

# **London Borough of Bromley**

## **Draft Tenancy Strategy**

**2013 - 2015**

## 1. Introduction

The Localism Act 2011 has introduced new powers relating to both the letting of affordable housing and to the way in which local authorities can use the private rented sector to discharge their homelessness duty.

Changes have been made to the types of tenancy that providers of affordable housing are able to offer to new tenants, and a new 'affordable rent' has been introduced.

The Localism Act now places a new duty on all local authorities to develop and publish a tenancy strategy, setting out the matters to which registered social housing providers (RPs) in the area must have regard to when setting their own tenancy policies relating to:

- The kinds of tenancies they should grant
- The circumstances in which they will grant a tenancy of a particular kind
- Where they grant tenancies for set terms, the length that those terms will be
- The circumstances in which they will grant a further tenancy on the expiry of an existing tenancy

This strategy aims to fulfil the above duty and also outlines our position on:

- The application of the affordable rent tenure
- Discharging the council's homelessness duty into the private rented sector

The council recognises the valuable role RPs play in assisting the council to meet housing need in Bromley. It is recognised that RPs provide a diverse range of services and wider community contributions such as health and wellbeing, employment, training and so on. They are also independent organisations operating across borough boundaries with multiple local authorities and agencies. As such the strategy does not expect one standard approach from all RPs or lay down detailed policies, but instead sets out the broad principles by which it expects them to behave.

In addition, it is noted that RPs have already signed contracts with the Homes and Communities Agency (HCA) regarding the development of the new affordable rent product for the delivery of affordable housing until 2015. This means that they will already have plans in place for their tenancy policies. However, we ask that RPs in Bromley review their own policies after the publication of this strategy to ensure that, wherever possible, their policies compliment our agreed objectives.

## **2. Tenancy policies:**

It is a regulatory requirement that RPs let their homes in a fair, transparent and efficient way that takes into account the housing needs and aspirations of tenants and potential tenants. They need to demonstrate how their lettings:

- Make best use of available housing
- Are compatible with the purpose of the housing
- Contribute to local authorities' strategic housing function and sustainable communities.

In developing their policies RPs are also expected to engage and consult with the council to ensure their policies are in line with the principles of the council's tenancy strategy. Engagement with residents and stakeholders is also expected.

The regulator requires that RPs publish clear and accessible policies which set out how long tenancies are for, the renewal criteria and when they will be renewed, their approach to management, including interventions to sustain tenancies and prevent unnecessary evictions and their approach to tackling tenancy fraud.

The Localism Act requires local authorities to signpost people to where the RPs tenancy policies can be found or summarise them. The council therefore requires that all RPs operating within the borough provide details of their tenancy policies and how these will be applied within Bromley.

It is our intention to provide a schedule of where all of the tenancy policies can be accessed. This will be published in the final version of the strategy and updated periodically via the council's website.

## **3. Bromley's profile and the local housing market**

The London Borough of Bromley covers the largest geographical area of any London borough. The 2012 census reported approximately 130,900 households living in Bromley. The population has grown in recent years with current estimates predicting it will grow to more than 300,600 by 2016. Large areas are classified as greenbelt, common or metropolitan open land.

Bromley is a borough of contrasts. The 22 wards vary significantly in size, population and composition, and while the borough contains some very affluent areas, it also has several areas of significant deprivation.

Like most areas in London and the South East, the demand for housing in Bromley is reflected in the high prices compared to the national average, although in London terms they are relatively cheap.

Owner occupation still accounts for the majority of housing stock in the borough at around 74%. Bromley has a comparatively small social housing

sector for London at 13%, with the private rented sector making up the remaining 13%.

The latest strategic housing market assessment found that, whilst around 40% of local residents earned more than £40K per year, more than 28% earned less than £15K. Considering affordability, the average property price is roughly eight times the average salary. This demonstrates the level of polarity in incomes and the high demand for affordable housing. The private rented sector has increased over the past 20 years, and private rents are considerably cheaper than more expensive inner London boroughs.

