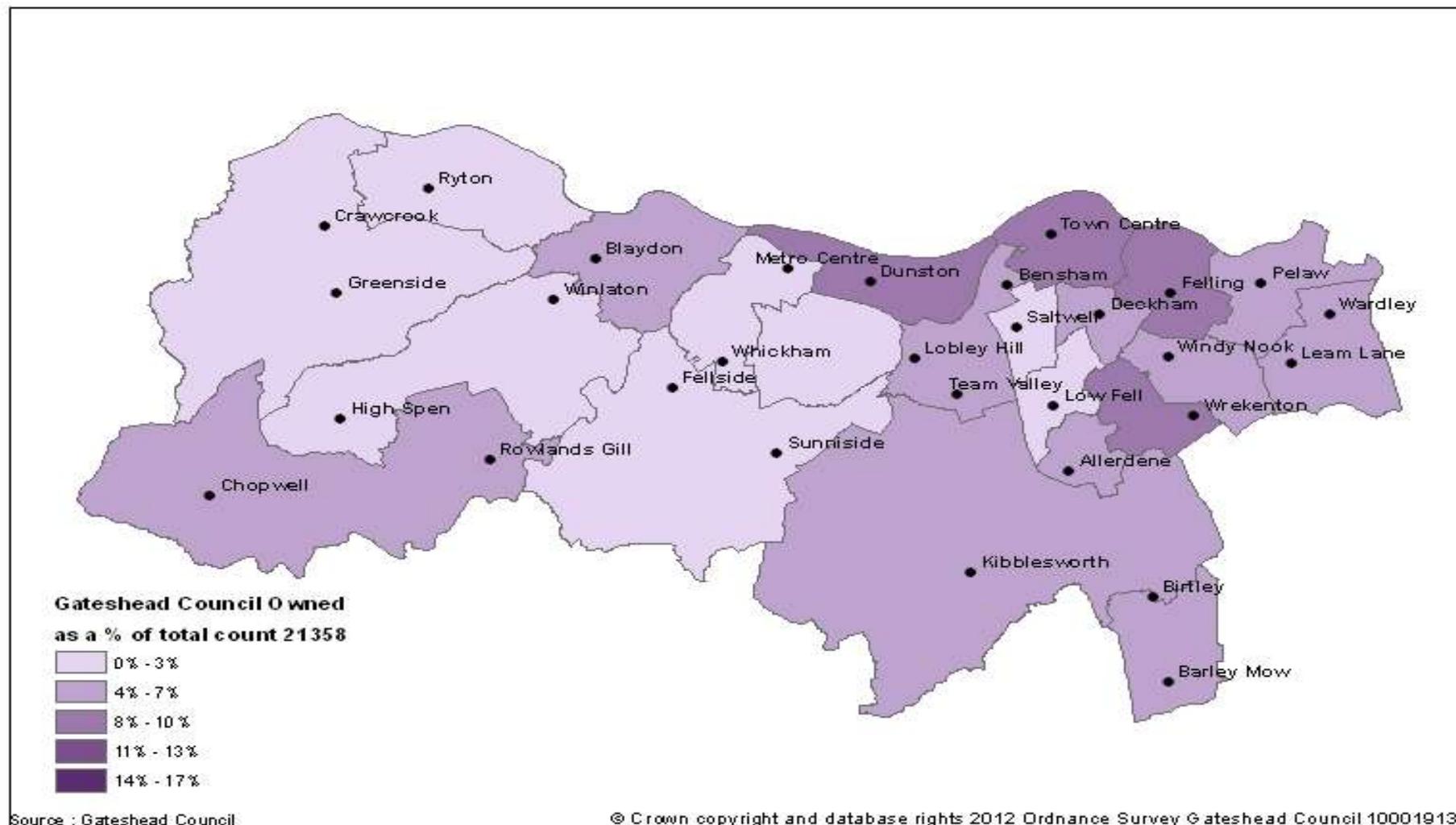
The council recognises that other providers of social housing may wish to provide a more flexible tenancy model and that many registered providers have agreed a development contract with the Homes and Communities Agency based upon rents of 80% of local market rent for new properties and re-lets within existing stock.

Social housing plays a significant role in Gateshead providing over 28% of total housing stock and is therefore crucial in helping the council meet its strategic objectives for the borough. The council would therefore expect registered housing providers to take into account the local housing market within the neighbourhood when determining types of tenancy and rent levels.

