



Tenancy Strategy

Malvern Hills and Wychavon
District Councils

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Contents

	Page No.
1. Introduction	3
2. Localism Act 2011 – Main Reforms	3 - 4
3. Other Legislative Changes	4
4. Strategic Context	5
5. Local Context	6 - 7
6. Tenures and Tenancy Types	7
- Social Rent	8
- Affordable Rent	9
- Fixed term Tenancy	10-11
- Review of Fixed term Tenancy	12
- Discharge of homeless duty by use of private rented sector	12-13
- Housing Allocation Policy	13-14
- Mobility	14
- Disposals	14
7. Monitoring and Review	15
8. Registered Provider Tenancy Policy	15
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1. Introduction

- 1.1. The Localism Act 2011 placed a duty on Local Authorities to prepare and publish a Tenancy Strategy and to keep it under review. These provisions came into force on 15 January 2012.
- 1.2. Both Malvern Hills and Wychavon District Councils first published Tenancy Strategies in 2012 and have undertaken periodic monitoring with a review of impact of these strategies on the local housing market being carried out during 2017.
- 1.3. This joint Tenancy Strategy now replaces the original strategy.
- 1.4. Partner Registered Providers of affordable housing and any other providers of affordable housing are to have regard to the Local Authority Tenancy Strategy when they formulate their tenancy policies relating to;
 - The kind of tenancies they grant
 - The circumstances in which they will grant a tenancy of a particular kind
 - Where they grant tenancies for a certain term, the length of the term, and
 - The circumstances in which they will grant a further tenancy on coming to the end of an existing tenancy.
- 1.5. The Registered Provider Tenancy Policies explain how they intend to implement the flexibilities introduced through the Localism Act 2011.
- 1.6. The changes apply to tenancies created from April 2012 onwards. It is important that the Local Authorities and partner Registered Providers work together in partnership to provide the best housing options and outcomes for our residents.

2. Localism Act 2011 – Main Reforms

- 2.1. In 2011, the Localism Act introduced a number of fundamental reforms relating to affordable housing tenancies as follows;
 - Registered Providers can offer 'flexible' or fixed term tenancies of a minimum of five years, or in exceptional circumstances 2 years
 - Increased flexibility for Local Authorities to set their own allocation policies to meet local needs and circumstances.
 - The ability for Local Authorities to place homeless households in suitable private rented sector homes in discharge of their duties
 - New affordable housing development to be 'affordable rent' tenure, with rents up to 80% of a market rent and with the ability to convert vacant social rent homes to affordable rent.

- Registered Providers being required to adopt and publish a tenancy policy
- Local Authorities being required to consult on, adopt and publish a tenancy strategy.

3. Other Relevant Legislative Changes

- 3.1. In recent years there have been a range of housing and welfare reforms starting with the Welfare reform Act 2012. The introduction of universal credit brings a range of existing benefits into a single monthly payment with housing costs paid direct to the tenant. Reductions in Local Housing Allowance rates have resulted in some households having to make additional rent payments above their benefit entitlement. There have been housing benefit reductions for working age tenants under occupying their home, restrictions to single room rates for people under the age of 35, the introduction of the new benefit cap and changes to non-dependant charges have all added pressure to household budgets.
- 3.2. A number of further reforms were introduced with the Welfare Reform and Work Act 2016 including the 1% rent reduction for Registered Providers per annum for four years, a further lowering of the benefit cap, a four year freeze on main working age benefits and restrictions on Child Tax Credits and Universal Credit to households with two children.
- 3.3. The Housing and Planning Act 2016 introduced Starter Homes as affordable housing and promoted self-build and custom build housing. It introduced the voluntary Right to Buy which is now being piloted in the West Midlands and the option for 'Pay to Stay' policies for high income tenants including Registered Providers.
- 3.4. In January 2017 the Government announced an extension to the Homes England (formerly Homes & Communities Agency) affordable homes programme, offering a wider range of ways to help people into home ownership and to provide support for those that need affordable housing.
- 3.5. The Housing White Paper 2017 suggested a change to the definition of affordable housing to introduce a wider range of tenures and that this would be subject to a review of the National Planning Policy Framework (NPPF) (2012).
- 3.6. The Homeless Reduction Act 2017 has transformed the legislation around homelessness and introduced earlier intervention and prevention along with a duty to refer from designated public bodies. This was implemented from 1 April 2018 with the duty to refer from 1 October 2018.
- 3.7. This changing environment for our customers needs to be a key consideration in the review of our Tenancy Strategy.

