



London Borough of Haringey

Tenancy Strategy

2014-2016

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Introduction and purpose

The Localism Act 2011 ('the Act') contains a range of housing reforms. The Act together with a number of other national policy decisions has marked a major change in the way that housing is developed, let and managed.

The Act requires that local authorities publish a Tenancy Strategy setting out how they will respond to new flexibilities on tenure. Registered providers of social housing in the borough must have due regard to the Tenancy Strategy when formulating policies relating to:

- the kinds of tenancies they grant;
- the circumstances when they will grant a tenancy of a particular kind;
- the length of any fixed-term tenancy; and
- the circumstances in which they will grant a further tenancy on the ending of an existing tenancy.

This strategy covers the areas required by the Act, it also addresses other aspects of housing reform which will assist providers, tenants and housing applicants by placing our approach to tenure in the wider context of other changes. This document outlines our approach to:

- Affordable Rent and Capped Rent;
- succession rights; and
- the housing register and allocations.

National and Regional Policy

The Government has made wide-scale changes to housing policy, as well as changes to the welfare support system. Alongside the changes in national policy there have been significant changes in the housing market, with escalating house prices in London and the South East, with private sector rents following the same upward trajectory.

Tenure Reform

Although the rights and security of tenure of existing social housing tenants are protected (even when they move to alternative social rented housing), the Localism Act 2011 provides social landlords with the freedom to offer fixed term tenancies to people entering social rented housing in the future.

These so-called flexible tenancies will normally last for at least 5 years (but can be for just 2 years in exceptional circumstances) and have no upper limit. They will commence at the end of the Introductory or Starter Tenancy (where offered) and, when the fixed term has expired, the landlord will be able to seek possession.

The aim of this reform is to enable more targeted use of the available social housing stock to help households that are in most need. The expectation is that, if landlords offer shorter tenancies to those households that may be able to move on in the future through other housing options, this will free up more social rented housing.

The use of fixed term, flexible tenancies is not compulsory. It is an option that is available to social landlords in order to help them manage better. Lifetime tenancies can still be offered to people entering social rented housing in the future.

Funding of Social Housing

The models for the funding of new housing have changed in recent years. Historically rents for social housing in London have been set considerably below market levels. In Haringey, social rents equate to approximately 35% of local market rents. The national subsidy system for new housing introduced in 2011 reduced the capital funding substantially, requiring a shift to revenue funding. Subsidy levels in Haringey have fallen from approximately £120,000 per property in 2010 to £35,000 in 2014. Rents under the 'affordable rent' model can now be charged at up to 80% of the market rent levels in an area.

In the 2015-2018 Greater London Authority (GLA) bidding round the Mayor introduced the concept of 'Capped' and 'Discounted' affordable rents. Affordable homes let at 'Capped' rents are intended to provide sub-market rented homes for households in greatest housing need. Rents are expected to be no more than 50% per cent of local market rents, inclusive of service charges. Affordable homes let at 'Discounted' rents will attract even lower subsidy from the GLA. In order to maximise delivery, providers are expected to model initial discounted rents at 80% of market rents or, where it would be lower, at the Local Housing Allowance (LHA) level. Properties let at discounted rents should be prioritised for households in work that are not affected by the benefit cap.

Welfare Reform

The Welfare Reform Act 2012 introduced a number of changes to the existing welfare benefits system, primarily:

- An overall benefit cap (OBC) has been set of £500 per week cap on the total benefits which can be claimed by a family of any size, and a cap of £350 for single people.
- Caps on the amounts which can be claimed via Local Housing Allowance (LHA) to help with accommodation costs have been applied. These are national limits prescribing maximum amounts which may be paid for property sizes. The high costs of accommodation in London and the south east result in a higher impact of this measure in those areas - any assistance with accommodation costs being part of the OBC.
- In April 2011 the LHA itself was set using a sample of the bottom 30th percentile of market rents, not the 50th percentile as was formerly the case. The link to the market has been broken as increases in LHA rates, applying to private sector rents have been pegged to CPI from April 2013. This is a significant change as historically private sector rents have increased ahead of CPI and in recent years well ahead.
- Social tenants of working age are only entitled to Housing Benefit based on the LHA Bedroom Size Criteria that are used to determine the size of home that a private tenant needs. Where a social housing tenant is assessed as under occupying their home, their Housing Benefit will be reduced by 14% of their weekly rent if they are under occupying their home by one bedroom and by 25% of their weekly rent if they are under occupying their home by at least two bedrooms.

Although the welfare reforms have been implemented nationally, the nature of some changes - such as the Benefit Cap - will have a bigger impact on households in Haringey and other parts of London because of the high rents that are being charged for private rented accommodation in the capital. Equally consideration must be given to high market levels when setting Affordable Rents to ensure that they remain accessible to households impacted by these changes.

