

# Rossendale Tenancy Strategy

January 2013

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## **1. INTRODUCTION AND NATIONAL POLICY CONTEXT**

- 1.1 Few things have such an influence on a person's well-being than a decent, safe and affordable home. Inappropriate and unaffordable housing can give rise to a wide range of problems that severely limit a person's life chances.
- 1.2 The Council transferred its housing stock to Green Vale Homes in 2006, and now there is a range of providers in the Borough who are providing accommodation to address many different housing needs; from general needs to more specialist ones such as those of older people; supported housing projects for homeless young people; and those with disabilities. An overarching goal is to ensure that all policies affecting housing provision across the Borough remain attuned to the particular circumstances of Rossendale's housing market with the diverse and pressing needs of local residents, particularly the most vulnerable and the least able to access the private market reflected.
- 1.3 As part of the Homes and Communities Agency (HCA) Affordable Housing Programme for 2011 - 15 providers of affordable housing have already signed contracts with the HCA for the development of new affordable homes in Rossendale. The Council has worked closely with providers to identify this programme of work and funding and we wish to continue this close degree of partnership working that currently exists in the Borough. The Council values working with all of its Registered Provider (RP) partners and sees the Tenancy Strategy as the beginning of a strong engagement process which will be further developed with the revision of the Strategic Housing Market Assessment later in 2013. However, there are still a number of points that we ask providers to consider when updating their policies to reflect Rossendale's housing markets.
- 1.4 This strategy is concerned with the type, availability and letting of affordable housing across the Borough. The Council's definition of an affordable home is "non-market housing, including social rented and intermediate housing (that which is at prices or rents above those of social rents but below market prices or rents) and which will remain available as affordable housing in the future or includes provision for any subsidy to be recycled for the provision of additional affordable housing within the Borough in the event that it ceases to remain affordable".
- 1.5 The overall approach to date, both nationally and locally, has been to let homes on secure tenancies, giving tenants a long-term stable base with rents that are significantly below market levels. There are concerns whether this approach offers sufficient choice to meet a range of different needs across a housing market area and by offering different types of tenancies could, better enable use of the social housing stock across an area.
- 1.6 Who gets access to social rented homes (affordable housing set at local housing rents) on secure tenancies is a hotly debated topic. So too are questions about how long tenancies should be for and the role housing providers play in creating mixed, sustainable and safe communities. Registered Providers have their own individual tenancy policies which look to address some of these issues in line with their business plans. With our strategy we hope to provide a baseline position that can be monitored by the Council to ensure that Registered Providers while working towards their own business plans also cater for those vulnerable members of society while playing an active role across the borough in providing mixed, sustainable and safe communities.
- 1.7 The framework under which affordable housing is resourced, allocated and managed will in future be radically different to that of a few years ago. The Government has set out a far reaching programme of reform through the Localism Act 2011 and service delivery (new build, housing stock refurbishment and management) is taking place in the context of economic downturn and drastically reduced funds and resources to local authorities and their partners.

- 1.8 The Government's overall housing policy goal is '*to ensure everyone has an opportunity of living in a decent home, which they can afford, in a community where they want to live*'<sup>1</sup>. It has identified several issues it believes are standing in the way of achieving this goal and has put a programme of social housing reform in place to address them:
- social housing is a scarce resource and it is not being used as effectively as it could be to meet housing needs;
  - compared to the private rented sector, the social housing is not as flexible in meeting needs and demand and for providing mobility for those who need to move to access employment;
  - some low income households, unable to access social housing are living in more expensive accommodation such as temporary accommodation;
  - the housing benefit bill is considerable and rising; and
  - new homes are desperately needed to meet housing need there is a lack of public subsidy for new social housing supply and new funding streams must be found.
- 1.9 The Government has introduced new legislation (Localism Act 2011) to address these 'failings nationally', and some reforms where implementation will be subject to a degree of local discretion. These measures:
- allow for the use of a wider range of tenancies in social housing, including fixed term tenancies to be used alongside traditional long term secure tenancies;
  - enable the use of 'affordable rents' at up to 80 per cent of market rents, to help deliver new housing supply with reduced public subsidy;
  - allow local authorities to move away from 'open' housing registers with more powers to decide who can apply for social housing in their areas;
  - enable authorities to discharge their homelessness duties through the private rented sector without needing the applicant's consent; and
  - enable greater mobility within the social housing sector.
- 1.10 The Act places a new duty on local authorities to produce a strategic tenancy strategy, which all RPs in the area must have regard to when formulating their individual tenancy policies.
- 1.11 The aim of the Strategy is to provide a steer for RPs when considering social housing lettings for customers in the Council's administrative area that meets local housing need and improves the functioning of the local housing market. Strategies are to be developed in co-operation with local partners and reviewed every five years.

## **2. PURPOSE AND SCOPE OF THE STRATEGY**

### **2.1 Aim of the Strategy**

#### **2.1.1 The objectives of this Tenancy Strategy are:**

- To ensure that the changes in the Localism Act enhance the ability of agencies to work together to meet housing priorities and needs in Rossendale.
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- To maximize the use of existing and future affordable housing provision in Rossendale.
- To ensure that the use of affordable housing helps meet wider objectives, including fostering stronger, sustainable communities; supporting the creation of more and higher value jobs for local residents; and better health outcomes for our residents through improved housing conditions.

