

OVERVIEW & SCRUTINY COMMITTEE

CHAIRMAN: Cllr Mike Haines

DATE: 4 March 2019

REPORT OF: Interim Head of Service Delivery and Improvement

SUBJECT: TENANCY STRATEGY - review

PART I

RECOMMENDATION

1. PURPOSE

To secure Members' endorsement of Teignbridge Council's Tenancy Strategy

2. BACKGROUND

Under Section 150 of the Localism Act 2011 Councils have a duty to prepare and publish a tenancy strategy. The strategy must set out the matters to which registered providers of social housing for its district are to have regard in formulating policies relating to:

- The kinds of tenancies they grant
- The circumstances by which they will grant a tenancy of a particular kind
- The length of certain tenancies
- The circumstances in which they will grant a further tenancy on the coming to an end of an existing tenancy

Registered providers are expected to have due regard to the Council's Tenancy Strategy in developing their policies.

KEY ISSUES

1. Registered providers are becoming more commercial in their business models
2. Some registered provider rents are beyond Local Housing Allowance Rates thus unaffordable for many
3. Registered providers' 'rent in advance' policy can vary, with some charging 8 weeks rent in advance. This is not affordable for many on low incomes
4. Teignbridge has high house price to income ratio, with the average house price now being ten times the average salary
5. According to Homes England, Teignbridge is a local authority in a 'high affordability pressure area'
6. In 2010 the government introduced 'affordable rents', which are typically 80% of the local market rents. These rents are more expensive than social rents, which were typically 60% of market rents. In areas of high house prices, such as Teignbridge this is a particular issue

3. MAIN IMPLICATIONS

As a local authority Teignbridge Council must keep its tenancy strategy under review, and may modify, or replace it from time to time. The last strategy was adopted at Executive Committee on 11 September 2012, however since that time there have been major changes in housing legislation and welfare reform, as well as increased affordability issues across the sector.

In response to these changes Teignbridge Council has updated its tenancy strategy to put forward a more holistic approach to managing social housing in the district to which local registered providers should have regard in formulating their policies.

In preparing the strategy, the Council must have regard to—

1. Council Plan 2016-2025:
 - a. A roof over our heads
 - b. Health at the heart
2. Housing strategy
3. Homelessness strategy
4. The Devon Home Choice allocation policy and partner agreement

In summary, the overarching aims of this strategy are to:

1. Comply with the legislation
2. Encourage a wide range of housing options
3. Promote affordability
4. Make the best use of the available social housing stock
5. Ensure that vulnerable households are able to access appropriate accommodation
6. Promote mobility within social housing and other housing tenures
7. Promote clarity

More specifically registered providers are encouraged to:

1. Charge rents under the local housing allowance rate
2. Publish clear and accessible policies on tenancy management
3. Create clear and transparent advertisements on Devon Home Choice
4. Charge no more than 2 weeks rent in advance
5. Co-operate with the Council to make the best use of stock
6. Bid for social grant where available
7. Assist the local authority to maintain tenancies and prevent homelessness
8. Limit the conversion of social rents to affordable
9. Promote mobility within the sector
10. Take precautions to tackle tenancy fraud

4. GROUPS CONSULTED

Under the Localism Act the Council has a duty to consult with all registered social housing providers in the district. The Teignbridge Affordable Housing Partnership was also consulted.

The consultation opened on 20 December 2018 and ended on 11 January 2019.

5. WITNESSES TO BE CALLED

None

6. TIME-SCALE

The strategy would be implemented with immediate effect if agreed by Executive on 5 March 2019.