4. Strategic Context

4.1. The vision of the Worcestershire Housing Partnership Plan is;

To create the *right* home environment for Worcestershire residents that is essential to their health, wealth and wellbeing, throughout life

4.2. The 'right home environment' is not the same for all. However, generally it should be:

- Affordable
- In good repair
- Well insulated and energy efficient
- Accessible, well planned and designed
- Not overcrowded
- In a safe neighbourhood with good infrastructure and access to amenities

4.3. The right home environment will:

- Meet local housing need and prevent homelessness
- Improve health and wellbeing and prevent ill-health
- Enable people to manage their health and care needs
- Enable people to remain in their own home for as long as they choose
- Delay and reduce the need for health care and social care interventions
- Enable timely discharge and reduce hospital re-admissions
- Create family stability
- Create the foundations required for all people to access education training and employment
- Create thriving communities with attractive localities which draws in investment to the local economy
- Reduce the dependency on the welfare state

4.4. To achieve this vision, it is expected that all affordable housing providers will meet with the requirements set out in this Tenancy Strategy and ensure that truly affordable housing which offers the right home environment is provided to meet a range of demands within our housing market resulting in positive outcomes for our residents.

4.5. Key Objectives of the Tenancy Strategy are:

- To promote our housing vision and make it a reality
- To provide guidance and direction to partner Registered Providers and any other affordable housing providers in the development of their tenancy policies
- To ensure that the affordable housing provided meets the identified housing needs of the local area and in particular addresses the local issues around affordability

- To set out the expectation for existing and prospective tenants in respect of their tenancies
- To create sustainable, mixed and balanced communities
- To provide intelligence relating to the housing market, which can be used to inform future policy and practice.

5. Local Context

Housing Stock (Census 2011)

	Malvern Hills	Wychavon
Owner occupied	71.8%	72.7%
Shared ownership	0.8%	0.5%
Affordable housing (rented)	14.1%	14.5%
Private rented	11.6%	11%
Rent free	1.7%	1.4%
Total	100% 32,212 households	100% 49,466 households

- 5.1. The figures in the table above evidence that the main tenure is owner occupation across both district council areas. The percentage of rented affordable housing recorded as between 14% - 14.5%.

Housing Register and Allocations (LAHS – 1st April 2019)

	Malvern Hills	Wychavon
Number of applicants on the housing register	1,531	2,892
Of which;		
1 bedroom need	995	1,774
2 bedroom need	352	783
3 bedroom need	149	266
3+ bedroom need	35	69
Number of lettings 18/19	295	591

- 5.2. The Local Authority Housing Statistics (LAHS) shows the number of applicants registered for affordable housing as of 1 April 2019 is significantly higher, at least four/five times higher, than the number of lettings made within the year 2018/19.
- 5.3. There is a significant need for single people and couples of all ages and for smaller family homes across both council areas with a small but nonetheless essential need for affordable housing solutions for larger households.
- 5.4. The South Worcestershire Development Plan is a joint plan that provides the context and planning policies for the housing growth in all three South Worcestershire councils. The Supplementary Planning Document for Affordable Housing sets out the more detailed policy position in respect of

affordable housing requirements to meet the annualised net affordable housing need of the districts

Average House Prices (Source: NHF Home Truths)

	Malvern Hills	Wychavon
Average (mean) house price - 16/17	£287,938	£287,505
Mean Annual Earnings - 2017	£27,482	£25,782
Ratio of house prices to income	10.5	11.2
Mean private sector rent (monthly) – 16/17	£673	£717
Annual income required for a 80% mortgage based on 3.5 x income	£65,814	£65,715

- 5.5. Average house prices were found to be 10 /11 times average household income; normally a figure of 3.5 times single earner household income or 2.9 times for a dual income household is used to assess affordability. This highlights the problem in accessing market housing for many people on lower incomes.
- 5.6. There are a number of high earners across the two districts and this inflates the mean annual earnings, disguising the pockets of deprivation to be found across the council areas.
- 5.7. Private sector rents are significantly higher than affordable housing rents and in general the cost differential increases for larger properties.

6. Tenures and Tenancy Types

- 6.1. In developing this Tenancy Strategy, Malvern Hills and Wychavon councils have had regard to the Worcestershire Housing Partnership Plan, the draft 'Worcestershire Strategic Direction to Tackling Homelessness 2018 – 2021' and the councils' allocation scheme.
- 6.2. The councils expect partner Registered Providers, when formulating or reviewing their tenancy policies, to have regard to the councils' Tenancy Strategy and to consider it's impact for their tenancy policy.

Social Rent

- 6.3. There has been no impact on Social Rent tenure through the Localism Act 2011; however this remains the most affordable tenure type for those on low incomes and some of our most vulnerable residents and customers.

- 6.4. The need for more socially rented units within the districts is evidenced and this will be further impacted upon through the conversion of Social Rent to Affordable Rent, the increased focus in recent years on intermediate tenures as well as the Voluntary Right to Buy pilot in the West Midlands.
- 6.5. The Supplementary Planning Document on Affordable Housing sets out that negotiation in respect of affordable housing should be based on 80% rented and 20% intermediate.