### ***Social housing***

The demand for social housing far exceeds the limited number of homes that become available for letting each year. The number of lettings has decreased as the number of applicants on the housing register has significantly increased. At its peak, this meant that, annually, less than 8% of those applicants on the housing register were likely to be successful in securing social housing through Bromley Homeseekers.

It was for this reason that the Allocations Scheme was reviewed during 2011, to refocus the housing register on those households with the highest levels of housing need. These are households who would be unlikely to be able to resolve their housing need via an alternative housing option, and were most likely to be able to secure an offer of social housing through the housing register. This means that the majority of applicants for Bromley Homeseekers, whilst they may have a housing need, are unlikely to be included on to the current housing register and instead will be given advice and assistance about alternative housing options they may wish to pursue.

Within the social housing stock in Bromley we estimate that more than 1,500 working-age tenants in receipt of benefits currently underoccupy their homes.

However the proposed reduction in their benefit from April 2013 may lead to significant numbers of transfers to smaller dwellings. This may therefore assist in contributing to a reduction in overcrowding as it frees up much-needed family accommodation.

### ***Homelessness***

Bromley has been proud of its year-on-year achievements in reducing the level of homelessness and halving the number of households living in temporary accommodation. However, over the 18 months since the onset of the recession we have seen significant increases in homelessness. Despite every effort being made to maximise the levels of homeless prevention and improve access to alternative housing solutions, the number of households in temporary accommodation has increased dramatically.

The analysis undertaken of the impact of the housing benefit reforms and likely impacts of the forthcoming welfare reforms suggests that, at least in the short to medium term, this is likely to increase the number of approaches for assistance from those faced with homelessness.

## **Conclusion**

All of the above pressures clearly mean that we must ensure that we make the best possible use of the limited supply of social housing we have available in the borough to assist those in the most acute housing need and to help as many households as possible for the time that they require this support.

## **4. Objectives of the strategy**

The tenancy strategy has been developed to support the delivery of the council's homelessness strategy and allocations scheme and overarching housing vision statement in order to:

- Prevent and reduce homelessness and the numbers of households residing in temporary accommodation; support vulnerable people and encourage and empower them to resolve their own housing needs where they can.
- Deliver good quality affordable housing, making the best use of existing housing stock, re-using of empty homes and improving the condition of private sector housing.
- Ensure that affordable housing is strategically allocated to best meet identified housing need.

The strategy also takes into account the council's key corporate priority areas as set out in Building a Better Bromley:-

- Building a Better Bromley Vision
- Safer Bromley
- Quality Environment
- Vibrant thriving borough
- Supporting independence
- Children & young people
- Excellent Council

In Bromley we intend to make full use of the new flexibilities set out in the Localism Act 2011 to help achieve the following aims of this tenancy strategy:-

- Make best use of the available housing stock for those that most need it, for as long as they need it, including reducing overcrowding, tackling under-occupation, and making best use of adapted housing for those with a disability.
- To offer tenancies which are in the best interest of the individual household.
- Protect and provide stability for vulnerable people and promote independence
- Promote economic activity and not disincentivise work

- Encourage the development of new affordable housing
- Increase local and customer accountability for the use of affordable and social housing.
- Promoting sustainable communities

## 5. Affordable Rents

The affordable rent framework allows RPs to charge up to 80% market rents on new homes and on a proportion of their existing stock when it becomes vacant. It also allows them to dispose of properties where they believe this is necessary to benefit the delivery of their overall programme.

The intention behind the new model is to maximise the delivery of new social housing by making the best use of the limited public housing subsidy available.

Under the framework, RPs are expected to agree housing development programmes which meet the district's local housing needs and deliver local properties. Bromley, like many boroughs, is witnessing high and increasing levels of housing need and we therefore support initiatives aimed at increasing the supply of affordable housing.

We have therefore adopted a flexible rent policy that we believe will allow us to work constructively with RPs who have contracted with the HCA to deliver new affordable housing to achieve an appropriate balance between maximising new supply and ensuring homes are affordable for those in housing need. Prescriptive rent levels have therefore not been set, and instead a flexible approach has been taken. This asks that, where developments include units for affordable rent, the rents of these units should be set no higher than the current Local Housing Allowance rate applicable for the size of property. They should also be set at not more than 80% of Gross Market Rent, inclusive of any service charge.