7. CONCLUSION

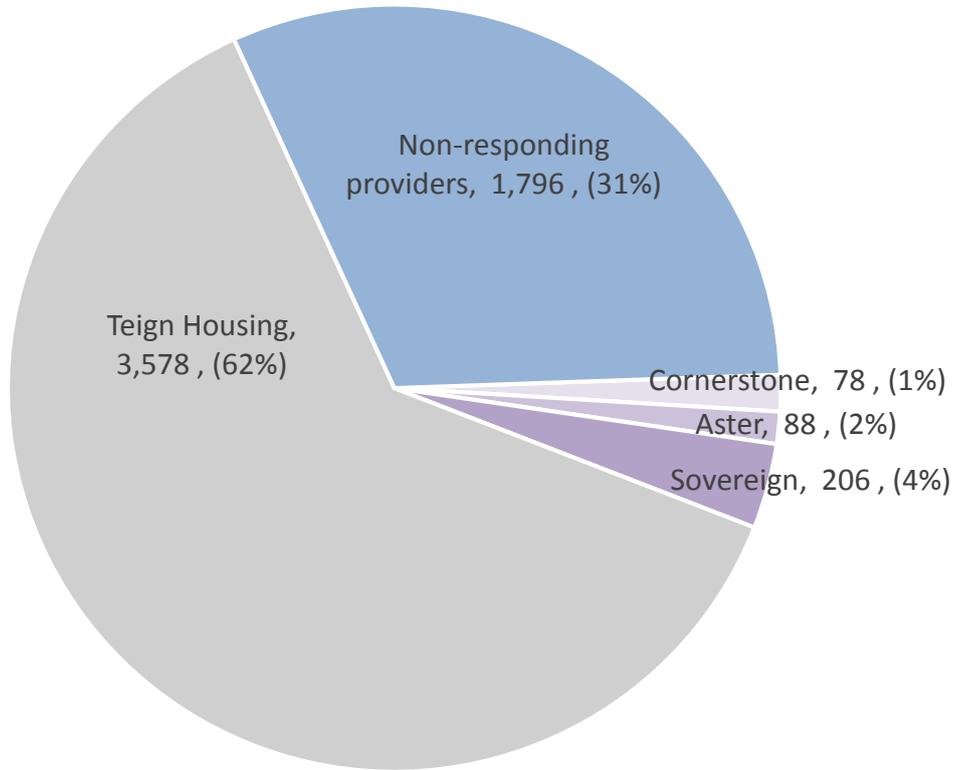
Members are asked to consider the content of the Strategy and make comment on the proposals within it prior to seeking Executive approval to implement it.

(Officer)
(Designation)

Wards affected	<i>All</i>
Contact for any more information	<i>James.toler@teignbridge.gov.uk</i>
Background Papers (For Part I reports only)	<i>Tenancy strategy – consultation amendments highlighted Supporting Evidence Business impact assessment</i>
Key Decision	<i>Yes</i>
In Forward Plan	<i>Yes</i>
In O & S Work Programme	
Appendices attached:	App I – Consultation App II – You said, we did

Consultation

Proportion of stock owned by registered providers who responded to the consultation



Appendix II

You said, we did

Ref	You said	We did
3.1	<p>Teignbridge should work with all providers to develop a common affordability assessment framework. This would enable greater consistency in decision making and importantly achieve a more joined up response to those customers who, for whatever reason, fail the assessment</p>	<p>Agreed. This was raised at the Devon Home Choice Management Board in January 2019. A draft affordability framework was circulated for consultation with all registered providers.</p>
3.3	<p>Holding adverts until we have valuations for affordable rent can cause delays in re-letting properties, as the Devon Home Choice policy is to have only one advert cycle per week. More frequent adverts would enable us to advertise more frequently the accurate rent.</p>	<p>The Devon Home Choice Management Board has agreed to look at flexible letting cycles, as it is possible on the current IT system. Plymouth City was hoping to pilot this in 2018, but this has been delayed. When bidding, applicants need to understand all rental costs, so that they can determine if it is affordable. Where advertisements are unclear those in housing need may be deterred from bidding. It is unlawful in the private sector to advertise a property without full and accurate details of all costs to secure the tenancy. For new developments providers will have an agreed handover policy with developers that should allow a reasonable period to undertake valuations. Similarly, the 4 week notice tenant's provide should allow adequate time for a valuation to be undertaken.</p>
3.3	<p>You state that all homes should be let via Devon Home Choice, but this is not reflective of the existing nominations agreement and neither is it realistic. Providers should have some flexibility, for example, clearance/disposal programmes etc.</p>	<p>Acknowledged. We will amend the text to reflect the DHC partnership agreement (7.1), where providers will 'commit to the use of Devon Home Choice as their principle method of identifying new tenants' and 'transparently report to the Board of Management all lettings made without advertisement, having first informed the relevant local authority'.</p>
3.3	<p>You are quite prescriptive in what you would like providers to write on their adverts in regards to various criteria, e.g. rents and service charges, council tax bands etc. and whilst we would totally agree with the informative approach, some practical barriers need to be overcome. You will be aware that the existing format only allows a certain</p>	<p>According to the Devon Home Choice administrators, providers should be able to enter around 1,000 characters on the notes that are displayed on the website. They are aware that this is an issue when using Internet Explorer and does not arise when using Google Chrome, or Firefox. Devon Home Choice is looking to update its software. The tender specification has</p>

