

Fixed Term Tenancies & Tenancy Management Policy June 27th 2012

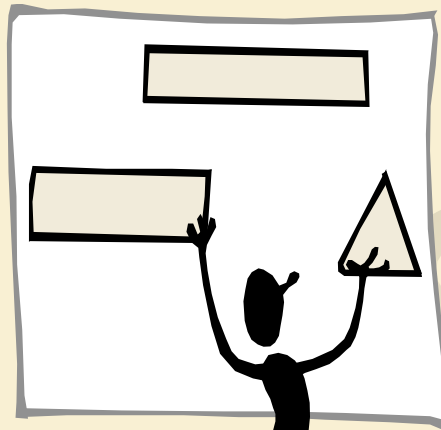
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Where shall we start?

- Summary of Changes
- Why these are being proposed
- Strategic Relevance
- Look at each of the proposals and discuss the impact
- Further opportunities for Consultation



Summary of Coalition Changes



What is it and Why?

- Tenancy Policy – basis for which properties are let
- Localism Act 2011 – Statutory Requirement to have Tenancy Management Policy (2012)
- Improve Choices around key policy arrangements (fixed-term tenancies; succession; introductory; affordable and target rents)
- Tenancy Policy clear regard for Wider Tenancy Strategy and reference to other landlords (2012)

Debate Continues?

Opportunities

- Make Best use of stock
- Tackle acute housing crisis – waiting lists
- Encourage Social Mobility

- Fits with Broader Strategic Framework – Welfare Reform (521 potentially under-occupying)

- Pay to Stay – level playing field – support when need it. Consultation ends 12/9/12
- HRA – Self financing and opportunities through charging affordable rent (80% market value) – Money to re-invest for regeneration

Challenges

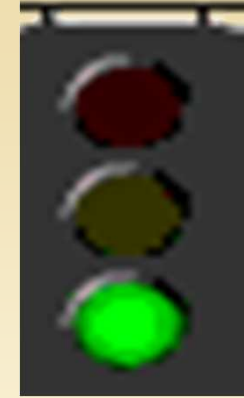
- Shortage of 1 bed – strategic impact
- Waiting list static around 2000-2100 in Tamworth
- Will it? Links to wider allocation review including review of local connection (e.g. Bham)
- Ensuring all social sector work together to ensure housing options are met

- Welfare Housing could lead to unsustainable communities

- Wider Affordability issues at a time when people are facing economic hardship

Strategic Relevance

Housing
cornerstone of
economic
recovery



Impact of TSP



Core
Strategy



Required Content - Tenancy Policy

Essentially lays out landlord's approach to tenancies

- Tenure form and length used for:
 - Different properties
 - Different customer groups
- If flexible tenancies used, circumstances where we won't reissue on either current or another home
- Arrangements for appeals and complaints against a tenancy offered or not issued
- Specific arrangements for more vulnerable households
- How we'll provide advice and assistance to those whose tenancy is not being reissued
- Any discretionary succession rights

Discretionary (but advisable)

- How we'll help tenants to sustain their tenancies
- Arrangements for tackling tenancy fraud
- Procedure for (flexible) tenancy reviews
- Plans for properties at affordable rents, particularly conversions (if relevant), and how these will be let
- How properties will be allocated and let
- How we will support tenants to move both locally and more widely.

Our choices

Tenancy requirements

- Tenancies granted must be compatible with :
 - The purpose of the accommodation
 - The needs of individual households
 - The sustainability of the community, and
 - The efficient use of our housing stock
- Note: Existing tenants' rights are maintained:
 - Even if they transfer or exchange
 - Unless they *choose* an affordable rent home that is let on a fixed term

1) Tenure choice – flexible tenancies

- 1a) Stay as we are – secure (lifetime) tenancies for all (excludes temporary/short term supported)
 - 1b) Issue flexible (fixed term) tenancies to all new tenants
 - 1c) Use a mix of flexible and secure tenancies dictated by the type of accommodation and customers' needs
- Flexible tenancies should be at least 5 years (aligning with our tenancy strategy) but could be longer (eg, aligned with youngest child's age group)
 - 2 years only in 'exceptional' circumstances
 - **Note** - TBC tenancy strategy suggests five-year for all except OP and adapted homes