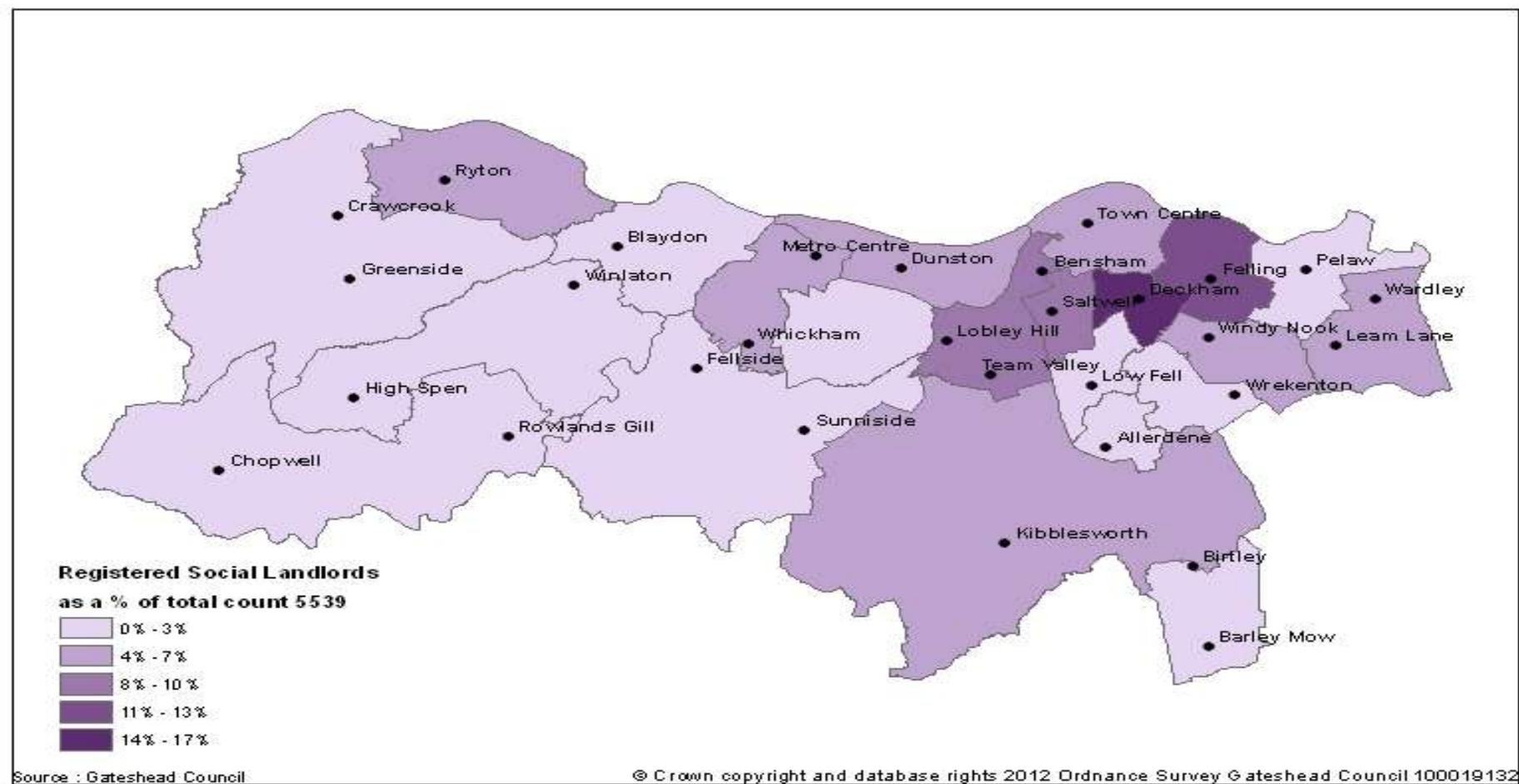
The tenure profile

The distribution of social housing throughout Gateshead shows that in the west and south east of the borough there are limited options for housing applicants. In these areas the private rented sector fills this gap but the quality of rented housing is variable.

