



Mid Sussex District Council

Tenancy Strategy

SECTION 1: INTRODUCTION

A New Funding and Tenancy Model for the provision of affordable housing

The Government has expressed its commitment to continuing to deliver affordable housing, but in the context of constraints on public funding, has introduced changes that would see less public and more private finance used to support this aim.

From 2011, the levels of grant available from the Homes and Communities Agency were significantly reduced, to be replaced by a new funding model for the provision of affordable housing, based on affordable rents set at a maximum of 80% of local market rents. This compares with traditional social rents, which are at approximately 50% of open market rents. Affordable rent tenancies can only be used for properties where Registered Providers have a delivery agreement for the supply of new social housing under the Homes and Communities Agency's 2011-15 Affordable Homes Programme. It is intended that Registered Providers will be able to continue to deliver more affordable housing through increased rental streams. They are able to charge affordable rents on new build properties and by converting a proportion of their re-lets of existing properties when they become vacant from social to affordable rents.

The Government also wants to focus affordable housing on those that need it, when they need it. To that end, Registered Providers can now, if they wish, offer fixed term tenancies of a minimum of five years, compared with lifetime tenancies offered to tenants of social housing at target rents.

Existing tenants will be allowed to maintain their current tenancies at their current rent subject to future rent increases, unless they move to an affordable rented property.

Tenancy Strategies

The Localism Act requires local authorities to publish a tenancy strategy by 15 January 2013. This should describe the high level objectives to which providers of social housing should have regard. The Strategy needs to include evidence of the local housing market and should complement the Council's Housing Strategy, Homelessness Strategy and Housing Allocation Scheme. Specifically it will set out the Council's expectations of social housing providers with regard to:

- The kinds of tenancies they will grant
- Where they grant tenancies for a fixed term, the length of these terms
- The circumstances under which they will grant tenancies of a particular type
- The circumstances under which a tenancy may or may not be reissued at the end of a fixed term, in the same property or in a different property.

Councils are required to share their proposed Tenancy Strategy with the Registered Providers for their area prior to its adoption.

Tenancy Policies

Registered Providers are required to publish policies setting out their approach to tenancy management, including the use of the new tenancies. Specifically these policies will cover the same 4 bullet points above and:

- The way in which a tenant or prospective tenant may appeal or complain about the length of fixed term tenancy offered and the type of tenancy offered, and against a decision not to grant another tenancy on expiry of the fixed term.
- Their policy on taking into account the needs of those who are vulnerable by reason of age, disability or illness, and households with children, including through tenancies which provide a reasonable degree of stability
- The advice and assistance they will give to tenants on finding alternative accommodation in the event they decide not to grant another tenancy.
- Their policy on granting discretionary succession rights, taking account of the needs of vulnerable household members.

Mid Sussex District Council does not hold its own stock, but will wish to work with its partners to determine how their tenancy policies and this tenancy strategy will complement and support each other.

Registered Providers have been formulating their own responses to the new regime through discussions with the Council and with the Homes and Communities Agency. We are grateful to Providers for sharing their emerging policies with us, and for contributing to this draft policy through our consultation workshops that took place in November 2011 and through meetings of our Housing Association Forum. We also sent out the draft Tenancy Strategy for comment by Registered Providers and key housing partners.

SECTION 2: AIMS OF THE TENANCY STRATEGY

The aims of this Tenancy Strategy are:

1. To meet housing need, including the needs of those who are homeless, those to whom we must give reasonable preference owing to the inadequacy of their housing, and those who are older or vulnerable for some other reason.
2. To create balanced and sustainable communities. This means giving people tenancies that help them put down roots. It also means achieving mixed-income communities. A mix of incomes can be achieved by including affordable housing within open market sites, and by including social and/or affordable rent alongside intermediate tenures, including shared ownership. Where appropriate, a mix of working and non-working households can be achieved through the use of local lettings policies.
3. To ensure that low income households can continue to be housed. Providers should consider and take into account the impact of different rent levels on different household types, and ensure that all household types in need of affordable housing can be catered for, including larger families requiring three or four bedroom accommodation. Providers need

to take this into account in setting their rent policies for new build housing, and also in their approach to converting existing stock from target to affordable rents. Affordable housing is very over-subscribed in the District, and disposals of social or affordable rented homes should be the exception.