1) Tenancy flexibility

CHOICE	ADVANTAGES	DISADVANTAGES
a) Secure (lifetime) for all	<ul style="list-style-type: none"> ■ Simple ■ No additional staff inputs ■ No additional appeals ■ Community stability ■ Family stability and certainty ■ Minimised void turnover 	<ul style="list-style-type: none"> ■ Not best use of all stock ■ Fewer voids ■ Can help fewer people
b) Fixed term for all (GN tenants)	<ul style="list-style-type: none"> ■ Simple ■ May help more people ■ Better use of stock ■ Increased turnover 	<ul style="list-style-type: none"> ■ Administratively burdensome ■ Instability (all tenants) ■ May decrease 'community' ■ Increased void spend
c) Fixed term for some, secure for remainder	<ul style="list-style-type: none"> ■ Best use of scarce/high demand stock ■ Balances increased admin ■ Protects more vulnerable customers ■ Stability where important ■ Some increased turnover 	<ul style="list-style-type: none"> ■ Potential for confusion ⑩ Increased resources on: ⑩ Tenancy reviews ⑩ Appeals ⑩ Some increased void spend

Targeting fixed term tenancies

- Regulations expect default that tenancies are renewed at the end of term
- Important therefore to balance benefits with costs
- Tenancy reviews:
 - Time-intensive
 - Require significant resources
 - Lead to appeals, both of tenancy type offered and non-renewal
 - Easy to get wrong without excellent administrative processes
- Choice of property-based and customer-based approaches

Criteria must be unambiguous and equitable

Basing on property

- Family homes:
 - Left under-occupied as children move out
 - Need to decide level of under-occ that triggers non-renewal
- Adapted homes:
 - Adaptations no longer required by household
 - Exclude non-family homes where remaining tenant is older, to balance duty towards vulnerable people
- Homes planned for regeneration/redevelopment:
 - Our intentions clear from tenancy start
 - Fulfil responsibility to rehouse, but at lower costs
 - Opportunity to let replacements/regenerated homes at higher rents
- Advantages of f.t. in other stock unclear
- May want to offer secure tenancies (via Local Lettings Policy) in areas where we want more community stability

Basing on customer characteristics

In general, this approach leaves more room for debate, uncertainty and appeals

- 'Higher risk' tenants
 - Inappropriate to use fixed terms to deal with tenancy breaches
 - Introductory tenancies more efficient / effective against early breaches
- Older people
 - No benefit from fixed term tenancies, as expectation of renewal
 - Duty to consider vulnerability
- Younger people
 - Experience/studies show will voluntarily move when can meet aspirations or needs change (eg, relocation)
- Accepted homeless/move-on supported
 - Best managed via property type, avoiding discrimination

Basing on customer characteristics

Higher income tenants:

- Govt consultation (13th June) and draft LA guidance (Pay to Stay)
- Proposing additional rent rather than ending tenancy
 - Additional income towards development
- 'Household' or tenant (& partner?) income?
 - 'Two highest earners' would embrace adult children, lodgers, people living with & cared for by tenant
 - Deterrent to work, particularly for adult children
 - Potential unintended consequences for vulnerable people and housing supply
 - What if income changes year-on-year?
- Currently no right to access income records
 - Govt intends to address (if possible)
- Will need to align with allocations policy on new lets
- Alternative to use fixed term for all new (GN) tenants, and not reissue if tenant (and partner?) income exceeded a set amount in the preceding financial year
 - Impacts similar to option b)

Impact of Fixed Term Tenancies

- 276 New lets (2011/12) Down from 400 pre-CBL
- General needs (229) & Sheltered (47)
- 80 Transfers –if existing tenant protected with existing security any new build
- New Applicants with new tenancies (c175 less the transfers and sheltered).
Of 175 c10% would not meet criteria to stay so would be expected to move – c 17-18 per year. Guess Work based on existing patterns
- in 5 years (start at 4years 6months- looking to review 875 tenancies with a potential 87 being required to move)
- Balancing churn with best use of stock and potential for income at affordable rent
- Opportunities for local lettings planning – regional under and over occupation - different approach to matching – **WM Bus**
- Areas highest churn / turnover - Number of empty properties during 2011 / 12 - Stonydelph39; Amington34; Bolehall 29; Leyfields27; Glascote 24; Town centre 23; Wilnecote 22; Belgrave 14; Gillway 12; Kettlebrook 11; Dosthill8; Fazeley 7; Coton Green 6
- Support with move on – combination solutions
- IT Resources and Staffing – fundamental to ongoing management and will be part of delivery plan – estimated at £30-50k per annum