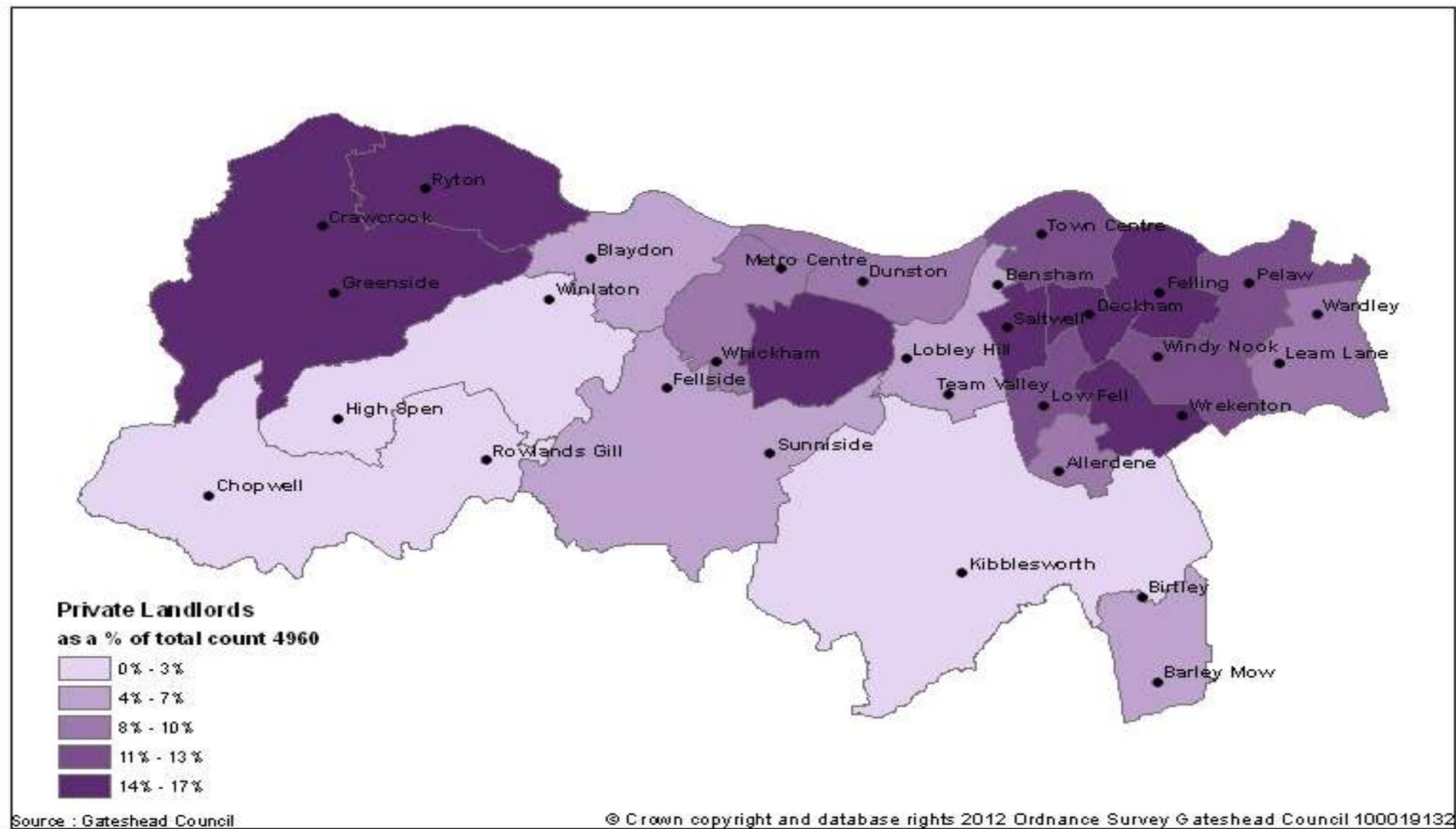
The following maps show the geographical spread of different tenures. They show clearly that there is a shortage of social housing in areas of the west and the south and this shortage is in both family housing and housing for older people.



Tenure - Gateshead Council



Tenure - Registered Social Landlords



Tenure - Private Landlords

Condition of properties

A 2008 stock condition survey of housing in the private sector revealed that over half of private rented dwellings in Gateshead failed the Decent Home Standard, compared to an average of 44% that fail across England as a whole. The proportion of private rented dwellings that fail the mandatory standard, the Housing Health and Safety Rating System (HHSRS) is 31% in Gateshead, compared to 30% across England.