4. To prevent homelessness arising as a result of the ending of fixed term tenancies.
5. To make best use of stock and facilitate movement within the sector. This would include enabling under occupiers, including existing social tenants, to downsize by considering the terms of any alternative tenancy that would encourage them to move, as well as encouraging those in substantially adapted properties to move if they no longer need those adaptations.
6. To help people make informed choices through effective communication and information regarding rents and fixed term tenancies, especially for existing social housing tenants.

We think these are the key aims that a tenancy strategy, and individual Providers' tenancy policies, should be seeking to achieve.

SECTION 3: LOCAL CONTEXT

The Council's Housing Strategy sets out five objectives:

1. Increase the supply of affordable housing
2. Prevent homelessness
3. Improve the quality and sustainability of housing
4. Promote independence and inclusion
5. Provide efficient and customer focused housing services

These are supported by more detailed strategies, such as the homelessness strategy, and by partnership working with Registered Providers and with those who provide support to help people achieve and retain suitable housing. The tenancy strategy has a clear role in helping to achieve some of these objectives.

Affordability

Whilst house prices rises have levelled off since the economic downturn, buying a home is still beyond the means of most young people, a situation exacerbated by the level of deposit, generally about 25%, now required by lenders.

Table 1: House prices and incomes in Mid Sussex in 2010 (Source: Nat Fed "Home Truths 2011")

	Average (mean) house price	Average lower quartile house price	Average (median) incomes	Gross annual income needed for a mortgage (75% at 3.5x)	Ratio of house prices to incomes
Mid Sussex	£298,917	£196,000	£23,166	£64,054	12.9
West Sussex	£271,725	£175,000	£20,566	£58,227	13.2

Table 2: Private sector rents in Mid Sussex, and income needed to meet them, at December 2011
(Source: Valuation Office web site)

Accommodation	Monthly Rent		Gross annual income needed if rent is 25% of gross income
Room	Lower quartile	£368	£17,664
	Median	£400	£19,200
1 bed	Lower quartile	£600	£28,800
	Median	£625	£30,000
2 bed	Median	£750	£36,000
	Lower quartile	£795	£38,160
3 bed	Median	£900	£43,200
	Lower quartile	£950	£45,600
4 bed	Median	£1,295	£62,160
	Lower quartile	£1,550	£74,400

The assumption made in the table above is that rent should be no more than 25% of gross income. This is a commonly accepted approach, and is used by the Department for Local Government and the National Housing Federation.

The amount a household can pay depends on a range of factors, most notably the size of their family. The Department of Work and Pensions sets out the amounts that benefit claimants need for living costs, and the amount that can be paid towards the rent through housing benefit. Setting rents at or below the Local Housing Allowance level, and within Universal Credit caps, is considered a reasonable proxy for ensuring their affordability, on the basis that tenants who need assistance to meet these rents would receive it, whether working or not working.

The Strategic Housing Market Assessment 2009 estimates that 51% of newly forming households cannot afford to buy or rent privately without assistance. Incomes of those in housing need and on the Common Housing Register are below average, and the numbers of applicants in employment is also below average.

With respect to incomes for households on the Housing Register, at October 2011, of those who were employed, 1866 meaningful replies regarding income were received. The results are set out below.

Table 3: Incomes of employed households on the Housing Register, December 2011

Income	Band A	Band B	Band C	Band D	Total
Under £10,000	8	6	81	238	333 (18%)
10,000 - 19,999	8	14	187	507	716 (38%)
20000 - 29,999	8	4	120	348	480 (26%)
30,000 - 39,999	7		54	178	239 (13%)
40,000 - 49,999		2	9	62	73 (4%)
£50,000 +				25	25 (1%)

The vast majority of working households had an annual income below £40,000, with the most common income range being £10,000-£20,000. Less than half of working households on the Register could afford a privately rented one bedroom flat without financial assistance. Fewer than 5% of households on the Register could afford to privately rent a three or four bedroom property, and a maximum of 1% of households could afford to buy. This means that the vast majority of people on the Register are dependent on lower rents and/or on receiving financial assistance towards their rents through housing benefit. Some of those in the higher income ranges will also be able to purchase through shared ownership, provided that the initial share is set at an affordable level.