2) Tenure choice – introductory (probationary)

2a) Don't use at all (as now)

2b) For all new tenants, whatever the tenancy type

2c) For fixed term tenants only

- Option to use only for certain fixed term tenants, provided carefully defined in Tenancy Policy
- If we use introductory tenancies, the 12 months (could be 18 if there are problems) will be added to any fixed tenancy term

2) Introductory tenancies

CHOICE	ADVANTAGES	DISADVANTAGES
a) Don't use at all	<ul style="list-style-type: none"> ■ Simple ■ No additional staff inputs 	<ul style="list-style-type: none"> ■ Opportunities lost to: <ul style="list-style-type: none"> ⑩ Tackle management issues ⑩ Improve tenancy sustainment
b) Use for all new tenants	<ul style="list-style-type: none"> ■ Simple ■ Contributes to: <ul style="list-style-type: none"> ⑩ Tenancy sustainment ⑩ Robust housing management ■ Additional year of stability for tenants 	<ul style="list-style-type: none"> ■ Very resource-intensive ■ Unnecessary for most new tenants ■ Disproportionate - not VfM
c&d) Use for all or some fixed term tenants only	<ul style="list-style-type: none"> ■ Simple ■ Can be targeted effectively ■ Proportionate ■ Additional year of stability for tenants 	<ul style="list-style-type: none"> ■ Requires additional staff inputs ■ Potential for confusion (if not all new f.t. tenants)

Impact of Introductory Tenancies

- Different to fixed term
- 12 month probationary – 85% sustained in 2010/11 and 84% in 2011/12. Review ongoing for why terminated (affordability and rent) and feed into allocations policy and tenancy sustainment work
- Case load & Possessions Proceedings in 1st year – less than 20 cases in the first year and not all proceed to court
- People most dissatisfied in year 1-2 as per status survey
- Disproportionate response and not best value for money in terms of ending tenancies
- Raft of measures exist for ASB– strengthened through accreditation

3) Tenancy succession

- New statutory minimum - 1 succession only to spouse or partner
- Currently all LA tenants have slightly wider rights:
 - 1 succession only to any family member provided has been living with the tenant in that home continuously for at least 12 months
- All current secure tenants retain the above succession rights

Succession - choices

CHOICE	ADVANTAGES	DISADVANTAGES
Offer statutory minimum dependant on tenancy start date	<ul style="list-style-type: none"> ■ Aligns with legislation ■ Removes any risk of manipulation by family members 	<ul style="list-style-type: none"> ■ Potential confusion for HO's and customers ■ Complexity increases when tenants have transferred (secure tenants prior to April 2012 retain their rights) ■ From experience: <ul style="list-style-type: none"> ⑩ Few non-partner successions ⑩ No evidence of abuse
Offer discretionary succession rights aligned to secure tenants	<ul style="list-style-type: none"> ■ Removes any confusion ■ No additional admin pressures ■ No evidence tighter control required 	<ul style="list-style-type: none"> ■ Risk of more under-occupied properties ■ Potential for abuse as housing pressures increase
Extend discretionary succession rights	<ul style="list-style-type: none"> ■ None identified 	<ul style="list-style-type: none"> ■ More under-occupied properties likely ■ More potential for abuse

Impact Succession

- 2011/12 – on Average 36 Successions per annum
- Break down between spouse and/or next of kin
- Discretion used where value for money and best use of stock
- Balancing sustainable solutions with demand for stock

Other Tenancy Management Requirements in the Policy

- Appeals
- Vulnerability
- Tenancy Sustainment
- Tenancy Fraud

Next steps



- Comments through Portfolio Holder for Housing
- Work Shop with Tenants' (TCG) on the 3rd July 2012
- Stakeholder Event Summer to inform
- Cabinet Paper September 2012
- Implementation Tenancy Policy April 2013
- Review of those offered fixed term tenancies 2017-2018

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