

# **Sunderland City Council**

# **Strategic Tenancy Policy**

# **January 2013**

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## **BACKGROUND**

The Localism Act 2011 (The Act) places a duty on every local authority to publish an agreed Strategic Tenancy Policy by 15 January 2013.

The Strategic Tenancy Policy must outline Sunderland City Council's broad objectives regarding the allocation of social rented properties within its administrative area and outline how the Council expects Registered Providers to allocate and manage such properties.

The Act requires Registered Providers to have regard to Sunderland City Council's Strategic Tenancy Policy.

In addition the Strategic Tenancy Policy covers the proposed reforms in housing such as:-

- whether the Council will discharge its homelessness duty via an offer of suitable accommodation within the private rented sector, and
- how the Council manage its own housing waiting list.

The development of the Strategic Tenancy Policy forms part of the strategic housing function and must show that policies are being developed and implemented based on clear evidence and consultation.

The City Council acknowledges the valuable role and contribution that all Registered Providers make in helping meet housing need in Sunderland and the strategy aims to promote the continuous collaborative working relationship between the Council and the Registered Providers.

The changes within The Act stem from the Government's drive to generate an increased supply of affordable housing nationally, both by freeing up existing stock and by incentivising the development of new stock within the social housing sector through the affordable rent model.

The new options around flexible tenancies introduced by government will only apply to new social rented tenancies. Existing secure and assured tenants' rights will not be affected; this includes their succession rights and their security of tenure.

The Homes and Communities Agency, (HCA), have introduced a 'Tenancy Standard' which guarantees that existing secure and assured tenants will be granted a new tenancy of the same status by their landlord if they move to another socially rented property.

The 'standard' also ensures that new tenants who still require social housing, for example those with a long-term illness or disability, will continue to be guaranteed secure social housing for life.

## Sunderland's Housing Environment

Sunderland lies on the North East coast of England and at the mouth of the River Wear. It is located in the Tyne and Wear conurbation and it has a population of 275,500 who are housed in 124,577 homes.

Sunderland has the following tenure profile:-

- Owner Occupied – 71,918 (57.7%)
  - Social Rented Sector, (Registered Providers) – 32,399 (26%)
  - Private Rented Sector – 15,441 (12.4%)
  - Empty Properties – 4,819 (3.9%)
- (Figures taken from the 2011 census)

Sunderland's Strategic Tenancy Policy will be focused on meeting the housing needs and aspirations of local communities and will demonstrate that the Council understands the local housing market and the prevailing issues regarding homelessness. This has been achieved by interrogating information from the Access to Housing Team and the findings of the Strategic Housing Market Assessment 2012 (SHMA 2012).

### Homelessness

The latest homelessness statistics for, 2011/12, indicate that a total of 110 decisions were made on households declaring themselves as homeless across Sunderland. Of these households, 82 were classified as homeless and in priority need.

Over the four years 2008-2012 an average of 234 decisions have been made each year across Sunderland and an average of 161 households have been declared as homeless and in priority need.

Homeless decisions and acceptances 2008 - 2012.

Year	Decisions Made	Accepted as Homeless
2008/09	351	217
2009/10	245	178
2010/11	228	168
2011/12	110	82
<b>Annual Average</b>	<b>234</b>	<b>161</b>

### Allocations into Social Housing Stock

Sunderland City Council is a non-stock holding authority, and therefore works with Registered Providers to allocate social housing stock to individual households via pre-agreed nominations agreements.

The table below, shows the number of households re-housed into social housing stock each year since 2006/7 It also highlights the percentage of the these moves as a percentage of the overall waiting list.

<b>Year</b>	<b>Households Re-housed via Nominations</b>	<b>Households on Waiting List</b>	<b>Percentage of those on List Re-housed</b>
2006/7	557	1,799	31.96%
2007/8	425	2,180	19.5%
2008/9	496	2,184	22.71%
2009/10	454	2,141	21.21%
2010/11	498	2,819	17.67%
2011/12	451	3,949	11.42%

### **Existing Households expected to fall into Housing Need**

An estimate of the number of existing households falling into housing need each year has been established by drawing upon the Registered Providers lettings data. This suggests that over the period 2008/9, 2009/10 and 2010/11, a total of 103 households moved into the social rented sector because they had fallen into housing need and were homeless, representing an annual average of 34.