	number of characters to be input, which only allows for a reduced level of detail.	been circulated to all providers as part of the procurement process.
3.3	We strongly feel that at the point of application customers should be advised of the need to start saving for paying their rent in advance	Agreed. However, advertisements should also clearly state the exact amount required to secure the tenancy. The Devon Home Choice website now hosts a video about becoming 'tenancy ready'. Further enhancements are being discussed as part of the draft affordability assessment, as circulated by the Devon Home Choice Management Board. In regard to advice at point of application we will raise this issue with the Devon Home Choice Management Board.
3.4	Please note that should a customer's account be in credit consistently on the balancing weeks, then we would honour any requests for this to be refunded. We do not treat rent in advance as a rent deposit in any which way.	Registered providers should therefore charge a maximum of 2 weeks rent in advance. This should be stated clearly at point of application and on advertisements. Additionally, each provider should publish an online rent in advance policy. The policy should clearly set out how rent in advance will be used, how it is returned, the process should the tenancy transfer to another provider and that no damages, or court costs will be deducted from these payments.
3.4	The tenancy agreement requires tenants to pay in advance. We can agree that rent in advance is reached over a number of weeks, but tenants must ensure their rent accounts never go into arrears.	It is acknowledged that tenancy agreements say an element of rent in advance is required, but we need to balance affordability issues, such as local wage levels in Teignbridge and promote conformity. We stipulate in the Strategy that providers charge a maximum of 2 weeks rent in advance, with advertisements clearly setting out all costs needed to secure a tenancy. Each applicant should be assessed on a case by case basis and there should be no blanket refusals on the grounds of applicants having insufficient rent in advance. Payment plans should be considered and offered.
3.5	We currently use 5 year fixed term tenancies (plus a one year starter) for properties let at affordable rent, this is under review and we cannot commit to expanding this.	Noted. We would be happy to work with you on developing a policy to ensure best use of stock.

3.5	<p>The use of fixed term tenancies should be a decision for landlords based on the legislation and regulation. Our decision (to use fixed term tenancies) will be based on our ability to resource the review process that is required and whether this represents value for money. It will also depend on how they fit with our strategic aims and assessment of their impact on our tenants and sustainable communities.</p>	<p>One of the fundamental considerations outlined in the tenancy strategy was the use of fixed term tenancies to make best use of stock. This was a key element of the previous strategy and we intend to keep this requirement. We would welcome a conversation about the best use of stock and how you plan to tackle under occupation and the retention of adapted homes for those most in need. Apropos social housing regulation, the Tenancy Standard (2.1) says <i>'registered providers shall co-operate with local authorities' strategic housing function, and their duties to meet identified local housing needs'</i>.</p>
3.5	<p>You mention aids and adaptations and the potential to work on direct matching adapted stock. Is there some more scope here in terms of taking a more strategic approach? i.e. new builds, disability facilities grants, the role of occupational therapists and the disabled person's register (DPHR), potentially facilitated through Devon Home Choice.</p>	<p>Since the council adopted the housing strategy in 2015 we have exceeded the requirement to deliver 5 affordable homes a year that are fully wheelchair accessible (23 to date). This has led to a reduction of the number of households on the housing register requiring a wheelchair adapted property. In Q4 2017/18 we had 35 households all requiring fully wheelchair accessible homes. The Council's Multi Adapted Panel meets regularly, facilitating direct matching and specialised one to one support; this number now stands at 16. In regards to DFGs, this year we have assisted 194 vulnerable and elderly residents to remain in their own home, with a yearend target of 250.</p>
3.7	<p>We are signed up to the 'commitment to refer', but your strategy is rather ambiguous as to your expectations of registered providers in terms of preventing and resolving homelessness</p>	<p>We are pleased to see that a number of local providers have signed up to the National Housing Federation's 'commitment to refer'. Their website provides guidance and tools on how to work alongside local housing authorities in reducing homelessness and we would be happy to work with you to implement measures.</p>