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<sup>1</sup> Laying the Foundation: A Housing Strategy for England 2011

## 2.2 Principles of the Strategy

- 2.2.1 The principles outline how Rossendale Borough Council and Registered Providers will address the issues of:
- rent and tenure reform;
  - homelessness duty and the private sector; and
  - changes to the housing register and the priority for social housing.
- 2.2.2 Access to social and 'affordable rent' homes in Rossendale is currently by means of the Pennine Lancashire Choice Based Lettings Project which operates a common allocations policy to prioritise applications across the whole of the Pennine Lancashire area.
- 2.2.3 This document does not specify detail changes that will be made to lettings and assessment policies within the BwithUs Choice Based Lettings scheme, but provides broad objectives to be followed. Similarly, baseline rental data across the Borough is included, but the strategy does not advise on rent (including affordable rents) setting as this is within each individual Registered Providers business plan.
- 2.2.4 Within Rossendale, as within the whole of Lancashire, there will be a need to focus on improving the match between the housing 'offer' and the aspirations of existing and potential new households and ensuring housing policy is linked to improving life chances in deprived communities, attracting and retaining the best talent and moving towards a low-carbon economy. The challenge will be to meet these new demands in ways which provide a range of affordable housing options and help to create and maintain mixed vibrant communities where people choose to live.
- 2.2.5 The strategy must be seen within the context of national policy with regard to welfare reform which will impact on policy decisions; the Council and RPs must work with the local effects of these national policy changes and provide housing and support to meet these changes.

## 2.3 Legislative Requirement

- 2.3.1 This strategy fulfils the Council's duty to publish a Tenancy Strategy that sets out the matters that Registered Providers of affordable housing operating in Rossendale must **have regard to** when they develop their policies relating to:
- The kind of tenancies they should grant.
  - The circumstances in which they will grant a tenancy of a particular kind.
  - Where they grant tenancies for fixed terms, the length of those terms. The circumstances in which they will grant a further tenancy on the ending of an existing tenancy, whether in the same property or in a different property.

## 2.4 Tenancy Policy

- 2.4.1 Any tenancy policy developed or reviewed by a Registered Provider must demonstrate due regard for the Council's Tenancy Strategy and will be required when using fixed term tenancies to take account of:
- The relationship between fixed term tenancies and affordable rent.
  - Tenancy strategies and tenancy policies.
  - Use of starter tenancies, introductory and demoted tenancies.
  - The Right to Buy/Right to Acquire and fixed term tenancies.
  - Succession and fixed term tenancies.
  - Transfers, mutual exchanges and fixed term tenancies.
  - Ending a fixed term tenancy.
  - Possibility of challenge.

2.4.2 Registered Providers are also expected to conform to published guidance from the Social Housing Regulator<sup>2</sup> in respect of developing and publishing tenancy policies setting out the type of tenancies they will use and the circumstances therein. They will also be expected to follow any good practise and ensure they are taking account of the local housing market and issues when developing or reviewing their tenancy policies.

## **2.5 Definitions of Affordable Housing and Affordability**

2.5.1 Essentially affordable housing is housing provided at below market cost, either through renting or by a mixture of renting and buying part of the property; commonly known as shared ownership.

2.5.2 National Planning Policy framework identifies three types of affordable housing:

- Social rented housing which is owned by local authorities and private registered providers for which guideline target rents are determined through the national rent regimes.
- Affordable rented housing which are subject to rent controls of no more than 80% of the local market rent (including service charges).
- Intermediate housing, which includes shared ownership, and can include shared equity and equity loans, low cost housing for sale and intermediate rent.

2.5.3 Affordable housing should:

- Meet the needs of eligible households, including availability, at a cost low enough for them to afford, determined with regard to local incomes and local house prices.
- Include provision for the home to remain at an affordable price for future eligible households or, if these restrictions are lifted, for the subsidy invested in that affordable house to be recycled for alternative affordable housing provision within that area.

## **3. PARTNERSHIP WORKING**

3.1 The Council is keen to work with Registered Providers in the district. We recognise that Registered Providers want to provide good quality homes and housing services to tenants and other customers, alongside their sustainable business plans. We also value providers' contributions to improved health and wellbeing; economic stability and growth; quality environments and safe neighbourhoods; that they provide through effective estate and housing management. We understand that in the current climate providers are facing a number of risks to their businesses; the Council does not want to add to these and we have taken this into consideration in developing this document. We would also seek to work with a provider to help them meet our objectives and theirs and would want to continue the open dialogue and effective engagement that we have with all the Registered Providers in the Borough.

3.2 We would, however, also like providers to recognise that whilst we have similar goals, the Council has a wider responsibility for ensuring a good quality of life for all residents and communities, and not just for those households already living in social and affordable housing.

3.3 We acknowledge that our different roles are likely to result in different perspectives, objectives and practice but we hope to understand over time how we can manage differences to achieve the best outcomes for our district, for tenants and future tenants. We hope that the guidance we provide in this document is just the beginning of an on-going dialogue. We have sought to balance all stakeholder interests, thinking also about different housing types, for example general needs family and non-family housing, specially adapted, and long- term specialist housing (sheltered housing and extra care).

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<sup>2</sup> <https://www.gov.uk/government/consultations/directions-to-the-social-housing-regulator>

## **4. STRATEGIC CONTEXT**

### **4.1 Local Strategic Context**

- 4.1.1 This Tenancy Strategy complements a number of existing strategies and policies owned by the Council such as the Council's Equalities Policy; Sustainable Communities Strategy; Corporate Business Plan; and the Core Strategy. It will also influence and support the revised Homelessness Strategy for Rossendale and Strategic Housing Market Assessment, both of which are due to commence in 2013.
- 4.1.2 Across Rossendale, Registered Providers have secured funding from the Homes and Communities Agency, Affordable Housing Programme to deliver 164 units of much needed affordable housing across the Borough over the programme's lifetime. This is in addition to the properties "rescued" through the Government's Mortgage Rescue Scheme. Registered Providers are also investing their own resources and revenues directly into the Borough; Calico Homes are developing nine family homes for social rent within Bacup.
- 4.1.3 The strategy will also support the Council's Corporate Priorities around Regenerating Rossendale and Responsive Value for Money Services. It will act as a clear steer for Registered Providers to consider when delivering affordable housing across the Borough that meets the needs of local people in a form and tenure that strives towards delivering sustainable, mixed, vibrant communities.
- 4.1.4 Rossendale Borough Council recognises the amount of work that has taken place across Lancashire to develop the draft Lancashire Tenure Strategy 2012 and we have reflected a number of their recommendations in the Rossendale Strategy.