It is households with the most limited housing options who are housed within the poorest housing and often their security of tenure is limited. This can affect the physical and mental health of households as well as being disruptive to children's education.

Many of the poorest and most vulnerable households, however, are excluded from the private rented sector where landlords insist upon the payment of a bond as a condition of letting properties.

Gateshead Council works with landlords through the Gateshead Private Landlords' Forum to improve standards and it is envisaged that registered landlords will let their properties through the Tyne and Wear Homes lettings system.

Rental prices and property process

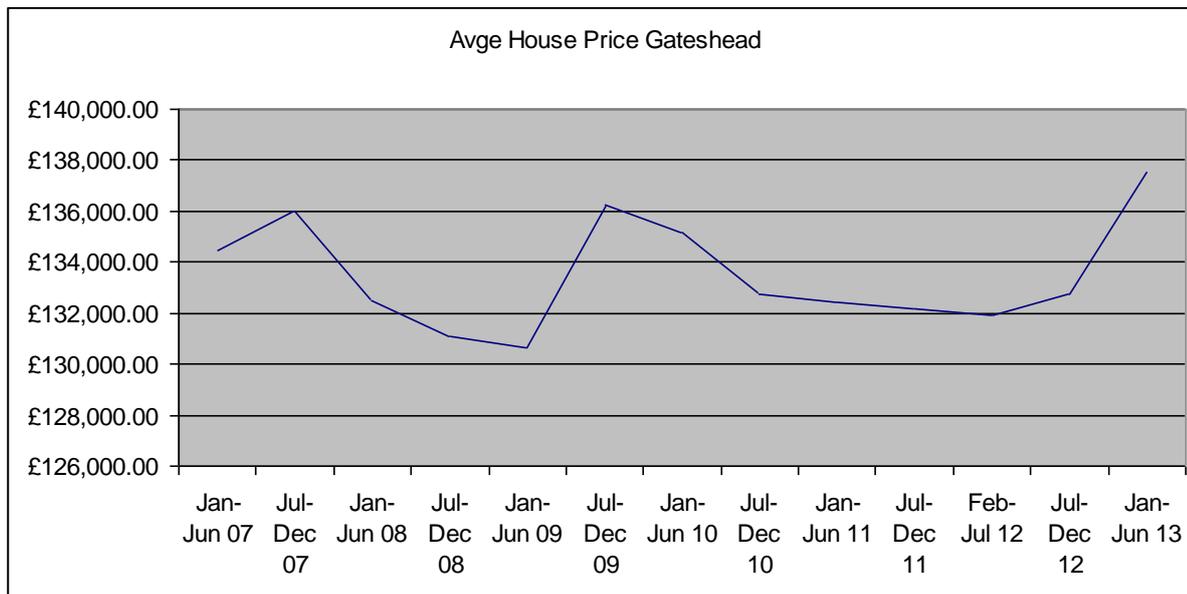
Data from Hometrack indicates that median rental prices in Gateshead are lower than those in the wider region and the country as a whole. This data also suggests that the average housing association rent presently equates to around 86% per cent of the median private sector market rent (Hometrack).

Private sector rents provide an indication of the likely average rents that will be charged under the new affordable rent regime. The figures suggest that the introduction of the new affordable rent regime will not lead to a significant average increase in rental prices for households renting through a social landlord.

As with rental prices, property prices in Gateshead are notably lower than the rest of England as a whole. From 2000 to 2007 the price of properties in Gateshead rose significantly. While this price rise was on average lower than the rest of England it significantly reduced affordability in what was once a low cost housing market.

The average price of houses in Gateshead has risen only slightly since 2007 from £134,432 in June 2007 to around £137,611 in June 2013. This is considerably lower than the comparable average for England which was approximately £160,000 mid 2013. The graphs below show house prices and the number of transactions since mid 2007.