Principles

- The councils require that at least 75% of all rented affordable housing tenures within each district remain as Social Rent. The councils are particularly concerned to protect any specialised or older person's accommodation in their areas as this would be more difficult to replace as well as any social rented homes in high value rural areas.
- As the councils cover areas where there is a high housing need with significant issues around affordability, Social Rent will be sought on new affordable housing development sites.
- The councils will continue to seek Social Rent on sites where affordable housing is secured through a Section 106 agreement as a planning gain.
- It is not expected that Social Rent properties which are subject to a Section 106 agreement would be converted to Affordable Rent in the future.

Affordable Rent

- 6.6. The Affordable Rent tenure was introduced in 2010 following a comprehensive spending review and enables Partner Registered Providers and other affordable housing providers who have entered into contract with Homes England to charge rents of up to 80% of market rent levels. The additional income generated by Affordable Rents is used to re-invest in new affordable housing.
- 6.7. Affordability is a key consideration when setting Affordable Rent levels. In some of the more high value areas of the districts, Affordable Rents are likely to be too expensive for applicants on low incomes. The larger the property, the wider the gap becomes in terms of affordability.
- 6.8. Registered Providers are able to convert Social Rented homes to Affordable Rent and these tend to be older stock which does not have restrictive legal agreements relating to the properties.

Principles

- Affordable Rent should be considered as part of a mix of tenures on a development scheme based on local housing need to ensure a range of needs including affordability are being met and that they contribute to a sustainable mix and balance for the local community where they are located.
- Any additional income generated through Affordable Rent properties within the two council areas should be re-invested back within the relevant district to provide additional affordable homes.
- When setting rents, partner Registered Providers must be able to demonstrate they have considered the impact of rent levels on those applicants on low incomes and that the rent does not act as a disincentive to employment
- Affordable Rented properties, either through the new build programme or through conversions, should not exceed 25% of the affordable housing stock in each district. Within this mix no more than 25% of 4 bedroom homes or 3 bedroom homes should at any point in time be Affordable Rent. There should also be a balance between the market town and rural areas of the districts.

Fixed Term Tenancies

- 6.9. Since the revised Tenancy Standard April 2011, partner Registered Providers have had the option of offering tenancies for a fixed period of time as an alternative to a lifetime tenancy. The Government specified a minimum of five years, except in exceptional circumstances when this could be shortened to a minimum of two years.
- 6.10. This reform was introduced to enable better use to be made of the existing stock, with tenancy reviews taking place at least 6 months before the end of a fixed term providing an opportunity to re-assess and discuss tenant's needs which may change over time. In theory this would enable some tenants to access private housing and move on freeing up affordable housing for others in housing need.
- 6.11. The use of fixed term tenancies will not affect the existing allocation or nomination arrangements which will continue, with properties offered on a fixed term tenancy being advertised and let through the existing choice based lettings scheme. Registered Providers will continue to be able to offer introductory tenancies.

Principles

- In advance of a prospective tenant accepting an offer of a fixed term tenancy, the landlord Registered Provider must advise of the length of the tenancy and under what circumstances the tenancy may be extended or terminated as well as their housing options.
- Where a partner Registered Provider or other affordable housing provider chooses to offer fixed term tenancies the minimum 5 year period should be applied. This is in addition to any preceding Starter Tenancy.
- It is recognised that there are instances where a shorter fixed term tenancy may be appropriate such as;
 - where a property will become either overcrowded or under occupied
 - where a prospective tenant has a short term need for adaptations to the home

In these cases a shorter fixed term could be applied however the circumstances and at what level in the organisation these decisions will be made should be set out in Registered Provider tenancy policies to ensure openness and fairness for the tenant.

- Fixed term tenancies should not be used as a way to deal with rent arrears or anti-social behaviour
- Vulnerable people whose circumstances are unlikely to change over the long term and who need settled accommodation for their health and well being should be granted permanent tenancies.

Review of Fixed Term Tenancies

- 6.12. Where a fixed term tenancy is due to come to end, the Registered Provider will have the option to review the tenant's circumstances and the conduct of the tenancy to inform their decision as to whether to terminate or extend the tenancy.
- 6.13. Where a Registered Provider chooses to terminate a tenancy they must give 6 months notice of their decision prior to the end of the tenancy period. The Registered Provider must also provide advice and assistance with finding suitable alternative accommodation.

