

Cheltenham Borough Council Tenancy Strategy and Affordable Rent Statement

1. Introduction to the Tenancy Strategy

The Localism Act 2011 requires Local Authorities to set out in this Strategy:

- The types of tenancies we will grant
- The circumstances in which we will grant tenancies of a particular type
- If tenancies are granted for a fixed term, the length of those tenancies, and
- The circumstances in which a further tenancy will be granted on the coming to an end of an existing tenancy.

Registered Providers with social housing within the Cheltenham Borough must have regard to this Strategy when setting out their own Tenancy Policies.

The Registered Providers which provide independent accommodation within Cheltenham detailed at Appendix ...

Their Tenancy Policies can be found on their websites or can be made available on request. Information about the tenancies they provided by Cheltenham Borough Homes are contained in their Tenants' Handbook.

In putting together this Strategy, consultation has been carried out with the Registered Providers with accommodation within Cheltenham and across the county, the 6 District Authorities within the county, representatives of Cheltenham's Housing & Support Forum, and our Members who sit on the Housing Review Group.

2. The types of tenancies we will grant and the circumstances in which they will be made available

2.1 Temporary Tenancies ('Part VII' Tenancies)

Temporary tenancies can be offered to households who have applied to this Local Authority as homeless, where we have reason to believe they are homeless and in priority need, as defined by the Housing Act 1996.

These non-secure temporary tenancies run on a four-weekly periodic basis, and will continue to run until our homelessness duties come to an end.

A temporary tenancy may also be granted to homeless households owed a full housing duty, but who are excluded from the Gloucestershire Homeseeker Allocation Scheme because of serious antisocial behaviour or serious rent arrears, as detailed in the Allocations Scheme. These tenancies are reviewed every 6 months. Provided there are no ongoing concerns in relation to anti-social behaviour or rent arrears, these tenants will be offered an Introductory Tenancy.

2.2 Introductory Tenancies

We will offer Introductory Tenancies to all new tenants housed via Gloucestershire Homeseekers Allocations Scheme. This is in effect a 'starter tenancy' that will be converted to a full Secure Tenancy after 12 months, provided the tenancy is conducted in a satisfactory manner.

An Introductory Tenancy can be extended by a further 6 months, if at any time during the first 12 months there are some concerns over how the tenant has conducted his/her tenancy.

2.3 Secure Tenancies/Tenancies for Life

These will be offered at the end of an Introductory Tenancy, where that tenancy has been conducted in a satisfactory manner.

Tenants will be able to occupy that accommodation for life, provided there are no breaches of the conditions of their tenancy which would entitle us to obtain possession of the property via the courts.

3. Flexible/Fixed Term Tenancies – Our Position Statement

Cheltenham Borough Council has considered the use of fixed term tenancies. However, we have decided not to offer tenants fixed term tenancies, as an alternative to some lifetime tenancies, at this time.

4. Rationale for our approach.

In arriving at this decision the options detailed below were considered. We believe it may be helpful for Registered Providers to have regard to our reasoning when considering whether or not to renew any fixed term tenancies they have offered their tenants.

4.1 Under-occupation

We recognise that a balance needs to be struck between ensuring that communities continue to remain sustainable, whilst at the same time making best use of our existing social housing stock.

For Cheltenham, the areas where we have the greatest number of social housing are also within some of our relatively more deprived parts of our town. We believe that by failing to allow some under-occupation, it will result in more densely-packed communities in these areas, which in turn runs the risk of negatively impacting these communities. Furthermore, some degree of under-occupation is perfectly normal, and we wish to preserve this sense of balance within our social housing communities.

Where there is under-occupation of social housing by at least 2 bedrooms or more, the case for ending the tenancy is clearly much stronger, in view of the limited availability of social housing stock, particularly in respect of 4 bedroom accommodation. At the time of writing, approximately 18% of our 4 bedroom properties are understood to be under-occupied by adults of working age. This equates to about 24 properties.