Total newly arising housing need is calculated to be 1,227 households each year across Sunderland.

### **How many people were made offers into the Private Rented Sector (PRS)?**

Sunderland City Council has, for some time disposed of their homelessness duty via the offer of a property, (tenancy), in the private rented sector. The table below outlines the level/s of disposals in this manner.

	<b>2007/08</b>	<b>2008/09</b>	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>	<b>Grand Total</b>
Number Discharged into PRS	26	29	20	13	6	<b>94</b>
% of all disposals (nominations)	10.1%	10.9%	10.8%	7.2%	7.7%	<b>9.7%</b>

### **Welfare Reform**

In developing the Strategic Tenancy Policy the council has considered the likely impact of the government's welfare reforms. It is clear that changes to the welfare system arising from the introduction of the Welfare Reform Act 2012 will have an impact on the demand for housing and the associated services.

It is important that local providers are able to respond effectively to these changing demands and the Strategic Tenancy Policy.

## **STRATEGIC TENANCY POLICY**

### **Objectives**

This Strategic Tenancy Policy sets out a series of principles for registered providers to consider when managing their properties. These principles will:-

- Ensure socially rented housing is allocated to those most in need,
- Make the best use of existing and new build housing stock,
- Support the development of affordable housing and ensure that Registered Providers maximise funding and work in partnership with Sunderland City Council and the Homes and Communities Agency,

### **Issues**

The main issues to be covered within the Strategic Tenancy Policy are:-

- the types of tenancy the Council expect Registered Providers to offer. This includes the use of flexible and affordable tenancies,
- the circumstances in which Registered Providers grant a particular type of tenancy,
- Registered Providers use of the affordable rent model / tenancy within their existing stock,
- Council policy regards how it will operate it's own housing waiting list,
- Council policy regards discharging the statutory homelessness duty in relation to offering private sector tenancies,

### **Flexible Tenancies**

As of April 2012, Registered Providers were able to offer 'Flexible Tenancies' as an alternative to a secure tenancy which traditionally meant that social homes were allocated for life.

The option of flexible tenancies has been introduced with the aim of increasing mobility within the social housing sector and freeing up homes for those who are in the most need.

Flexible tenancies will give Registered Providers more flexibility to decide what sort of tenancy they offer based on their levels of housing stock, the rate of turnover and the needs of individual tenants. The key feature of the proposed flexible tenancy will be how long it lasts. Possibilities include:

- Short (2 year minimum) fixed term tenancies
- Medium (2-5 year) fixed term tenancies
- Long (7 year plus) fixed term tenancies.

Registered Providers will retain the option to offer a tenancy for life.

It is expected that Registered Providers should provide longer tenancies to families and other households, (such as vulnerable groups, i.e. older persons and people with a disability), who require a tenancy that would be longer than the fixed term. These categories are outlined in the HCA's new Tenancy Standard.

Tenants with flexible tenancies will have the same protection as secure tenants as Registered Providers will still be required to rely on one of the grounds for possession, such as non-payment of rent, to progress eviction proceedings. Registered Providers will also need to prove that they acted reasonably when deciding to seek possession.

When a flexible tenancy reaches its conclusion, it is up to the Registered Provider, in accordance with its own policies, to decide whether the tenant will be entitled to remain in the property, or be granted another property or tenancy. Should a Registered Provider decide not to renew a tenancy at the end of the prescribed term, (as this is in line with their policies), then the Registered Provider must provide advice and assistance to help that tenant find suitable alternative accommodation.

It is for Registered Providers to implement their own policies around the selection of properties to be let as fixed term tenancies.