Principles

- There should be a presumption of renewal of the tenancy when undertaking a tenancy review unless the property is no longer suitable to meet the needs of the household e.g. overcrowding, under occupation, adaptations not in use or they are able to meet their needs through private sector / market housing.
- Partner Registered Providers should clearly set out in their tenancy policy the circumstances under which a tenancy may not be renewed and these reasons should be explained to the tenant. As part of the assessment process, the tenant should be fully advised on their housing options including their right to request a review and any associated timescales for this.
- Where a new tenancy is not being offered, advice and assistance should be offered at the earliest opportunity to help them find suitable alternative accommodation. The Local Authority should be notified as soon as possible if the tenant becomes threatened with homelessness within 56 days.
- It is expected that the Local Authority and the Registered Provider will work in partnership to achieve a positive outcome, where a tenancy is not renewed, co-operating with any enquiries and requests for assistance.

Discharge of homelessness duty by offer in the private rented sector

- 6.14. The councils work very closely with partner Registered Providers and other relevant partners in respect of homeless prevention, relief and the statutory process. This partnership working is vital to tackle what is an increasing service area for our councils and is supported through various joint initiatives and protocols.
- 6.15. The Localism Act 2011 enabled a local authority to discharge its homelessness duty by making an offer of accommodation in the private rented sector; the Homeless Reduction Act 2017 and the Homeless Code of Guidance states that under the 'relief duty' the Local Authority is required to help people who are homeless to secure accommodation, this can be in the private sector with a minimum a 6 months tenancy. However Local Authorities are to have regard to the suitability of accommodation in line with the Homelessness (Suitability of Accommodation) (England) Order 2012 and that the property's minimum requirements are adhered to in respect of health and safety and that the Landlord is a fit and proper person.

Principles

- A key strategic priority for the councils is the prevention of homelessness and housing supply is a key factor in achieving this. The councils are actively working with private landlords in the private rented sector to provide accommodation to applicants who are at risk of homelessness or who are homeless.
- The councils use this power to discharge the homeless duty by securing suitable private rented accommodation, where appropriate and where the supply of suitable accommodation allows. This is alongside and complements the primary role of our partner Registered Providers who work closely with the councils to assist in the discharge of our homeless responsibilities.
- The councils will continue to develop the Social Lettings Agencies across both council areas to improve accessibility to private rented housing.
- The councils will ensure that potential private rental properties are inspected under the Housing, Health and Safety Rating System (HHSRS) to ensure they are of the right standard as well as suitable and affordable.

Housing Allocation Policy

- 6.16. The Localism Act 2011 introduced new flexibilities for Local Authorities to determine how they allocate affordable housing. Local Authorities can set their own priorities for allocations taking into account local needs and objectives, whilst continuing to give priority to those in the 'reasonable preference' categories.
- 6.17. Both Malvern Hills and Wychavon councils have worked with partners to apply these flexibilities in their allocation policies and these will be subject to periodic review as required. Changes to date have included more priority where a local connection exists, additional priority being applied for e.g. in respect of ex-servicemen, where the applicant is in employment and where the applicant makes a contribution to their community.

Principles

- Any future changes to the housing allocation policy will be considered working with partners and any revised policies are subject to member approval.
- The use of Local Lettings Plans is supported by the councils to respond to specific local evidenced needs in agreement between the Local Authority and the landlord Registered Provider. These agreements help to facilitate community sustainability and good housing management. They are written using a standard format which includes a review date and once agreed are made publicly available.

Mobility

- 6.18. The Localism Act promotes mobility in affordable housing. All Partner Registered Providers are obliged to participate in a mutual exchange scheme to enable tenants to move more easily.

Disposals

- 6.19. The councils do not wish to see disposal of stock due to the high need for affordable housing in the area. It is however recognised that there are sometimes justifiably reasons for this such as it is part of a redevelopment or no longer cost effective to maintain.

Principles

- Partner Registered Providers should consult the relevant council in respect of disposals and seek their support for any disposals of stock.
- Registered Providers are expected to have a disposal strategy in place clearly setting out how any disposal will benefit the organisation and the local authority area in which it operates. The strategy should clearly set out at what level in the organisation these decisions will be taken for e.g. at Board.

7. Monitoring and Review

- 7.1. The published Tenancy Strategy will be subject to annual monitoring of its impact both in terms of the local housing market and impact for tenants.
- 7.2. Monitoring will include;
- The number of different property sizes in the stock
 - The number of different tenures in the stock, including conversions
 - The number of different types of tenancy including length of time if a fixed term tenancy
 - Impact of any renewals or terminations of fixed term tenancies
 - Rent levels and affordability
 - Types of household accommodated
 - Impacts in respect of homelessness
 - Impact of legislative changes
- 7.3. The Tenancy Strategy will be reviewed at least every five years in line with the requirements in the Localism Act 2011. The Tenancy Strategy may be reviewed more frequently as a result of monitoring outcomes or changes in legislation.

8. Registered Provider Tenancy Policies

- 8.1. The tenancy policies produced by Registered Providers will be found on their websites.
- 8.2. Please contact the Joint Housing Service for Malvern Hills and Wychavon councils Tel: 01386 565000 for contact details of registered Providers with stock within our districts