Within this framework we will work closely with RPs on a scheme-by-scheme basis to consider what can be achieved to meet local priorities and approve rent levels based on viability and affordability.

### ***Conversions and disposals***

We recognise that the flexibility to convert existing units when they become vacant to affordable rents and also to dispose of certain units plays an important role in RPs business plans and can provide valuable additional revenue to support affordable housing development.

However Bromley expects all RPs to actively engage with us on a regular basis to discuss conversions in order to ensure that as far as possible these do not have a negative impact on achieving local priorities and meeting housing need. In particular RPs will need to consider the affordability of higher rents for larger family accommodation with regards to welfare reform and universal credit caps.

We further recognise that the sale of some housing may be necessary.

However, disposal of existing social housing will only be agreed by the council where it can clearly be demonstrated that the property no longer meets a priority housing need or requires significant investment which would not represent value for money.

In all cases, we would expect that the proceeds generated from any disposal would result in a net gain of homes for Bromley.

## **6. Tenancy Terms**

The Localism Act enables RPs to let affordable housing on fixed term assured shorthold tenancies to new tenants as opposed to the assured 'lifetime' tenancies they previously used.

The Localism Act however requires RPs to offer secure or assured tenancies to applicants that were already social housing tenants before the provisions were enacted and this applies to mutual exchanges, reciprocal moves or moves as a result of major works or regeneration.

We support the use of introductory or probationary tenancies followed by fixed term flexible tenancies as we believe flexible tenancies provide a way of making the best use of limited stock.

We have considered the impact of using flexible tenancies, such as potential erosion of community sustainability, the disruption for families on short term fixed tenancies and the additional administrative burden of regular reviews, against the benefits in terms of best and most efficient use of stock.

Taking account of the above considerations the council expects RPs to offer a five-year minimum tenancy in most circumstances. This is on the grounds that we believe this period offers the best balance between the additional burden of administration, potential disruption and lack of stability, when viewed against the benefits that regular reviews bring to enabling best use of stock.

### ***Fixed-term flexible tenancies:***

We would expect RPs to offer the vast majority of applicants a five-year minimum fixed term, flexible tenancy. This would include properties that are adapted for people with disabilities and larger sized family accommodation, as both are in short supply in Bromley and as such we need to ensure that best use is made of this limited resource.

We do recognise that there may be some specific and exceptional circumstances where shorter term tenancies may be more desirable and appropriate. The following are examples of where we would consider it reasonable to offer a shorter fixed term:

- A short term tenancy is being offered with no intention to renew for example where a property is earmarked for disposal.
- Where a five-year fixed term tenancy is coming to an end and there is a history of non-compliance with the terms of the tenancy agreement and a short term arrangement may be appropriate as a 'last chance'
- Where the tenancy is offered as part of an initiative where the applicant agrees to participate in a training or employment programme
- Where the applicant would, in normal circumstances, have been offered private rented accommodation (such as in discharge of the homelessness duty), but there was no suitable private rented accommodation available at the time
- Where expected changes in the household circumstances are likely to mean that it will be appropriate to explore alternative options with the tenant in a shorter time period.

### ***Lifetime tenancies***

Lifetime tenancies are supported for the elderly in either older persons' or sheltered housing.

RPs should also consider offering a lifetime tenancy where the applicant or a member of their household has lifelong support needs, or the move is likely to be their last. However if the tenancy is for a property with two or more bedrooms, we would expect that RPs offer a fixed-term flexible tenancy.

### ***Use of the private rented sector***

The Localism Act has introduced a significant change to the way that local authorities can use the private rented sector to house those who are considered to be statutorily homeless. Local authorities are now able to discharge their duty to homeless households with an offer of suitable accommodation in the private rented sector. Before this, local authorities could only discharge the homelessness duty in the private rented sector with the agreement of the household, but this agreement is no longer required. This change is intended to respond to the shortage of social housing and cost of temporary accommodation pending a social housing tenancy.