It is the council's view that it is the likely future need of the potential occupant/s for the property that should be the determining principle when considering a flexible tenancy. It is important that a landlord's fixed term tenancy policy does not reduce the personal security of individuals and families.

SCC does not want flexible tenancies to have a detrimental impact on local communities. The promotion of sustainable communities should be at the heart of any decisions taken about the allocation of flexible tenancies.

For these reasons SCC would want to see flexible tenancies applied in very limited situations.

### **Flexible Tenancy Policy**

Sunderland City Council's policy regards Flexible Tenancies is:-

***'Flexible tenancies should not be used, other than in very specific situations, and/or for certain groups specified below by the Council.'***

Below is a list of the specific situations in which the Council would consider endorsing the use of flexible tenancies:-

- 1) If a Registered Provider uses a property which is, 'an addition to the social housing stock'. An example would be where a Registered Provider brings a private sector property into use as a social rented property, perhaps as part of a time limited leasing scheme with a private owner. The rationale for this being that a lifetime tenancy would be difficult to offer.

- 2) Upon the letting of properties with major adaptations and/or specialist equipment, (which are defined in appendix one), for disabled persons. That is, when a disabled person/s moves into an adapted property, along with other non-disabled person/s. If the disabled person/s remained in the property the Registered Provider must offer a renewal of the existing tenancy.

If however the disabled person/s has left the property, leaving the major adaptations unused, this would not prove to be the most effective use of the property. Therefore the Council would expect the Registered Provider to end the flexible tenancy in order to ensure that the property was again allocated to a further disabled person/s and thus ensuring the best use of the stock.

The Council would expect the Registered Provider to provide an offer of suitable accommodation to the person/s left at the property to ensure that their housing needs continue to be met.

It is expected that the minimum length of tenancy to be offered by a Registered Provider is 5 years. Registered Providers can offer longer term tenancies if appropriate to the individual circumstances.

### **Affordable Rent Tenancies**

The Government introduced the new 'affordable rent' product which can be offered by Registered Providers on new social rented properties from April 2011.

Affordable rent is higher than a social rent, but lower than a local market rent, (a private rent). A Registered Provider will be able to set an affordable rent at up to 80% of the local market rent.

The Government have introduced affordable rent tenancies as a mechanism for generating funding to pay for the future development of affordable housing. The monetary difference between a social rent and affordable rent must be reinvested back into the development of new-build affordable homes.

Affordable rent tenancies are intended to be offered to households who would otherwise be unable to afford adequate housing in the private sector and as an alternative to traditional social rent, which is best allocated to those who are in most housing need.

Tenants on affordable rent will still be able to apply for housing benefit.

Registered Providers can set an affordable rent on both new-build properties and existing properties, the latter being changed or 'converted' from social rent to affordable rent when the property is re-let to a new tenant.



Once a property is converted from social rent to affordable rent it cannot be converted back to social rent. Therefore as lettings and conversions continue, the level of social rent properties in the City will reduce, albeit slowly. It will be necessary to monitor the level of conversions to determine the numbers of social rented properties converted year on year.

An affordable rent must be charged on new build properties which receive affordable housing funding from the HCA. The Council will retain nomination rights on affordable rent properties at levels already in place with Registered Providers.

### **Affordable Rent Policy**

Regarding conversions at re-let stage within the existing social rented stock, the Council's policy is:-

***'Social rent properties can be 'converted' to affordable rent at re-let stage if this is in line with discussions and agreements previously made with the Registered Provider concerned, and the HCA where applicable.***

This option will allow Registered Providers to generate funding for the development of further affordable housing, (i.e. through affordable rent income), within a conversion level previously discussed and agreed with the Council.

Regarding the use of affordable rent on new-build properties:-

***'An affordable rent can be charged on all new-build social rented properties, apart from developments where the Council contribute land at nil-cost or finance. On such sites a social rent should be charged.'***

This will support the use of the affordable rent product when it forms part of a framework agreement with the HCA to deliver affordable housing. Registered Providers must be able to evidence an understanding of how this will meet the needs of local residents and have clear policies for ensuring tenants are able to afford and sustain the tenancy.