### **4.2 Regional Context**

- 4.2.1 The Pennine Lancashire Housing Strategy states that to achieve a balanced housing market, we must:
- Ensure a sufficient quantity, high quality, and appropriate type of housing supply to meet the economic aspirations and social needs of Pennine Lancashire;
  - Develop sustainable neighbourhoods that can retain successful households and offer opportunities to inward movers and investors, reducing the disparities between neighbourhoods within Pennine Lancashire, providing linkages to economic growth and employment opportunities and improving overall economic performance in relation to the region; and
  - Meet the housing, health and support needs of our residents and vulnerable people, promoting better services, more choice, accessible and integrated fully into local communities.
- 4.2.2 Due to the powers introduced in the Localism Act, there will be a need to focus on improving the match between the housing 'offer' and the aspirations of existing and potential new households whilst ensuring housing policy is linked to improving life chances in deprived communities, attracting and retaining the best talent and moving towards a low-carbon economy. The challenge will be to meet these new demands in ways which provide affordable housing options and help to create and maintain mixed vibrant communities where people choose to live.



**5. KEY FACTS ABOUT THE SOCIAL RENTED SECTOR IN ROSSENDALE – TO WHAT EXTENT ARE THE NATIONALLY IDENTIFIED PROBLEMS PRESENT IN ROSSENDALE?**

It is worth reiterating the reasons that the Government have introduced social housing reform and the aims of that reform, (see Section 6 for more detail), in order to allow for a review of what extent those issues are present in Rossendale as a context to how the reforms should be introduced in the Borough.

**5.1 The role and shape of the social and affordable housing market today**

5.1.1 Rossendale Council’s strategic housing influence and Registered Provider’s decisions on the use of fixed term tenancies and the new affordable rents must be informed by an understanding of the role social rental housing as part of the suite of affordable housing products plays in the Rossendale Housing Market and therefore the potential impact of Registered Provider tenancy policies on our communities.

5.1.2 The following section presents some key data of the social rented housing stock in the Rossendale area and provides a baseline ‘snapshot’ of the current position of affordable housing across the Borough that can be monitored to measure the impact

**5.2 Supply**

5.2.1 Table 1 below shows that there are approximately 3482 social and affordable rent homes (15.2 % of all homes in the district).

Table 1: Existing Homes by Tenure in Rossendale

	<b>Total Owner Occupied %</b>	<b>Owner occupied with mortgage/loan</b>	<b>Social Rented %</b>	<b>Private Rented %</b>	<b>Owner occupied and privately rented</b>
Rossendale (1) 2011 Census	69.7%	38.2%	15.2	14.2	84.8%
Lancashire (1)	71%	35.3%	10.1	15.1	87.8%
England (1)			10.2		87.3%

Source: (1) 2011 Census

5.2.2 The social rented sector in Rossendale is larger than both the English average and the figure across Lancashire but has decreased slightly from the previous census data of 16.4% which reflects housing stock prior to the 2006 stock transfer to Green Vale Homes.

5.2.3 There are ten Registered Providers operating in Rossendale managing 3482 general needs homes. By far the majority is owned by Green Vale Homes (86%) with Your Housing (previously Manchester and District) owning the next largest proportion of stock at 5% followed by Regenda at 4%. Of, these Registered Providers four are developing associations within the Borough i.e. are investing in Rossendale through new build development.

5.2.4 The following table (Table 2) shows the breakdown of General Needs Social Rented Properties by Size and percentage turnover in 2011/12.

Table 2

Association And Total GN Stock (1)	No. of bedsits	1 bed units	2 bed units	3 bed units	4 bed units	5/6 bed units	Total Stock Owners hip	Lets in 2011/12 (2)	Lets as % of Stock
Green Vale Homes (part of Together Housing)	8	1043	1283	630	29	1x 6 bed	2994	382	12.8%
Calico				14			14	5	35.7%
Guinness Northern		10	36	7			53	16	30.19%
Your Housing (Manchester and District)		50	98	18			166	31	18.67%
Places for People		20	49	6	5		80	18	22.5%
Regenda		5	68	46	17		136	22	16.18%
Great Places			5		5		10	0	0
St Vincents			8	16			24	22	91.67% (new develop't)
Irwell Valley				5			5	0	0
Prestwich and North Western HA Ltd								1	0
Total by Size	8 <b>0.23%</b>	1128 <b>32.4%</b>	1547 <b>44.4%</b>	742 <b>21.3%</b>	54 <b>1.6%</b>	1 <b>0.02%</b>	3482	497 *	14.27%

Source: (1) Homes and Communities Agency Survey September 2012  
(2) CORE 2011/12

Note: \* It is not possible to isolate only general needs lets; some supported and older persons units may be included.

### 5.3 New Supply

5.3.1 According to the Rossendale Strategic Housing Market Assessment 2008, Rossendale needs to provide 105 additional social and affordable homes per year. On average 23 new affordable homes have been built per year in the last 3 years since 2009/10.

5.3.2 There are 164 new developments planned under the Homes and Communities Agency's, Affordable Housing Programme 2011 -15 being delivered by three developing Registered Providers across the Valley. To date 80 units have been awarded from this programme and have secured planning permission and are progressing towards completion. Registered Providers are also using their own resources to fund new developments for social rent. Table 3 shows those developments that have secured permission and are nearing completion.