Households most likely to be under-occupying in this way are those who have lived in their homes for a significant number of years, where their children have now grown up and left the family home.

Whilst there is a case for ending future tenancies where the occupants are under-occupying in these circumstances, we consider that on balance it would be

undesirable to do this, given that the potential outcome is that these tenants could be left homeless or forced to move to accommodation away from their support networks of family and friends.

We do however see the value in seeking to release under-occupied accommodation, provided it is done so on a voluntary basis. Our emphasis, through Cheltenham Borough Homes, will therefore be to support those households who are under-occupying accommodation to move of their own volition to smaller accommodation. This could be done through a variety of measures, such as:

- Ensuring sufficient priority is given to these households on Gloucestershire Homeseeker
- Maximising opportunities for those wishing to consider mutually exchanging to smaller properties
- Considering incentivising such moves through the expansion of Cheltenham Borough Homes' Tenants Incentive Scheme

Notwithstanding our preference to support those households who wish to move on a voluntary basis, we recognise – as detailed in Chapter 2 of the Housing & Homelessness Strategy 2012-2017 – that the welfare changes will put pressure on some of those households who are of working age and who are underoccupying accommodation, to move because they may no longer be able to afford to remain in those properties. This is going to be more likely for those who are underoccupying accommodation by 2 or more bedrooms.

We intend to be proactive in identifying those households who will be affected by these reforms and in the first instance we will seek to support households to stay-put in their existing homes, if they wish to, through CBH's financial inclusion work. But for others, they will decide that they need to move to smaller, more affordable accommodation; and we will support them in doing this.

Where RPs do choose to end a fixed term tenancy as a result of underoccupation, we request that those RPs offer sufficient assistance to enable those households to be offered suitable alternative accommodation, rather than placing these households (who have potentially been longstanding, good tenants) at risk of homelessness.

4.2 Anti-social behaviour, rent arrears or other breaches of tenancy.

All tenants are assessed for eligibility for housing before they are considered for accommodation. Where there has been a history of serious anti-social behaviour or rent arrears in the past, which is still considered to be relevant, then they will be excluded from the housing list, in accordance with Gloucestershire Homeseekers Allocations Scheme.

For those who are accepted onto the housing list and subsequently offered CBC accommodation, new tenants will be offered an Introductory Tenancy for the first 12 (or sometimes 18) months, as referred to in Section 2.2 above. If, during this time, they fail to conduct their tenancy satisfactorily, then the tenancy may be brought to an end.

We believe that Introductory Tenancies are a sufficient safeguard in themselves to capture those new tenants who refuse to engage with support services and who continually breach the conditions to their tenancy. Should anti-social behaviour/rent arrears occur once a Secure Tenancy has been granted, then the option is open for

us to seek possession of that tenancy through the courts, where all other options to avoid eviction have been explored.

Given that these resources are currently available to end tenancies for those who are unwilling to follow the conditions of their Tenancy Agreements, we consider that it is unnecessary for fixed term tenancies to be used as a mechanism for ending a tenancy as a result of anti-social behaviour, rent arrears or other breach of tenancy.

We would therefore urge Registered Providers not to refuse to renew tenancies on these grounds, unless normal possession proceedings are already underway.

4.3 Household Income

RPs are unable to accept households as new tenants where their incomes are so high that it would affect the RP's charitable status. RPs therefore currently carry out these checks prior to tenancy sign-ups. CBC, however, is not affected by these rules. We do not therefore intend to exclude tenants from our stock – or end their tenancies on this basis. We believe that mixed incomes creates balanced communities and that to end a tenants, without being able to offer reasonable alternatives, could act as a disincentive for those households who might otherwise seek to improve their financial status.

Our understanding is that RPs' charitable status is not affected where that households' income changes during their time as tenants, but we acknowledge that some RPs have stated in their existing tenancy policies that a fixed term tenancy could be terminated on this basis.

Where RPs do chose to review a household's income as part of the review of the fixed term, we again urge RPs to support tenants into considering alternative options, such as low-cost home ownership schemes, and to not potentially make these tenants homeless.