Information contained on the Register does not allow for an accurate assessment of the incomes of those who are not working – it is not always clear, for example, whether incomes stated include housing benefit which may be paid direct to the landlord - but they can be assumed to be below average as, by definition, they require assistance with their rent. The following tables explain a little more about the balance between working and non-working households on the Housing Register, and the patterns of lettings between these groups.

Table 4: Applicants aged under 60 who are in work: 58% (at 1 November 2011)

	Band A	Band B	Band C	Band D	Total
Employed	35 (39%)	36 (41%)	514 (52%)	1395 (63%)	1980 (58%)
Unemployed or not known	55 (61%)	51 (59%)	484 (48%)	830 (27%)	1420 (42%)
Total	90	87	998	2225	3400

Table 5: Lettings April 2010 to 1 November 2011 to applicants aged under 60: 42% went to those who are in work

	Band A	Band B	Band C	Band D	Total
Employed	20 (19%)	47 (42%)	74 (50%)	28 (62%)	169 (42%)
Unemployed or not known	83 (81%)	64 (58%)	73 (50%)	17 (38%)	237 (58%)
Total	103	111	147	45	406

These show that employment levels tend to be lowest amongst those in the greatest housing need, which reflects the often vulnerable nature of some of these households. Nevertheless, a reasonable balance has been achieved in lettings between those who are and are not working.

Levels and types of affordable housing need

1. Homelessness

In common with most local authorities, Mid Sussex is experiencing an increase in homelessness and in the number of households placed in temporary accommodation; there was a 48% increase in the number of households in temporary accommodation between March and November 2011. Clearly it is vital that we are able to continue to move homeless households on from temporary to more secure accommodation. Equally it is important that the new fixed term tenancies are managed in such a way as to prevent further homelessness.

2. Levels of housing need

The Housing Register is growing. When the Strategic Housing Market Assessment was undertaken in 2009, the Register stood at 2569. By the end of September 2011 it had risen to 3847.

Table 6: The Housing Register at September 2011

	1 bed	2 bed	3 bed	4+ bed	Total
Homeseekers	1748	894	418	88	3148
Transfer applicants	232	251	167	49	699
Total	1980	1145	585	137	3847

By 15 December, the total had risen again, to 4028.

Whilst a large proportion of the Register comprises households requiring one and two bedroom properties, an analysis of the flow of properties undertaken in 2009 shows that the greatest pressure is on four bedroom properties.

Table 7: Demand for different sizes of property

	1 bed	2 bed	3 bed	4+ bed	Total
Waiting list	1281	731	430	104	2546
Lettings per annum	129	89	47	4	269
Ratio	9.9	8.21	9.14	26.0	9.46

Source: North West Sussex Strategic Housing Market Assessment 2009

This indicates the need to continue to provide for those requiring three and four bedroom homes, as part of mixed developments. It also indicates the need to continue to focus on releasing larger homes by tackling under occupation.

Older and disabled people

West Sussex County Council project that, between 2006-2026 in Mid Sussex, the number of people over 65 will increase by 50% and the number over 85 will increase by 31%. It is important

that we continue to plan to meet this need by providing a range of options for older people at rents they can afford and, in the case of existing social housing tenants, at rents they are willing to pay in order to help them to access more suitable housing whilst freeing up under occupied homes.

Accessible and substantially adapted existing homes are at a premium. Both the Council and Providers spend substantial sums on adapting homes so that they are suitable for disabled residents, with over 100 homes being adapted each year at a cost of over £800,000. It is important that the tenancy strategy enables us to make best use of those homes for those who really need them.

It is not possible to set out details of all those who may need adapted properties, but those applicants who were identified in October 2011 as having mobility difficulties that would affect the housing they need are indicated below. From this we can see that 30 applicants are full time wheelchair users (Mobility Level 1) but only 18 have a housing need. 241 applicants with a housing need, in Bands A, B and C, have a mobility need. Mobility Level 2 refers to people with restricted walking ability, who may need to use a wheelchair sometimes. Level 3 to people who may be able to manage a few steps, but not steep gradients.