This acknowledges that affordable rent is now an option, and will enable the delivery of further affordable housing units as a result of the extra income generated. The Council's fundamental position is that as much social housing should be retained in the city as possible. Whilst the Government's position is that all new social housing should be developed under the affordable rent model and that existing housing can be converted to affordable rent, the Council's preference would be to see social rented housing provided. The Council will work closely with Registered Providers to discuss its position and how its preference for social rented housing can be delivered.

## **COUNCIL ALLOCATIONS AND HOUSING WAITING LIST**

Included within the Localism Act are new powers which allow authorities to set their own rules about who qualifies to join the housing waiting list.

### **Council Policy**

At this stage the Council is not proposing to move away from a policy of assessing and prioritising housing allocations based on the housing needs of applicants. Going forward, work will be undertaken to determine if the Council could manage the list more effectively and therefore provide a more effective service by prioritising certain groups and excluding others.

### **Homeless Allocations into the Private Rented Sector**

Another key change relating to homelessness is that councils can also discharge their duty to someone who is homeless and has a 'priority need', (such as having dependents), by offering them a tenancy within the private rented sector. This is an addition to allocating social rent and affordable rent properties which Council will continue to do.

Previously, councils were obliged to offer a social rented housing property unless the tenant requested a private sector property, but now a private sector can be offered even if the applicant doesn't request one.

Sunderland City Council already work closely with landlords and letting agents in the private rented sector to secure accommodation for homeless cases. This change in legislation presents the Council with greater opportunities to allocate into the private rented sector.

### **Council Policy**

***'It is proposed that Sunderland City Council should, having reference to appropriate safeguards include the option of discharging its homelessness duty by offering a tenancy within the private rented sector as well as using the current option of a social rented home.'***

In applying this policy the Council will take all steps necessary to ensure that only suitable private rented accommodation is used and that all Landlords are accredited.

The following safeguards will be applied when using this new power:

- Using the private rented sector to discharge the homelessness duty only after an assessment of the individual needs have concluded that the private sector housing is appropriate
- Ensuring that an appropriate property is available on a 12-month tenancy.

In addition mechanisms will be put in place to monitor the affect of placing people into the private rented sector and to offer advice and support.

## **ANNUAL REVIEW OF STRATEGIC TENANCY POLICY**

Sunderland City Council has a responsibility to understand, strategically plan, and monitor the impacts of reforms and other policy changes. These are set against changing housing need, varied housing markets, reduction in housing funding streams and the reform of the welfare benefit system.

Therefore the Strategic Tenancy Strategy will be reviewed annually and Sunderland City Council will work with all of its Register Provider partners to actively monitor the provision of flexible tenancies, affordable rented homes, private rented sector discharges and waiting list numbers. This will include:-

- measuring the number of flexible tenancies issued per annum,
- measuring the number of affordable rented properties built or converted per annum,
- measuring the number of discharges of homelessness duty in the private sector,
- reporting on the number of applicants on the housing waiting list,

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## **APPENDIX ONE**

Below is a list of the adaptations and specialist equipment which would warrant the employment of a flexible, (time limited), tenancy as referred to in Flexible Tenancies Section on page 7.

Adaptations would include:-

- Doors widened
- Adapted kitchen
- An over bath shower
- Level access shower
- Construction of a ground floor bedroom for medical needs
- Construction of an additional ground floor bath or shower room
- Internal walls removed to provide wheelchair space
- Permanent or prefabricated ramp installed

- Additional upstairs WC installed to suit the needs of an occupant.

Specialist Equipment would include the fitting of:-

- Stair lift
- Ceiling tracking hoist
- Through floor wheelchair lift
- Rise and fall bath
- Step lift
- Environmental control systems

The above list is not comprehensive and other adaptations and equipment may be added to the list in future if it's deemed necessary to do so.

All of the above could have been provided with a disabled facilities grant.