When setting our approach we have considered:-

- The significant increase in homelessness and use of temporary accommodation
- The current analysis suggesting additional pressures resulting from the impacts of housing benefit and welfare reform
- The cost and long-term unsuitability of temporary accommodation
- The increased level of choice and good quality accommodation that the private rented sector can offer
- The continued decrease in available social housing becoming available for letting.
- The changes in tenure and rent levels being offered in the social sector in comparison with those available in the private rented sector.

In Bromley we already work closely with landlords and lettings agents in the private rented sector to secure accommodation for homeless people in the borough.

We welcome the changes as an additional tool to assist in tackling and preventing homelessness, managing expectations, reducing costs and facilitating access to a range of housing options, especially when social housing is not available.

The degree to which we place in the private rented sector will depend upon availability, but offers will be primarily based on suitability of the property in terms of size, condition, affordability and so on, with tenure considerations immaterial.

If the household becomes homeless again within two years through no fault of their own, the main homelessness duty will automatically re-occur (even when the households circumstances have changed and they would otherwise not be owed a duty).

## **7. Tenancy renewal**

We expect the RPs will renew the majority of fixed term tenancies, as in most cases the household circumstances will not have changed significantly and the tenancy will have been conducted according to the tenancy conditions and in a satisfactory manner.

However, it is important RPs consider the best use of social housing stock and ensure that the households current circumstances and needs are appropriate for the type and size of property that they occupy in accordance with the scheme.

In all cases we would expect that the RPs timescales for tenancy renewal be adequate to fully consider all circumstances and allow for any review to be completed. Normally six months notice would be considered reasonable. We would also expect the RP to notify the Council where a decision is made not to renew a tenancy or secure alternative accommodation.

We would expect RPs to renew a fixed term flexible tenancy where:

- The tenant qualifies for housing and is in need of social housing in line with the council's allocations scheme
- The tenant still needs the type and size of accommodation they are currently occupying
- The tenant (and household members as appropriate) have completed the household income and financial assessment, and at the time of the assessment are unable to afford alternative forms of housing (that is they do not exceed the thresholds set out in the allocations scheme)
- The tenant has kept to their tenancy conditions

We would normally therefore expect PRs not to renew tenancies where any of the following four circumstances apply:

*1. A tenant is underoccupying the property*

RP's are expected to consult the Allocations Scheme for guidance on which household members should be considered as part of the tenancy review and on the size of accommodation required by different sized households.

*2. An adapted property is no longer needed*

If the property has been adapted and the current household does not include a member for whom the adaptations are required,

(However, where the tenant still qualifies for housing and does not exceed the financial thresholds, but no longer requires the type or size property they occupy we expect RPs to make arrangements for suitable alternative accommodation to be offered)

*3. The tenant's household income or financial position is now sufficient to be able to secure alternative forms of housing.*

Income and capital should be taken into account. RPs should consult the Allocations Scheme for guidance on assessing whether a household could afford suitable private housing.

Where the tenant no longer qualifies for housing based on the financial assessment RPs are expected to make arrangements for the tenant to be supported to find suitable market housing. As a minimum RPs must provide tenants with:

- Information on any right to buy/acquire their current accommodation
- Timely referral to the appropriate zone agent/home ownership or intermediate rent provider
- Information and assistance to find suitable private rented accommodation.

The tenancy strategy supports the work that is already being undertaken to prevent homelessness. As such we would expect RPs to allow tenants in all the above circumstances to remain in their property at the end of the tenancy for a reasonable period to enable alternative accommodation to be secured.

Some households that have succeeded in increasing their income and savings levels may still find that they are likely to struggle to afford market or intermediate rent. Bromley is therefore not opposed to the principle of charging more rent (if this is reinvested back into social housing supply in Bromley) rather than not renewing tenancies.

*4. Tenancy conduct where there has been a serious breach of the tenancy agreement such as anti-social behaviour and criminality.*

We do not consider it reasonable for an existing tenant to benefit from having their tenancy renewed, if an applicant for housing in the same circumstances would not qualify to go onto the housing register. However we would not expect a RP to rely solely on a fixed term tenancy as a way to tackle tenancy conduct and would therefore require that action was already being taken through the appropriate channels in order for the decision to be made not to renew the tenancy.