Table 8: Analysis of the mobility needs of households on the Housing Register

	Band A	Band B	Band C	Band D	Total
Mobility Level 1	1	4	13	12	30
Mobility Level 2	2	11	36	23	72
Mobility Level 3	26	17	131	93	267
No mobility issue	94	74	1857	2328	3553
Total	123	106	1237	3553	3922

SECTION 4: GUIDANCE FOR PROVIDERS

Affordability

Our discussions with our Registered Provider partners has suggested that almost all of their new build, and a large proportion of relets of their existing stock, will be let at affordable rents. For some Providers this will be on fixed term tenancies, whilst other Providers will continue to offer lifetime tenancies.

Given the dominance of the new affordable rent tenure, it is vital that it meets the full range of housing needs represented on the Common Housing Register. This means that rents must be at levels which are accessible to those on low incomes, if necessary with the help of housing benefit, and that an appropriate range of housing should continue to be offered.

Particular issues that need to be considered include:

1. The provision of homes for larger families. It is recognised that the proposed cap on Universal Credit means that rents for such properties at 80% of market rents would not be accessible. Providers should have due regard to this both in their rental policies and in

their policies for converting re-lets from social to affordable rents. Retaining existing three and four bedroom rented housing at target rents, and setting rents for larger properties within Local Housing Allowance and Universal Credit cap levels, would help alleviate this problem.

2. Helping people, both existing tenants and applicants, into work. This is important in itself, but it is also clear that this is the only way that some families can avoid the Universal Credit cap and be able to access homes that they can afford.
3. Considering how existing social housing tenants in unsuitable homes can be helped to move where to do so might entail their paying a higher rent and losing their right to a lifetime tenancy. Creating such incentives is likely to be important not only for the tenants concerned, but also for Providers in effectively managing their stock and in particular in tackling under-occupation.
4. Continuing to offer supported housing for more vulnerable tenants, including frail elderly people, those with learning disabilities or mental health needs, etc.

Length of tenancy

The length of tenancy granted should encourage sustainable communities and help people put down roots, and should reflect the needs of different household types. Tenancies should be a minimum of five years and, where tenant circumstances are not likely to change, or not for a long time, landlords should consider granting longer or even lifetime tenancies. However, it is acknowledged that the use of introductory tenancies, if accompanied by appropriate support to help people make a success of their tenancy, can have a positive effect in helping new tenants settle into their homes and meet their responsibilities. It is particularly important that such support is provided to more vulnerable tenants.

Ending or renewing tenancies

Creating increased turnover in the housing stock is not desirable. Keeping people in established communities is more sustainable; it helps tenants achieve stability and avoids costly moves, and helps providers keep void costs down. It is therefore expected that unless there has been a significant change in circumstances following a review, the tenancy will be renewed. Some instances where a tenancy may not be renewed are:

1. Where there is significant **under-occupation**. It is suggested that where a tenant is under occupying a property by two bedrooms or more the Registered Provider should be able to give notice of their intention to end the tenancy and the tenant should be moved into Band A so that they have priority for vacancies in properties of a more suitable size. As with the Council's existing allocation scheme, it is suggested that a tenant downsizing should, if they wish and can afford to do so, be allowed to continue to have a spare bedroom in their new home. This will balance the need to make best use of the stock available, and to help ensure that tenants can afford their rent, whilst granting tenants some flexibility.

It is recognised that some tenants will not be able to afford to under-occupy their homes and that there may not be appropriate properties for them to move to in a timely way. It is recommended that Providers advise tenants of their ability to take in lodgers to help meet any rental shortfall, whilst meeting housing need.

2. The property has significant adaptations and no person in the household requires those adaptations.
3. The property is overcrowded according to the definition in the Registered Provider's lettings policy.
4. Where the tenant's economic circumstances have changed so that other housing options are more appropriate, such as home ownership, shared ownership, renting at full market value and/or other tenures.