The Haringey Context

In terms of the housing, Haringey has a large private rented sector, and comparatively low levels of home ownership. The private rented sector at 31 % is larger than the stock of social housing (27%). Given the shortage of social housing and the lack of access for many households into home ownership, the private sector was a source of accommodation for many households dependent on housing benefit. Many of these households will be spending 50% or more of their monthly income on housing costs.

Housing Supply and Demand

In July 2014 there were 9,970 households on the Housing Register. Of these 5,636 were in the lowest two housing needs bands. The Housing Register is comprised of 5 bands A - E. Band A is for those households that have an urgent or critical need to move, whereas Band E is for those applicants that have no housing need.

Since the introduction of the existing Housing Allocations policy in March 2011, no-one in Housing Needs Bands 'D' or 'E' of Haringey's Housing Register has received an offer of social rented housing.

In the year 2013/14, we let only 848 properties in our own stock and through nomination agreements with Registered Providers. 436 of these lettings were in one-bedroom and studio accommodation. Only 36 lettings were made in properties that have four bedrooms or larger. There are currently 528 households on the housing register needing larger family sized properties, with four-bedrooms or more.

Homelessness

In 2013/14 a total of 2,903 households approached the Council for advice and assistance with housing matters. Of these 1,128 households went on to make a homeless application, The Council went on to accept a housing duty to 762 households.

Homeless applications and acceptances have increased for the past 3 years. In terms of reasons for homelessness there has been a dramatic increase in the number of private sector evictions, in the last financial year, evictions from the private sector accounted for 46% of homeless acceptances, five years earlier these evictions represented less than 2% of homeless acceptances. This upward trend can largely be explained by reduced LHA rates against a private rented sector that is overheated. The most common reason given by landlords for eviction is that either they can achieve better returns by renting to non-LHA tenants or they want to sell.

Links with other Strategies and Policies

This document is written and should be read in the context of the Council's wider strategic approach to Housing as set out in the following documents:

- The Housing Strategy 2009-2019¹
- The Homelessness Strategy 2012-2014²
- The Allocations Scheme³

Policies and strategies are kept under review, in response to the changing context we operate in. Revised documents will be found on the Council's website when available.

¹ http://www.haringey.gov.uk/index/housing_and_planning/housing/housingstrategy/housing_strategy.htm

² http://www.haringey.gov.uk/index/housing_and_planning/housing/housingstrategy/homelessness.htm

³ http://www.haringey.gov.uk/index/housing_and_planning/housing/housingstrategy/allocations-policy.htm

Tenure Reform

Historically new tenants in social housing would expect to receive a lifetime tenancy, possibly following an introductory period. The Localism Act 2011 empowers local authorities and Registered Providers to grant new tenancies on a fixed term basis. Existing tenants will continue to have lifetime tenancies.

At the end of a fixed term tenancy, subject to an assessment of suitability and continuing need, and subject to various safeguards, the tenancy may be renewed or allowed to expire.

The intention of this reform is to enable a targeted use of the available housing stock to households who are in the most need. The expectation is that by providing shorter tenancies to those households who may be able to move on in the future to other housing options, the overall housing stock will be freed up and over time more housing will be able to be offered to households in need. The ability to continue to let tenancies on a permanent 'lifetime' basis is also retained if a social landlord wishes to choose that approach as an option.

Haringey's policy on tenure length

We considered whether the introduction of fixed-term tenancies in our own stock would provide some greater capacity to manage under-occupation as well as overcrowding, given the overall lack of housing supply.

Against this we considered the destabilising impact of fixed-term tenancies on the lives of families and communities. There are also additional social and economic costs associated with fixed-term tenancies, such as: carrying out reviews near tenancy expiry, possession proceedings and void loss.

Our policy position is that we will continue to offer lifetime tenancies to new tenants, following an introductory tenancy.

Guidance to Registered Providers on tenure length

We recognise that some Registered Providers will have started using fixed-term tenancies, or are considering doing so. This may be linked to investment needs or making best use of existing stock.

When awarding new fixed-term tenancies we would expect that the length of the tenancy to be no less than 5 years. We expect that the following households will continue to receive lifetime tenancies:

- vulnerable groups;
- residents in sheltered, or extra-care housing;
- residents aged 60 or older.

Where registered providers offer fixed-term tenancies, we would expect there to be policies in place to protect the elderly and the vulnerable.