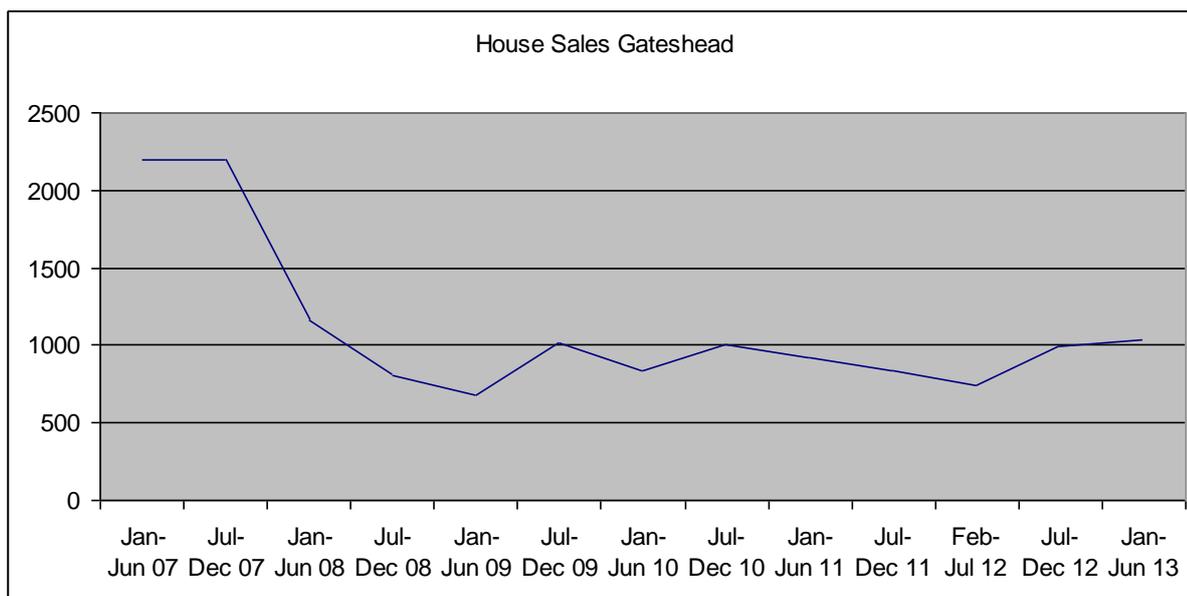
House Prices – Newcastle and Gateshead 2007- 2013



Source: Land Registry

Following the 2007 recession house prices recovered slightly across Gateshead and Newcastle up to 2009 but then decreased again. Theoretically this was good news for potential first time buyers looking to move to Gateshead, change tenures or starting up their first home. The fall in house prices has however significantly affected the number of housing transactions and through that the number of new properties coming on to the market.

Housing Transactions/Sales – Gateshead 2007 – 2013



The reduction in housing transactions since 2007 is matched by a reduction in new house building in Gateshead. Properties for sale for first time buyers and medium income families are therefore significantly reduced since the beginning of the recession in 2007.

Further information on the housing market in Gateshead can be found on GENIE (the council's statistics and information service) on the council website at:

<http://www.gateshead.gov.uk/DocumentLibrary/People/genie/EconomicScorecard/MonthlyEconomicScorecard13NovDec2011.pdf>

Despite lower house prices and rental costs, the 2010 Newcastle/Gateshead Strategic Housing Market Assessment (SHMA) found that 15% per cent of households across the Newcastle and Gateshead sub region cannot afford to rent or buy market housing without subsidy. The SHMA attributed these affordability issues to lower average levels of savings and equity.

The Newcastle/Gateshead Strategic Housing Market Assessment can be found on the council's website at:

<http://www.gateshead.gov.uk/Building%20and%20Development/PlanningpolicyandLDF/LocalDevelopmentFramework/EvidenceLibrary/NewcastleGatesheadStrategicHousingMarketAssessment.aspx>

Housing need and demand for social housing

In April 2013 there were 5891 active applicants on the Gateshead housing register. This had climbed to 7586 in December 2013. Lettings information for 2013/14 shows that the greatest number of lettings of council properties in the urgent category was for 2 bedroom houses.

The subsidy on extra bedrooms or 'bedroom tax' was introduced in 2013 and is having a considerable effect on demand for social housing. Demand for 2 bedroom flats has been particularly badly hit as these have traditionally housed single people and couples without children. There is a shortage of alternative one bedroom accommodation throughout Gateshead as this has traditionally been an unpopular property type.

Population change and housing need

The increase in older people through an ageing population will have an impact on the private sector housing service (and other services) in terms of adaptations, stair lifts, etc. and handy person schemes to enable the elderly to remain in their old homes.