RPs must take vulnerability issues into account in determining the tenancy review outcome and we would expect the RP to engage with other agencies involved in meeting the households needs to be included where appropriate at the review stage and in any subsequent action

## **8. Appeals and review**

The applicant has the right to request a review of an RPs decision to offer a flexible tenancy of a certain length and also against a decision not to grant another tenancy on the expiry of the fixed term. RPs must clearly explain how the request for a review should be made.

It is essential that RPs clearly communicate at each stage of the process of offering and reviewing a tenancy about the type of type and length of tenancy offered, the outcome of the tenancy review, the right to request a review or complain and how to do so.

We expect RPs to publish their policies on reviews and on complaints and make them readily available to anyone who requests them and to fully comply with the regularity guidance in relation to reviews and complaints.

## **9. Advice and assistance for tenants**

It is a regulatory requirement, where RPs let homes on fixed term tenancies, for them to offer reasonable advice and assistance to tenants at the end of the tenancy.

The council expects that all RPs will provide adequate advice and assistance to tenants at the end of their tenancies and to notify and subsequently liaise with the council where it is likely that the tenant may contact the council for advice and assistance.

## **10. Strategy Review**

This strategy will be reviewed in two years, with any changes reported in the annual performance report for scrutiny and subject to the Portfolio Holder for a decision. Following the initial review it is our intention to then review the strategy every five years.

## Appendix 2: Tenancy Strategy Summary

Policy Area	Regulatory/legislative Framework	Considerations	Our Position
<b>Affordable rents</b>	The affordable rent framework allows RPs to charge up to 80% market rents on new homes and on a proportion of their existing stock when it becomes vacant.	<ul style="list-style-type: none"> <li>• Additional funds generated for new homes</li> <li>• Ensuring Bromley remains an attractive location for delivery of new affordable homes</li> <li>• Affordability and universal credit cap</li> </ul>	<b>Implement with restrictions</b> <ul style="list-style-type: none"> <li>• Support affordable rents with levels agreed on a scheme by scheme basis against viability and affordability.</li> <li>• Conversion supported on a proportion of re-lets in dialogue with the council to ensure affordability for those in housing need. Funds to be recycled into provision of accommodation for Bromley residents.</li> </ul>
<b>Flexible fixed term tenancies</b>	The Localism Act enables RPs to let affordable housing on fixed term assured short-hold tenancies to new tenants as opposed to the assured 'lifetime' tenancies they previously used.	<ul style="list-style-type: none"> <li>• Insufficient supply of social housing to meet levels of housing need</li> <li>• Need to make best use of stock e.g.: reduce levels of under-occupation</li> <li>• Potential increases in work load</li> <li>• Balance required between best use of stock and stability/sustainability</li> </ul>	<b>Implement with exclusions</b> <ul style="list-style-type: none"> <li>• Used for all new general needs tenants but not for those in supported/sheltered or elderly designated stock.</li> <li>• Normal period would be for 5 years with some exceptions for shorter fixed terms.</li> <li>• Renewal by default subject to continuing need for type/size of property and financial assessment for continuing need for social housing.</li> <li>• Landlords to provide assistance to move to more suitable accommodation or find accommodation in the private sector as appropriate.</li> </ul>
<b>Discharge of homelessness into the private rented sector</b>	Local authorities are now able to discharge their duty to homeless households with an offer of suitable accommodation in the private rented sector. Before this, local authorities could only discharge the homelessness duty in the private rented sector with the agreement of the household, but this agreement is no longer required.	<ul style="list-style-type: none"> <li>• High and rising levels of homelessness and housing need</li> <li>• Need to reduce the cost of temporary accommodation</li> <li>• Shortage of accommodation for those in most urgent need</li> <li>• Ability to access accommodation in locations where social housing is scarce.</li> </ul>	<b>Implement</b> Suitability criteria will apply based on appropriateness of the property rather than whether it is social or privately rented.