Guidance on tenancy reviews and tenancy termination

Where a Registered Provider is using fixed-term tenancies, our expectation is that they will have a clear set of policies and procedures that will set-out what considerations will be taken into account at the point that the review is made. We would expect such policies to be communicated clearly to the tenant at the outset of their tenancy.

In terms of tenancy renewal we would expect that, where there is no material change in a tenant's circumstances, the tenancy should be renewed at the end of a fixed-term period.

We are opposed to any automatic ending of a tenancy on the basis of a household's changed economic circumstances. Some areas of social housing within the borough suffer from high levels of benefit dependency, and ending a tenancy on the grounds of increased income risks simply entrenching this problem. Where a Registered Provider considers alternate housing options, during the review, such as shared ownership, we would expect this to be supported by a thorough affordability assessment.

Our expectation is that most tenancies will be renewed after a fixed-term period. If for some exceptional reason a tenancy is not to be renewed, Registered Providers should ensure that proper notice is given to the tenant, as well as appropriate advice and support.

Succession Rights

The Localism Act 2012 changed the rules for succession for social housing tenants. For tenancies created before 1 April 2012 existing rights of succession will continue. For tenancies created on or after 1 April 2012 only a spouse, civil partner or a person who lives with them as if they were a spouse or civil partner will have a statutory right to a succession, and such a succession can only happen once. The Council will apply these rules in its own stock, and will not extend succession rights to non-partner family members. However, we will continue to consider granting succession rights in exceptional cases on a case-by-case basis. We would encourage other providers to take a similar approach.

Affordable Rents

An Affordable Rent could be the equivalent of up to 80% of the private market rent that is being charged in the area in which the property is situated. Subject to certain conditions, most of the new affordable rented housing that is built (together with a proportion of the existing social rented housing that becomes empty and is then re-let) will be let at an Affordable Rent. The higher rental income generated from such lettings is intended to cover the extra borrowing costs (interest and repayments) that are incurred by the Registered Provider due to the reduced government grants currently available to help pay for new affordable housing.

The Council is very concerned about the impact that 'Affordable Rents' will have on household income, especially in the long term, if rents are allowed to rise excessively. The households most disadvantaged by this will be those households that are affected by the Overall Benefit Cap. Of the households impacted by the OBC it will be larger families that will have larger weekly outgoings and will potentially need to meet up to 80% of a market rent of a family home. A typical market rent, in a more affordable part of Haringey, for a 3 bedroom property is £370 per week and for 4 bedroom property £420 per week. In some parts of the Borough weekly rents will exceed the cap level of £500 per week.

However, the Council accepts that Affordable Rents have been a key element of the financial modelling used by property developing Registered Providers since 2011. In this context, Haringey Council is broadly supportive of the principle of Affordable Rents as a means of ensuring continued development in a difficult economic period, as well as augmenting housing diversity and choice within the borough. However, we expect Registered Providers to carefully model the impact of Affordable Rents against household income, particularly in the context of welfare reform.

The Council expects Affordable Rents to be used carefully, with smaller homes being allowed proportionately higher rent increases than larger homes, since this will ensure that properties remain as affordable as possible. Registered Providers should consult the Council, on a case by case basis, about proposed rent increases, minimise the number of social rented homes that they convert to Affordable Rent and, ensure that, where social rented homes are converted to Affordable Rent, any sums generated from the higher rents are reinvested in new developments within the borough.

Haringey Council will continue to set rent levels at social 'target' rent levels within its own housing stock, which is managed by Homes for Haringey.

Mobility

Council Tenants and many of the tenants of Registered Providers will retain lifetime tenancies and rents set at lower social or target rents. In an increasingly mixed environment where properties may be offered at different rent levels and different tenure lengths we want to establish protocols with partners to ensure the mobility of tenants. Mobility is essential in order to help manage housing need, decanting needs, and making best use of the stock.

Changes to the Allocation Scheme

The Localism Act 2011 provides significant new freedoms to local authorities in determining how households are prioritised for social housing, through the housing register. Haringey is considering a number of changes to its Allocation Scheme, notably:

- Limiting eligibility to join the register to those applicants who have realistic prospect of being housed - specifically by deleting the lower two of the current five priority bands.
- Increasing the current one year in borough residency qualification to three years.
- Selective use of local lettings plans to certain parts of the borough to aid regeneration activity.

The Consultation Process

Extensive consultation has taken place in the development of this Tenancy Strategy. We consulted through a number of open meetings and smaller focus groups, as well as one-to-one sessions. Through these sessions and the on-line questionnaire we consulted with, Council tenants, households in temporary accommodation, housing applicants, as well as representatives from the voluntary sector and Registered Providers.

Monitoring and review

We will closely monitor the impact of this tenancy strategy and carry out a full review of our approach in a year's time.