Table 3

Location	Number of Units	Size	Approximate Completion
Rockliffe Road, Bacup	25	25No. x 3 bed	Spring 2013
Acre Mill, Stacksteads	38	8No. x 2 bed 30No. x 3 bed	Spring 2013
Ashley Court, Whitworth	16	4No. x 1 bed 4No. x 2 bed 8No. x 3bed	Spring 2013
Springfield Court	9	4No. x 2 bed 5No. x 3 bed	Autumn 2013
Airtours Site, Helmshore	7	7No. x 2 bed	Autumn 2013

5.3.3 Alongside this Affordable Housing Programme the Council also secured funding through the Homes and Community Agency to bring empty properties back into use through affordable rent. Through a partnership project involving the Pennine Lancashire Authorities, Together Housing Group and Calico; 474 homes will be brought back into use by 2015. In Rossendale this equates to a 120 empty homes being utilised for affordable rent in addition

### 5.4 Availability

5.4.1 In 2012, fewer homes became available to rent than in 2011 (497 general let homes compared to 557).

5.4.2 Only 14.2% general needs housing stock became available to rent in 2011/12 down from 16% in 2010/11.

5.4.3 The following table shows the breakdown of social rented properties by type and bedroom size across the Valley. It is difficult to measure re-lets and stock availability by an area, however we know that social housing stock is not evenly distributed and in some areas there is very little stock available. Turnover (the number of times a property becomes available to rent) of stock also varies between areas within the Valley.

Table 4

House type	Total Lets by Unit Type and Bedroom size
Bungalow	44
1 bed Flat	125
2 bed Flat	42
1 bed House	3
2 bed House	101
3 bed House	50
4 bed House	1
Maisonette	4
	370

Source: BwithUs re- lets Jan. – Dec. 2012

## 5.5 Demand

5.5.1 There are 3283 households registered on the BwithUs register. Of these households 1629 are actively bidding for social and affordable homes in Rossendale (as of January 2013), of whom:

- 504 can be deemed to be in housing need ( i.e. in Bands 1-3 ).
- With 497 lets in 2012, it appears that social housing is capable of meeting the majority of the current level of housing need in the borough. However, this may change once the full impact of the Welfare Benefit reforms are felt across the Borough. Further analysis will be required once these reforms are in place to see whether all groups are able to have their housing needs met.
- 1413 (78%) are not currently living in social or affordable housing.
- 63 households are in urgent housing need i.e. in Bands 1 or 2 for housing.
- 276 applicants are aged between 16 – 34; 597 applicants aged between 25 to 44; 345 applicants aged between 45 to 59; and 429 applicants aged over 60.

5.5.2 Table 5 below shows the demand by bedroom size for Rossendale as of the 1<sup>st</sup> January 2013.

	Rossendale Active List by minimum bedroom
Bedsit/1 bed	975
2 bed	449
3 bed	176
4 bed	26
5 bed	1

Source: BwithUs

**Note:** This includes demand for all accommodation including older persons. It will be interesting to see how this profile changes over time as the under occupation charges in social housing from April 2013 take effect.

5.5.3 Table 6 below shows how the profile of recent social housing lets compares with the needs register for Rossendale. The information shows that the proportions are reasonably in balance but there is currently greater demand for 1 bed accommodation than the amount that has become available in Rossendale during 2012. This imbalance is likely to be exacerbated by the under occupation charges in social housing which take effect from April 2013.

Table 6

House size	Households Registered on BwithUs as at 01.01.13		Profile of Relets 2012
	Numbers	% on waiting list	
Bed sit/1 bed	975	60	46.5%
2 bed	449	28	38.6%
3 bed	176	11	13.5%
> 3 bed	27	1.7	0.3%

Source: BwithUs Pennine Lancashire Data

5.5.4 One of the primary aims of the housing reforms in the Localism Act 2011 is to encourage and allow for a better match between existing stock and housing needs. Current changes to the Welfare Benefits system are also highlighting a degree of mismatch. In Rossendale approximately a quarter to one third (403 - 531) of Housing Benefit claimants under pensionable age will be affected by the rent restriction due to under occupation in the social housing sector and will therefore be seeking smaller accommodation.

## 5.6 Affordability

5.6.1 Table 7 below shows a snap shot of affordable housing rent levels in relation to property size across Rossendale in September 2012.

Association and stock	No. 1 bed units	Average weekly rent 1bed	2 bed units	Average weekly rent 2bed	3 bed units	Average weekly rent	4 bed units	Average weekly rent	5/6 bed units	Average weekly rent
Green Vale 2994	1043	£60.13	1283	£69.08	630	£72.26	29		1x 6 bed	£104.6
Calico 14					14	£90.87				
Guinness Northern 53	10	£62.58	36	£75.12	7	£78.08				
Manchester & District 166	50	£57.47	98	£66.16	18	£73.11				
Places for People 80	20	£63.42	49	£71.9	6	£78.41	5	£82.86		
Regenda 136	5	£63.42	68	£71.9	46	£90.46	17	£99.8		
Great Places 10			5	£69.85			3	£99.5		
St Vincents 24			8	£74.11	16	£81.75				
Irwell Valley 5					5	£86.64				
<b>Total Properties by Size</b> 3482	1128 <b>32.4%</b>		1547 <b>44.4%</b>		742 <b>21.3%</b>		54 <b>1.6%</b>		1 <b>0.02%</b>	
<b>Average Rents</b>		£61.40 1bed		£71.16 2bed		£81.44 3bed		£94.05 4bed		£104.6 5/6bed

Source: Homes and Communities Agency Survey September 2012

5.6.2 As shown in Table 7 above, the average rent for a two bed social rented home, owned by a registered provider, is £71.16 per week.

- The average cost of private renting a two bed house is £108.23 per week (Local Housing Allowance will cover £90 per week (East Lancs)).
- An affordable rent of up to 80% market (private) rent could be £85 per week.
- The average gross household income in Rossendale is £XXXX. To buy an average price house a household on an average income would need xxxx times this.
- Based on their household income, around 629 applicants are not earning enough to afford another type of home.