Advice and assistance to be provided at the end of a fixed term tenancy

It is expected that tenancy reviews will be carried out 6 months prior to the end of a tenancy. In most cases, except where the tenant's income is high enough to afford market housing, the recommendation is to find more suitable accommodation within the landlord's stock. Registered Providers are expected to provide advice and assistance to tenants at the review about their housing options. Where a landlord ends a fixed-term tenancy without providing alternative accommodation they should, in partnership with the Council, provide such advice and assistance as is needed to enable residents to find suitable alternative accommodation. It will not be adequate to simply refer tenants to the Council or for a Registered Provider to end a tenancy where the expiry leads to a duty on the Council to provide accommodation.

Communication and helping people to make informed choices

We need to ensure that existing and prospective social housing tenants are assisted to make sense of a much more complex housing offer and are able to make informed decisions about rents and fixed term tenancies. This will mean making housing options as clear as possible through the Council's Choice-Based Lettings system and by communication by or in partnership with Registered Providers. Appropriate training will need to be provided to staff to enable them to provide sound advice at lettings and at review, and to undertake any assessment of changes of circumstances at review.

SECTION 5: GOVERNANCE OF THE TENANCY STRATEGY

The affordable rent tenure is both new and complex. This strategy attempts to set some guidelines for how it might work, but inevitably it will be a learning process. We need a way of monitoring how this strategy is working in practice, and of reviewing and updating it. We would want to understand:

- The number of affordable rented homes created, including the number of conversions
- Who is being housed
- How many tenancies are renewed and not renewed and the reasons for this
- The number, basis and outcome of any appeals against the length of the tenancy granted or the decision made at review
- The outcomes for those people whose tenancies are not renewed, including in particular any cases of homelessness
- The number of transfers and in particular the impact on under occupation
- Numbers and levels of rent arrears, and the impact of this on both tenants and Providers.

It is suggested that a small steering group should be set up to monitor progress and make recommendations for any changes needed. This would include representatives from the Council and from Affinity Sutton's Homemove team, who administer the Common Housing Register on behalf of the Council, and Affinity Sutton housing representatives. This group would report its findings to the Mid Sussex Housing Association Forum and to the Council's portfolio holder for Health and Community. Periodic reports will also be presented to the Scrutiny Committee for Leisure and Community at appropriate intervals.

Appendix A: Providers of social housing in Mid Sussex

The tenancy policies of Registered Providers working in Mid Sussex can be found on their website or can be obtained by contacting them, as below:

<p>Accent Peerless Website: www.accentgroup.org Charleston House, Acorn Park Industrial Estate, Charleston, Baildon, West Yorks. BD17 7SW</p>	<p>Affinity Sutton Website: www.affinitysutton.com Maple House, 157-159 Masons Hill, Bromley, Kent, BR2 9HY</p>
<p>Guinness Partnership (South) Website: www.guinnesspartnership.com 131 Upper Clapton Road, London E5 9SA</p>	<p>Hanover Website: www.hanover.org.uk Hanover House, 1 Bridge Close, Staines, TW18 4TB</p>
<p>Hastoe Website: www.hastoe.com Marina House, 17 Marina Place, Hampton Wick, Kingston upon Thames, KT1 4BH</p>	<p>Hyde Website: www.hyde-housing.co.uk 30 Park Street, London SE1 9EQ</p>
<p>London and Quadrant Housing Group Website: www.lqgroup.org.uk Osborn House, Osborn Terrace London SE3 9DR</p>	<p>Moat Website: www.moat.co.uk Galleon Boulevard, Crossways, Dartford, Kent DA2 6QE</p>
<p>Raglan Housing Website: www.raglan.org 100 Longwater Avenue, Green Park, Reading, RG2 6GP</p>	<p>Raven Housing Trust Website: www.ravenht.org.uk Raven House, 29 Linkfield Lane, Redhill, Surrey RH1 1SS</p>
<p>Saxon Weald Website: www.saxonweald.com Saxon Weald House, 38-42 Worthing Road, Horsham. West Sussex RH12 1 DT</p>	

There are also other providers of social housing in the District that are not currently development partners with the Homes and Communities Agency in respect of Mid Sussex. These are:

East Grinstead Housing Society
 Franklands Village Housing Association
 Home Group
 Housing 21
 James Butcher Housing Association
 Little Black Bag Housing Association
 Southdown
 Southern Housing Group
 Sussex Housing and Care
 Sussex Oakleaf