More specifically, it will increase the number in the vulnerable groups (65+) who are most likely to have poor health. Older people are also disproportionately adversely affected by excess cold and risk of falls, both of which are the private housing sector service's main concerns with regard to the mandatory housing standard.

The continued availability of decent, affordable and secure housing will have a significant impact upon public health and Gateshead's ability to meet its strategic health objectives.

Sometimes an applicant may have an urgent or immediate need for re-housing due to circumstances, which are not covered by the lettings policy. A direct let may be considered necessary. This course of action will only be approved if re-housing cannot be resolved or resolved quickly enough through the Housing Register to avoid serious detriment to either the council, the community the applicant. A move granted under this category will generally only be approved under the most serious circumstances and an offer will therefore be made based upon need.

Income and household earnings

Household earnings

In terms of employment, a lower percentage of Gateshead's working age population are economically active (75%) compared with Great Britain as a whole (76.2 per cent). Gateshead also has a considerably higher proportion of its working age population in receipt of Job Seekers Allowance (7.2%) compared with Great Britain as a whole (4.7%).

This trend is mirrored in other DWP statistics that relate to other welfare benefits; a higher percentage of working age people in Gateshead claim incapacity benefit, carers allowance, disability and lone parent-related welfare benefit compared with the rest of the region and Great Britain.

For those in employment, the average gross weekly pay for individuals that reside in Gateshead (£380p/w) is significantly lower than the national averages (£501.80p/w) in 2012.

This economic data suggests there is a large element of the local economy that is grounded in low paid and unskilled employment. There is also considerable evidence to suggest a higher level of dependency upon welfare benefits in Gateshead than in the wider region and the country as a whole and this will affect the demand for low cost housing.

Ensuring affordability

Gateshead Council wants to ensure that rents levels in Gateshead remain affordable.

Gateshead's market rent levels vary between neighbourhoods. These variations will be reflected in the affordable rents calculated for each locality. The council aims to prevent excessive disparities between different localities in terms of affordable rent prices to ensure affordability for both low income and working households and for households that are dependant on welfare benefits. For this reason, the council would like registered housing providers to ensure that rents charged for affordable rented properties do not exceed the relevant Local Housing Allowance (LHA) rate that is applicable for that property size.

Gateshead Council expects registered housing providers to avoid setting rent levels that risk households being unable to afford their rent. The council, working with all of its housing partners, will also need to ensure that the poorest most vulnerable people are not put in the most expensive social housing.

Applying tenancy flexibilities

Use of flexible tenancies

Under the Government's housing reforms, housing providers will have the flexibility to determine the length of tenancy that they offer to new tenants. Gateshead Council would wish to see social housing let on the longest and most secure type of tenancies.

The council recognises that the new flexibilities allowed under the Localism Act can be used to address issues such as under-occupation and improve stock turnover particularly in areas of high demand. However, the council is also keen to ensure that these flexibilities are applied in a manner that does not undermine social investment into communities, and ensures that the most vulnerable tenants are provided with the level of stability they require.

In order to achieve these outcomes, the council advocates that;

- there is a presumption that all social housing in Gateshead is let on the most secure form of tenancy;
- fixed term tenancies should only be used to address specific and identified issues relating to under occupation and to improve stock turnover. Registered housing providers should consider the current circumstances of households including the size of the house they need. The decision on the type of tenancy to offer should be taken in the context of the local housing market and demand and supply of the property type in question;
- where the council has nomination rights we would expect a registered housing provider to fully consult us before letting properties on fixed term or flexible tenancies;
- where fixed-term tenancies are offered, they should normally be offered for a minimum period of five years including any probationary or introductory period;
- housing applicants with a lifelong need for support, that would disadvantage them in securing alternative accommodation, should always be offered the most secure type of tenancy. This applies to tenants in both general purpose accommodation and those in specialist and/or supported accommodation;
- tenants residing in older persons accommodation, such as sheltered or 'extra care' housing, should continue to be granted lifetime tenancies.

Government reforms require registered housing providers to formulate policies that will govern the process under which tenancies will either be renewed or terminated at the end of a fixed-term. The council is of the view that there should be a presumption that fixed term or flexible tenancies are renewed at the end of a fixed-term.

The financial capacity of the tenant to secure alternative market accommodation or affordable tenures, both in terms of earned income and entitlement to benefits, should be considered by providers if a tenancy is to be terminated. Any assessment of financial capacity should be managed in a manner that ensures that it does not act as a disincentive to work.