5.6.3 The following Table 8 provides a comparison of weekly rents across Rossendale for the different types of tenure for rented properties. Average Private Sector Rents have been included to provide a balance of open market against the affordable sector.

Table 8

<b>Rossendale Weekly Rent Comparisons</b>	<b>1 Bed</b>	<b>2 Bed</b>	<b>3 Bed</b>	<b>4 Bed</b>
Average Social Rent (1)	£61.40	£71.16	£81.44	£94.05
Preliminary New Development Affordable Rents (East Lancashire)	N/A	£83.08	£106.15	N/A
<i>Whitworth area (OL12)</i>		£95.08	£108.92	
Local Housing Allowance (East Lancashire) (2)	£77.31	£90.00	£103.85	£138.46
<i>Whitworth area (OL12) (2)</i>	£83.08	£98.08	£114.23	£150.00
Average Private Sector Rents (3)	£86.30	£108.23	£145.00	£198.00

Sources: (1) Homes and Communities Agency September Survey 2012

(2) The Valuation Service from 1<sup>st</sup> April 2012

(3) Right Move website December 2012

5.6.4 According to DWP figures (published 14<sup>th</sup> November 2012) as at August 2012, 67% of all Housing Benefit claimants in Rossendale were in the social housing stock; 39% were in the private rented sector. Looking at more detail at the breakdown of household types, 60% of lone parent families receiving Housing Benefit were in the private rented sector; and 40% in the social rented sector. With regard to single people with no dependent children, 68% were in the social rented sector and 24% in the private sector. This would seem to indicate that lone parents seem to be disproportionately represented in the private rented sector and may require further work with our Registered Providers.

5.6.5 Approximately 67% of social housing tenants are currently in receipt of full Housing Benefit, and 33% are on partial Housing Benefit.

## **5.7 Access**

5.7.1 As part of the Welfare Reforms, single people below the age of 35 in the Private Rented Sector will only receive the Shared Room rate under the LHA (Local Housing Allowance) (currently £53.50 / week), whereas they would be eligible for self-contained 1 bed accommodation rate if they were housed by Registered Providers in affordable housing. This is likely to be reflected in an increased demand for smaller units, especially 1 bed accommodation for under 35s, in addition to the numbers already in affordable housing who are needing to downsize due to the under occupation charges. This will also have an impact on estate management and could divert away from working towards mixed communities and lead to reputational problems through housing estates.

## **6. THE REFORMS IN MORE DETAIL: THE CHOICES THEY PROVIDE, IMPLICATIONS AND POLICY OPTIONS**

6.1 The Government, through the Localism Act 2011, has enabled Registered Providers to make choices about how they manage social and affordable housing. These choices will have major implications for meeting local housing need and improving the functioning of the local housing market in Rossendale. The Council therefore has a key strategic role in terms of steering and influencing those changes in relation to access and availability of below market subsidised housing in Rossendale. The major reforms and policy options they provide are summarised below.

### **6.2 Fixed Term Tenancies**

6.2.1 Registered providers may choose to introduce different types of tenancy agreement for new tenants that last for fixed periods of time, for example five years. The Secretary of State has recommended five years as the standard minimum, though in exceptional circumstances this can be reduced to two. Lifetime tenancies may still be offered where this is considered appropriate for the tenant.

6.2.2 The purpose of this reform is to enable better targeting of the social housing stock to those in most need. It is expected that by giving shorter tenancies to those that are able to move on and access other housing options, stock will be freed up and made available to households in greater need who are currently waiting for accommodation on the housing register. The measures are not intended for RPs to use as a management tool with which to manage more challenging or vulnerable clients.

6.2.3 If you are an existing tenant of a housing association your security of tenure is protected.

### **6.3 Affordable Rent**

6.3.1 Subject to certain qualifying conditions, Registered Providers will be able to charge an 'affordable rent' on a proportion of new builds and re-lets. New 'affordable rent' housing is likely to be more expensive than existing social rent housing. Social rents have historically been approximately 50% of a market rent whereas the new 'affordable rent' can be up to 80% of the market rent. For example a new two bed affordable home could cost £xxx per week, compared to xxx per week for an existing two bed social rented home managed by the same Registered Provider in the same area. The intention of this reform is that improved income streams from the higher rents will support greater borrowing, which in turn will enable investment in new build to be maintained despite substantial cuts to HCA subsidies for new build developments.

6.3.2 New rent levels will only affect people moving into an affordable rented home; they will not affect existing tenants unless they choose to move to an 'affordable rent' home

6.3.3 Registered providers who have entered into development contracts with the HCA for the 2011-15 Affordable Housing Programme and who are developing new affordable rent homes can 'convert' a number of their existing social rented homes to a higher 'affordable rent' when they become available to let to a new tenant. The number of conversions is critical to the financial viability of providing new affordable homes and forms part of the contract with the Homes and Community Agency for their 2011 – 15 Affordable Housing Programme.



## **6.4 Property Sales**

6.4.1 Registered Providers operate as not-for-profit organisations. Many of them are charitable organisations or have charitable interests. In order to provide a viable, sustainable development which allows them to focus their resources on managing the rest of the homes to a high standard, some Registered Providers may look to sell some of their existing housing stock or allow a percentage of the new build scheme to be available for outright sale. This can provide an alternative source of income where the conversion of rents is unlikely to yield sufficient resources to subsidise new development.

## **6.5 Allocations**

6.5.1 Access to social and 'affordable rent' homes could be changed as there is the freedom to end the practice of 'open' housing registers – Registered Providers and councils have the freedom to set their own eligibility criteria to join the lists according to local needs and priorities. Rossendale Borough Council is part of the Pennine Lancashire Choice Based Lettings Project which operates a common allocations policy to prioritise applications across the whole of the Pennine Lancashire area.