4.4 Ending Fixed Term Tenancies

Should an RP decide not to renew a fixed-term tenancy, we request that the RP notifies our Housing Options Service at the time of the decision not to renew a tenancy, i.e. at least 6 months prior to the ending of the fixed term tenancy.

RPs should also seek to meet jointly with a member of the Housing Options Team personnel and the tenant to consider what rehousing options are available.

When a tenancy is not renewed, the Council expects that the RP advice and assistance services are fit for purpose. It would not be appropriate, for instance, for an RP to end a tenancy on expiry where there would then be a duty on the council to provide accommodation, except where there is an agreed plan of action.

Affordable Rent Statement

1. Introduction

This Statement sets out Cheltenham Borough Council's requirements that need to be met in order that an RP's affordable housing investment plan can be supported.

In this Statement the Council acknowledges that RPs will be required to implement the use of Affordable Rent tenancies, given that this can generate funding to support the provision of more affordable housing, both directly in terms of ongoing revenues and also indirectly in terms of being better placed to secure subsidy agreements from the HCA.

The HCA have made clear in their 2011-15 Affordable Homes Programme – Framework, that it expects RPs to consider setting rents at 80% market rents in order to maximise revenues for financing new build:

'While offers which include Affordable Rent for new supply and/or conversions at less than 80% of market rent will be considered, it is expected that providers will utilise the flexibility to charge rents up to 80% of market rents to maximise financial capacity.' (para 3.10 2011-15 Affordable Homes Programme – Framework).

In terms of the delivery of social rented housing, the Framework identifies that social rent provision will only be supported in limited circumstances with a strong case needing to be made, 'to demonstrate why Affordable Rent would not be a viable alternative.'

We therefore acknowledge that Affordable Rents will be the main type of low cost new supply, with the higher rent levels cross subsidising the development of new social housing in place of the higher grant levels that were available previously.

The HCA also identifies that they intend:

'...to focus our efforts in ensuring that local authorities are able to shape the new Affordable Homes Programme to respond to the housing needs of their communities.' (Para 2.41 of the Framework)

And that:

'The scope for individual providers to generate financial capacity through conversion of re-lets will not be uniformly distributed between areas...A requirement to ring fence capacity for reinvestment in new supply within a particular area would not allow the new model to work in practice.' (Para 2.41 of the Framework).

However, the Framework also identifies that:

'Our clear intention is that financial capacity generated through the flexibilities available to providers and the new delivery model will be applied effectively to support local authority priorities.' (Para 2.46 of the Framework).

2. Our Statement

This Statement is set within the context of the above.

2.1 Investment in New Affordable Housing for the Borough

Affordable Rent is intended to meet identified local housing needs. Local housing needs are defined by strategic housing authorities; with strategic direction being set within the context of wider corporate objectives which help to sustain the current and future economic base.

Cheltenham Borough Council is the strategic housing authority for the Borough, and it is our view that RPs should not agree investment plans to develop or convert existing social rent stock to Affordable Rent with the HCA without the support of this Council. This means that the Council will only support RPs as developers or section 106 partners where there is a clear commitment to invest in the Borough and to provide affordable housing to meet the Borough's housing needs.

Cheltenham Borough Council expects RPs to agree any investment plans with the Council that either involve new development, relet of existing social rented housing on Affordable Rent terms and/or any form of disposal of their social rented stock within the Borough.

Gloucestershire's Local Investment Plan (LIP) sets out our funding, development and refurbishment priorities, and how we wish to see affordable housing delivered within the Borough. RP investment plans must therefore demonstrate how they meet the priorities set out within the LIP.

2.2 Rents and Affordability

A balance needs to be struck between Affordable Rents being affordable and RPs optimising re-investment potential. However, rents set must also be reasonable and set with regard to the total welfare cap that will be put in place from April 2013.

In this respect, Affordable Rent should continue to be seen as housing for low income households.