The conduct of the tenant throughout the fixed-term

The council recognises that registered housing providers may want to consider an individual's housing history when considering what type of tenancy to offer. This includes any anti-social behaviour issues, rent arrears or property management issues.

Where tenancies are not renewed, tenants should be offered an alternative property suited to their needs unless there are other qualifying factors to be taken into consideration such as rent arrears, tenancy issues or their unsuitability as a tenant.

Registered housing providers should have a procedure to notify tenants in a flexible tenancy if their tenancy is not going to be renewed. They should also have an appeals procedure which is clear and readily accessible.

Facilitating appropriate move-on

The council is committed to ensuring that the decision to terminate a fixed-term tenancy does not lead to increases in levels of homelessness.

In situations where a decision has been taken by a housing provider not to renew a tenancy at the end of a fixed-term the provider should seek to engage with the tenant a minimum of six months before the tenancy is due to end to make them aware of the provider's intentions.

Registered housing providers should provide households affected by the termination of a tenancy with any relevant advice and assistance that will assist them in successfully relocating to alternative accommodation. This advice and assistance could include:

- advice on low-cost home ownership options and other alternative affordable housing tenures;
- advice on renting in the private rented sector and assistance in identifying and securing a suitable property (this may involve assistance with a deposit where necessary);

- specialist housing and or welfare-related advice and/or signposting to appropriate advice services.

Protecting tenant mobility

The council wants to ensure that the introduction of the new housing reforms does not restrict the mobility of existing tenants living in the social rented sector, particularly where an existing household is presently under or over-occupying their property.

To enable mobility and encourage stock turnover, the council expects that social rented tenants should be allowed to retain their existing security of tenure if they choose to transfer to an alternative property.

To facilitate this, affordable housing providers should take a responsible view when determining the size, type and location of the stock they plan to convert to the affordable rent tenure. This approach should also be applied when planning the conversion of both existing stock and the retrospective conversion of schemes funded under the National Affordable Housing Programme to be converted from social rent to affordable rent on completion.

The council wants to avoid scenarios where particular localities experience a disproportionately high level of conversions, thus limiting the opportunities available for existing social rented tenants to transfer to areas of their choice without losing the option of transferring to an alternative social rent tenancy with a traditional rent level (target rent).

Housing providers should also be mindful of the impact of conversions upon the tenure profile and overall sustainability of the communities within which they operate.

Preventing homelessness

Gateshead Council's Homeless Strategy 2013-2018 highlights the council's priorities as improving access to housing for vulnerable or socially excluded groups and increase housing support provision for all groups.

Gateshead Council's Homeless Strategy 2013-18 can be found on the council website at:

<http://www.gateshead.gov.uk/Housing/Strategy/PoliciesStrategies/Homeless/strategy.aspx>

The council works with housing and support providers through a Vulnerable Persons Strategic Housing Group to develop strategies and commissioning plans for our most vulnerable people.

The Vulnerable Persons Strategic Action Plan has identified 7 priorities:

- health;
- domestic violence;

- children and young people;
- substance misuse and offending;
- safeguarding children;
- ex military; and
- cross cutting;

Registered housing providers can play a pivotal role in meeting the needs of homeless and vulnerable households through their nomination agreements with the council and through Tyne and Wear Homes. While it is recognised that many homeless households have a problematic housing history the role of partners in providing accommodation and support is crucial to meet the needs of some of the most vulnerable households.

The council would expect all landlords to provide the most secure and long term type of tenancies to homeless households. This will ensure that they have a stable and secure home environment and are not continually uprooted from local schools, medical care and the support of neighbours, friends and family.

How this policy will be monitored and reviewed

Registered housing providers should ensure that their Tenancy policy is available to Gateshead Council and to prospective tenants in Gateshead.

Registered housing providers who are partners in Tyne and Wear Homes will use the partnership to discuss common issues relating to lettings. Registered housing providers will keep the partnership informed of the proportion of their lets which are let on assured tenancies, those which are let as flexible tenancies and those which are let at 80% local market rent. This should be broken down by local authority area.

Gateshead Council's Strategic Tenancy Policy will be reviewed annually at the beginning of each calendar year to ensure it is up to date and continues to meet the needs and aspirations of existing and potential tenants. Any changes will be within the framework of the Gateshead Housing Agreement and fully agreed with partners.