6.5.2 This measure, as with fixed term tenancies, is primarily intended to allow housing to be targeted at those in most need. Households able to access other tenures, such as private rented, shared ownership or owner occupation will be expected to pursue these options instead, rather than joining the social housing register.

## **6.6 Homelessness**

6.6.1 It is possible to discharge the duty to homeless households by the offer of accommodation in the private sector. Previously the household could refuse an offer in the Private Rented Sector and insist on an offer with a Registered Providers.

6.6.2 This change is intended to respond to the shortage of social housing by making use of the private sector. Nationally, it is also expected to reduce the substantial costs that can arise from accommodating households in temporary accommodation whilst waiting for social housing to become available.

## **6.7 Access and Supply**

6.7.1 There are other things that are also likely to affect the supply of affordable housing in Rossendale in the future, and the need and demand for these homes:

- People who have a low or no income and receive benefits may receive less money in the future as a result of changes to the welfare system.
- People may have less to spend on their housing costs and may need to move to more affordable housing.

6.7.2 The Government has introduced these changes because it would like affordable housing to:

- Be targeted at those in greatest housing need.
- Offer value for money and not cost the public purse more than it needs to.
- Not be seen as somewhere where only people without work are able to live.
- Be used fairly, for those people who need it most, when they need it.

## 6.8 Implications and Policy Options

- 6.8.1 The Council recognises that these measures introduced by the Localism Act provide both threats and opportunities for both Registered Providers and the Council who have a wider responsibility for ensuring a good quality of life for all residents and communities, and not just for those households already living in affordable housing. The Council therefore intends to monitor closely the impact of these policies on the housing market in Rossendale.
- 6.8.2 The Council is keen to work with registered providers in the district in order to provide good quality homes and housing services to tenants and other customers. It also values Registered Providers' contributions to improved health and wellbeing, economic stability and growth, quality environments and safe neighbourhoods.
- 6.8.3 In considering the full impact of any policy changes, it is important to consider four different perspectives:
- **The customer.** The primary interests of this group are security of tenure, stability and affordability in the long term. The ability to move within and outside the social and affordable housing market may be of interest to some customers.
  - **The council in its strategic housing role.** The primary interests of the council are to meet the need and demand for social and affordable housing and to achieve the vision for the district (this includes sustainable neighbourhoods and communities), making the best use of resources in the area.
  - **The registered provider and local authority landlord.** The primary interests of providers are to meet the need for social and affordable housing, to enable sustainable neighbourhoods and communities, and to manage sustainable, not-for-profit businesses.
  - **Other interested parties** eg, health and social care, advice agencies etc. Primary interests include improved health and wellbeing, reducing inequalities and disadvantage and economic stability.

## 7. ROSSENDALE'S AFFORDABLE HOUSING SECTOR AND SUMMARY OF PREFERENCES AND ASPIRATIONS FOR JOINT WORKING THE COUNCIL'S GUIDANCE FOR REGISTERED PROVIDERS

- 7.1 We have sought to balance interests, thinking also about different housing types, for example, general needs family and non-family housing, accessible and adapted, and long-term specialist housing e.g., sheltered housing and extra care.
- 7.2 The Government's over-arching aim in introducing fixed-term tenancies is to help enable better use of affordable housing by restricting occupation to people who couldn't meet their housing needs themselves. They could particularly be used to help:
- Address under-occupation of larger homes.
  - Ensure that major adaptations are used by people who most need them.
  - Ensure that homes are only occupied by tenants whose incomes remain too low to meet their housing needs in the market.
  - Encourage (especially young) people to raise their incomes and use affordable housing as a stepping stone to other accommodation.
- 7.3 However, these approaches need to be balanced with potentially conflicting aims of:
- Providing stability for tenants.
  - Continuing to meet genuine housing needs.
  - Encouraging balanced communities with a range of households and incomes on housing estates.

- 7.4 It is expected that each Registered Provider will seek the Council's views as part of a formal consultation process when establishing and reviewing its own Tenancy Policy.
- 7.5 Registered Providers shall publish clear and accessible policies which outline their approach to tenancy management, including interventions to sustain tenancies, prevent unnecessary evictions and tackling tenancy fraud. Registered Provider tenancy policies are to be widely available including on the website. Existing secure and assured tenants' succession rights remain unaltered.

## **7.8 Flexible/ Fixed Term Tenancies**

- 7.8.1 These terms are used to apply to all tenancies that are offered for a specified period of time, not including starter or introductory tenancies, as opposed to lifetime tenancies.
- 7.8.2 Taking into account the role of affordable rented housing in Rossendale's housing market and the wider strategic context, there is a general presumption that lifetime tenancies will continue to be issued as standard and that time limited flexible tenancies will be the exception. Where they are the exception we would expect the tenancy policy to outline the criteria in which they will be used.
- 7.8.3 Registered Providers policies must outline that they will issue tenancies which are compatible with the purpose of the accommodation, the needs of individual households, the sustainability of the community, and the efficient use of the housing stock.
- 7.8.4 If Registered Providers are to consider giving flexible/fixed term tenancies the following factors need to be taken into account:
- The fundamental need to build and maintain sustainable communities.
  - To ensure the most efficient use of Rossendale's housing stock to meet local housing need.
  - To target resources effectively to households in greatest need.
  - The minimum term should be 5 years – anything less should be an exception and would require discussion with the Council.
- 7.8.5 Whilst recognising the need for Registered Providers to take due account of their own circumstances, including loan covenants, asset management considerations, making best use of its stock, it is desirable for providers to grant tenancies that offer the maximum security of tenure.
- 7.8.6 At the same time it is acknowledged that Registered Providers may wish to retain the use of flexible tenancies in certain circumstances, **for which it will seek agreement with Rossendale Borough Council.**

The Council would normally expect that new lettings of the following accommodation types will continue to be lifetime tenancies:

- Homes let to older persons.
  - Specialist supported housing (that isn't intended as temporary or short term accommodation).
- 7.8.8 It may be appropriate to focus on introducing fixed-term tenancies for the following accommodation:
- Properties with significant adaptations for use by physically disabled people to ensure that the property remains available for those who need specialist accommodation.
- 7.8.9 It is not expected that Registered Providers will use fixed term tenancies as a management tool to mitigate against the risk associated with some client groups.