3.7	We cannot commit to not making any tenant homeless if they are seeking to prevent their homelessness. This is very subjective and their attempts at seeking to prevent it may not be sufficient.	In May 2018, the Devon and Cornwall Housing Options Partnership drafted a 'pre-eviction protocol' that was presented to the Devon Home Choice Management Board. The aim of the protocol is to ensure that all reasonable measures are taken to ensure that eviction is avoided and that costs to the tenant and landlord are minimised. It was agreed that the protocol would have to be agreed between providers and each local authority. The protocol raises concerns about data protection, but has been agreed between the Council and Teignbridge's largest provider, Teign Housing. We intend to work with other local providers to get the protocol agreed multilaterally. Eight local providers have signed up to the National Housing Federation's Commitment to Refer, where the Federation is looking into how partners can ensure a better use of data in eviction prevention (7.1).
3.7	Point 5 - Not <u>all</u> registered providers are best placed to meet the needs of <u>all</u> homeless people in their local communities, clearly some require a level of supported accommodation that we do not currently provide. Expanding our services and provision will only take place alongside our own business plan and corporate objectives.	Whilst we would like to eliminate all homelessness, we understand that this is not possible in every case. We will therefore amend the statement to 'Work in partnership to provide a range of affordable housing options that meet the needs of homeless people in their local communities and, where possible, assist the local authority to deliver projects specifically aimed at reducing homelessness and rough sleeping such as Housing First.
3.7 Homeless	"Contribute to ending migrant homelessness" – it is not clear to what extent you expect registered providers to do this other than through housing applicants through the Devon Home Choice scheme.	We will remove this clause from the strategy
3.7	In terms of annual visits for flexible tenancies (assuming this means fixed term) then the point really is that where a flexible tenancy is due to end, a visit should happen at least 12 months beforehand to put to the existing tenant the factors which would determine whether a further tenancy is granted.	Agreed. We will amend the text accordingly
3.7	3.7 Point 3 could possibly be reworded, as it could easily be misinterpreted and maybe a reference to adhering to the pre-eviction protocol with Teignbridge would be beneficial?	Agreed. We will amend the text and make reference to the Devon and Cornwall Housing Options Partnership pre-eviction protocol, which is Devon-wide and could be included as an appendix.

3.7	Are there any areas where you can work more closely with registered providers to help get applicants for housing tenancy ready and prevent tenancy failure and homelessness?	Thank you. We would welcome working with providers to get applicants 'tenancy ready', helping households to manage and sustain tenancies. We are piloting such a scheme with our clients in temporary accommodation and would welcome a partner approach.
3.8	We cannot see how this strategy can be applied to registered providers. We have funding arrangements in place with Homes England that require a small number of conversions from social rent to affordable rent, the aim being that we obtained the funding with the intention of charging higher rents to help fund future development.	There is a balance to be struck in regards to funding future development and maintaining a truly affordable social housing market. Homes England has earmarked Teignbridge as a 'high affordability pressure area' and their Rent Standard Guidance (section 4.7) prescribes that providers ' <i>should consider the local market context when setting rents, including the relevant Local Housing Allowance for the Broad Rental Market Area in which the property is located</i> '. We are mainly concerned with affordability, therefore, if affordable rents remain under the LHA, this would not present a problem.
3.8	We hear your point about conversions, but providers depended on this for the purposes of the Affordable Housing Programme 2011/15. We are not minded to do anymore going forward and we haven't converted in recent years. We only have 44 in total.	Noted. The requirement to convert is conspicuously absent in the 2018/21 programme. The point here is about affordability. The Affordable Housing Partnership defines 'affordable rent' as 'a rent which does not exceed 80% of the open market rent, inclusive of any service charges and should not exceed the published Local Housing Allowance for the relevant property type'.
3.8	Conversion of social rents to affordable rents: This is a decision that is for the RP to make and not the Council. To ensure that RP's business plans are maintained there will be times when social rents will be concerted.	As you will know, if you are developing affordable homes in Teignbridge it is recommended you join the Affordable Housing Partnership. The Partnership defines 'affordable rent' as 'a rent which does not exceed 80% of the open market rent, inclusive of any service charges and should not exceed the published Local Housing Allowance for the relevant property type'.
3.10	As Teignbridge knows, our board approved our own 'Tenancy Fraud Policy' last year. We also conduct a 'Keeping In Touch' (KIT) visit to all of our tenancies over a 2 year period – we aim for 50% p/a.	This is noted and we welcome your work in this area.

Misc	We do feel that the tone of the document could be amended, so as to foster a greater spirit of team working.	Noted. Unfortunately, we have found evidence that where we have been less prescriptive in the past by toning down the requirements and stating registered providers 'may' wish to consider certain elements of the strategy, there has been inconsistency. For example, some providers were advertising rents above Local Housing Allowance levels. We are attempting to keep things brief, clear and concise and ensure there is no ambiguity around the council's position.
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4. Contact details

If you need this information in another format please contact us

Housing Services
 Forde House
 Brunel Road
 Newton Abbot
 Devon
 TQ12 4XX



housing@teignbridge.gov.uk
www.teignbridge.gov.uk/housing
 Tel: 01626 361 101

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