## **7.9 Length of Term of Tenancies**

- 7.9.1 CLG's direction to the Social Housing Regulator states that fixed term tenancies can only be for less than five years in exceptional circumstances and must always be for at least two years.
- 7.9.2 In Rossendale, the expectation is that where fixed-term tenancies are used, they will always be for at least five years, with discretion for the Registered Providers to let for longer periods where this is appropriate to the circumstances of the household or property.
- 7.9.2 The reasons for this approach are:
- To give tenants reasonable stability to establish themselves and their families in education and employment.
  - To allow a reasonable period for tenants to engage in the local community.
  - To keep the resources involved in reviewing tenancies at economic levels.
- 7.9.3 The length of term of the tenancy should be clearly identified when each property is advertised prior to letting.

## **7.10 The Circumstances in Which Follow on Tenancies will be Granted**

- 7.10.1 The Council expects that fixed term tenancies will usually be renewed where:
- The household includes children under 18 years of age.
  - The household includes a disabled person who is making use of the adaptations where there are major adaptations to the home.
  - The occupant receives some form of housing support or is recognised as being vulnerable.
- 7.10.2 Fixed term tenancies will not usually be renewed where:
- The household is significantly under-occupying the property.
  - The property is highly adapted for someone with a disability but no person with a disability is now resident there.
  - Where it is identified the property is inappropriate for an individual's needs, i.e. they are not coping in the property or they need more support than is currently being provided.
  - The tenant is already subject to proceedings to re-gain possession of the property because tenancy conditions have been broken.

## **7.11 Assistance at the end of a Tenancy**

- 7.11.1 Registered Provider's should detail in their policies the circumstances in which they may or may not grant another tenancy on the expiry of the fixed term including their approach on taking into account the needs of households who are vulnerable by reason of age, disability or illness and households with children
- 7.11.2 The Council expects that advice and support will be given to all households whose tenancies are not renewed at the end of a fixed term at least 6 months prior to the end of the tenancy.
- 7.11.3 Registered Provider's should also signpost to the Council's Housing Advice and Options Service as appropriate.
- 7.11.4 In deciding whether to grant a further tenancy at the end of a fixed term, Registered Provider's should comply with the requirement 'to grant tenancies which are compatible with the purpose of the accommodation, the needs of individual households, the sustainability of the community and the efficient use of their housing stock'.

## 7.12 Affordable Rents

- 7.12.1 A key feature of the Government's programme for the delivery of new affordable homes grant funded through the Homes and Communities Agency (HCA) in 2011-15 is the expectation that developing Registered Providers will charge affordable rents at up to 80% of market rents. These affordable rents, which are typically higher than social rents, are to be charged for new affordable homes completed under the 2011-15 programme and for a proportion of existing homes when they are re-let, creating a surplus for re-investment.
- 7.12.2 The Council recognises that providers have already signed contracts with the HCA for the development of new affordable homes in the Borough. We are keen to continue close working relationships to ensure the developments will meet local needs.
- 7.12.3 The Council expects that Registered Provider's should only convert existing homes from social rents to new affordable rents where:
- Some new development is being brought forward by the Registered Provider's **within the Borough**. This ensures a link between the raising of rents to fund new development and the benefits of additional affordable housing.
  - The accommodation is relatively desirable, so that prospective tenants are willing to pay a premium over social rents. In principle, Registered Provider's highest rents should be charged for the most attractive accommodation.
  - The Registered Provider's approach to charging affordable rents is clear and is made available to the public.
  - The Council expects all providers to advertise affordable rent and shared ownership properties through the BwithUs choice-based lettings system to ensure fairness and transparency.
  - The Council expects conversions from social rented properties to affordable rent properties at the point of re-let to be based on the agreed contract with the HCA and that those agreed numbers be consulted upon and shared with the council in order for effective monitoring to take place.
  - The Council expects all providers to ensure that mechanisms are in place whereby customers understand what an "affordable rent" actually is and the impact on them.
- 7.12.4 Affordable rents should be clearly identified when each property is advertised prior to letting so that prospective tenants can make informed choices.
- 7.12.5 The Council will expect developers and registered providers to work with Planning and Housing officers to provide the right mix of affordable housing for that site and location subject to the viability of the scheme and in accordance with planning policy.
- 7.12.6 Section 106 agreements pertaining to affordable housing will include local connection clauses and be reflected through local letting policies under the BwithUs Choice Based Lettings to be agreed by the Council and Registered Provider. It will also make reference that units granted in perpetuity through planning are to be re-provided within the Council area where these properties are subsequently sold or staircase out from.

## 7.13 Disposal of Social Rented Stock

7.13.1 Another option for Registered Providers to raise funds for new development is to dispose of some existing social rented housing stock. As social housing in Rossendale is in short supply, disposal is only likely to be acceptable where:

- The homes to be disposed of do not meet a current high demand from people in housing need.
- The homes are in very poor condition and renovation would be uneconomic.
- Sales will not lead to uses by purchasers that would be contrary to wider strategic objectives.
- **Receipts from sales will be re-cycled within the local authority area** to deliver more affordable housing in accordance with local priorities.

7.13.2 Registered Providers who own social rented homes in Rossendale are expected to consult with the Council before selling off any of their social rented housing stock. The Council will use the Association of Greater Manchester Authorities Protocol, as endorsed by the Pennine Lancashire Housing Board, for the disposal of properties (Appendix 1).

7.13.3 These conditions apply to voluntary disposals to third parties **and not** sales to existing tenants with statutory rights through the Right to Buy or Right to Acquire.

## 7.14 Allocations

7.14.1 The Council is a partner in the BwithUs choice based lettings system across Pennine Lancashire. It is expected that Registered Providers will work within the allocation policy to achieve a range of housing options. It is expected that, choice based lettings schemes will offer optimum opportunities for mobility and security of tenure where necessary and the principle of choice will continue. It is anticipated that waiting lists will remain open.

7.14.2 However, it is expected that it will be for local discussion where properties are offered as flexible tenancies the opportunities to provide property for people who are in the lower housing need categories e.g. those working/in employment.

7.14.3 Nevertheless it is recognized that this would need to ensure that Rossendale's strategic housing aims and the housing priority needs of its residents are met. It is expected that policies are compliant with affording provision for reasonable preference groups and take account of the Allocation of accommodation: Guidance for local housing authorities in England issued by the Department of Communities and Local Government on the 29th June 2012.

7.14.4 It is anticipated that all tenure forms, including new affordable housing and Section 106 agreements, will be provided and advertised through the BewithUs choice based lettings scheme.

## 7.15 Homelessness Duty (Discharge of Duty by Offer in Private Sector)

7.15.1 The Localism Act has introduced a significant change to the way that local authorities can use the private rented sector to house those assessed as being 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, provided that the tenancy offered is for a minimum of 12 months. 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.

7.15.2 In Rossendale our priority is to prevent homelessness wherever possible and in so doing we work closely with the affordable rented sector and the private sector.

7.15.3 At the moment, we do not intend to use the new powers in the Localism Act to discharge statutory homelessness duty in the private sector, however, we will continue to monitor the situation for future development if circumstances warrant.

## **8. IMPACT OF THE TENANCY STRATEGY ON EXISTING TENANTS**

8.1 Fixed term tenancies and affordable rents will only be introduced when new tenancies are granted. However, some new lettings are made to existing tenants who are transferring from other homes, so it is important to be clear how transferring tenants will be affected.

8.2 CLG's Direction to the Social Housing Regulator makes it clear that existing social tenants (as at April 2012) will be granted new tenancies of no less security of tenure when choosing to transfer to alternative social housing properties. This includes moving to properties that would normally be let to new tenants on the basis of fixed term tenancies. This helps to avoid the creation of barriers to appropriate mobility for existing tenants.

8.3 The Direction to the Social Housing Regulator does, however, exclude RPs from having to maintain equivalent security of tenure in cases where existing tenants choose to move to homes let at a new affordable rent and these homes are let on the basis of fixed term tenancies. In Rossendale, we would expect that even where existing social housing tenants choose to move to homes let at new affordable rents, they continue to be offered equivalent security of tenure wherever possible.

8.4 Security of tenure for individual tenants will be preserved in mutual exchanges if at least one of the tenancies started prior to April 2012, but in cases where both tenancies started after April 2012, there is a risk that tenants with periodic (i.e. not fixed term) tenancies will lose security of tenure if they exchange with someone with a fixed term tenancy. In Rossendale, we expect that where existing social housing tenants with periodic tenancies choose to mutually exchange with someone with a fixed term tenancy, their security of tenure will be preserved wherever possible.

8.5 Existing tenants who choose to transfer to a property that is being let at an affordable rent will be required to pay the affordable rent. This is because existing tenants have a choice of potential alternative homes, including homes let at affordable rents and homes let at social or target rents. Registered Providers charge affordable rents to provide an income stream to fund new housing development, and need to be sure that when planning new development they will receive affordable rents as they have planned, regardless of who chooses to move into the home.

## **9. LINKS TO REGISTERED PROVIDERS' TENANCY POLICIES**

9.1. The Tenancy Policies of the principal housing providers operating in Rossendale can be found using the following links:

[INSERT HYPERLINKS](#)

## **10. MONITORING AND REVIEW OF THE TENANCY STRATEGY**

10.1 This document has been subject to consultation with partner Registered Providers and with the public. It has been designed to assist with the delivery of the wider strategic housing aims and objectives in Rossendale, in the context of the introduction of the Localism Act in April 2012.

- 10.2 Most of the impact of the use of fixed-term tenancies will take some time to be felt - it will be at least 5 years before any tenancies come to an end - although there may be some short term effects of prospective tenants making different decisions when offered fixed rather than lifetime tenancies.
- 10.3 The introduction of affordable rents will have a more immediate impact, and it is important to monitor how and where Registered Providers are using affordable rents and the impact on people in housing need.
- 10.4 It is suggested that monitoring could be achieved through the regular reports to the BwithUs Steering Group, which will be used for all lettings by the principal Registered Providers landlords in Rossendale and comparative information across Pennine Lancashire. We envisage that this can be reported and monitored through the Council's Overview and Scrutiny process.
- 10.5 The Council will be reviewing its Strategic Housing Market Analysis in 2013/14 and it is expected that any information on the impact of the new changes will feed into that piece of work.
- 10.6 Monitoring will need to include trends in:
- Housing needs.
  - Homelessness (aligning with local Homelessness Strategy).
  - Reviewing effectiveness of allocation policies.
  - Rent levels across all tenures.
  - Registered Providers activity.
  - Property sales
  - Number of new homes built including affordable, and which tenure(s).
  - Any effect on site viability.
  - Changing trends in housing benefit paid.
  - Lettings of affordable rents including number of bids and acceptances.
  - Affordability gaps especially once welfare reforms come in.
- 10.7 The Council will also monitor compliance with our Tenancy Strategy across the sub region by regular meetings with individual Registered Providers and peer authorities.
- 10.8 This document will be reviewed and updated in April 2015 in line with the Homes and Communities Agency (HCA) New Affordable Housing Programme.