

Brent Council Tenancy Strategy 2012-2013

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Introduction and purpose

This document details Brent Council's approach to the reforms first set out by government in Local Decisions: a fairer future for social housing (Nov 2010) and now implemented, mainly through the Localism Act 2011. The Act requires local authorities to prepare and publish a strategy setting out the matters which the registered providers of social housing for its district are to have regard in formulating policies relating to:

- (a) the kinds of tenancies they grant
- (b) the circumstances in which they will grant a tenancy of a particular kind
- (c) where they grant tenancies for a term certain, the length of the term
- (d) the circumstances in which they will grant a further tenancy on the coming to an end of an existing tenancy.

This strategy covers the areas required by the Act but also addresses other aspects of housing reform, which the council believes will assist providers, tenants and housing applicants by placing our approach to tenure in the wider context of other changes. This document outlines the council's approach to:

- tenure and the use of fixed-term tenancies
- Affordable Rent (AR)
- succession to tenancies in social housing
- the waiting list and allocations
- use of the private rented sector to discharge homelessness duties.

The main purpose of this document is to provide a broad strategic framework to which providers of social housing in Brent should have regard, while summarising the council's policy for its own housing stock, managed by Brent Housing Partnership (BHP). In addition it is intended to provide basic information and guidance for tenants and housing applicants.

This document summarises the main policy areas while further detail is, or will be, set out in our Housing Strategy, Homelessness Strategy and Allocations Scheme.

Separate reports on the consultation process undertaken in developing this strategy and the evidence base that supports it are published alongside this document.



Objectives

The main aim is to establish a framework that

- continues to meet existing need by provision of appropriate housing
- makes best use of the existing social housing stock across all providers
- makes best use of the private rented sector, intermediate and sub-market renting and shared ownership
- promotes economic and social regeneration and social mobility, particularly through employment
- supports new housing development in all sectors
- encourages providers to pay full regard to the affordability issues in Brent and to bring forward solutions, both within and outside the scope of the current programme, that mitigate the impact of higher rents as far as possible
- seeks to meet need that is currently unmet through a revised approach to prioritisation and letting
- is transparent, fair and easy to understand
- promotes a consistent approach to the letting and management of social housing in the borough.

Partnership

Providers of social housing in Brent have set out their own policies in response to the introduction of the AR regime and the ability to grant fixed-term tenancies. Although there are some differences between providers, the majority will be developing and letting homes at AR and will be using fixed terms, usually preceded by an introductory tenancy. In preparing and developing their approaches, the Act requires providers to have regard to the council's Tenancy Strategy.

The council is keen to encourage the broad consistency of approach that has already emerged. In particular, it is important that the introduction of AR recognises the particular conditions in the borough to ensure that such homes are accessible to those with priority within the council's allocations scheme and existing nominations agreements.

To this end the council will seek to support partnership and joint working opportunities for those providers who demonstrate consistency with the objectives of this strategy, and the council's overall approach to housing and welfare reform. Along with other aspects of this strategy, our approach to partnership working will be reviewed in the light of progress during the first year of operation.

Affordable Rents (AR)

In the current programme grant funding for new social housing supply is only available for AR properties. Although the council is keen to explore alternative funding options and to maximise opportunities to deliver new homes across all tenures, no practical alternative has been identified that could successfully deliver the number of new homes required. The system also relies on the ability of Registered Providers to re-let a proportion of existing social rented properties at AR to provide cross-funding.

Guidance on rents from the Homes and Communities Agency (HCA) as part of its Regulatory Framework confirms that rents may not exceed 80 per cent of market levels and that regard should be had to Local Housing Allowance (LHA) rates. The GLA estimates that rents across London will average around 65 per cent of market rents.

Private sector rents in Brent are high, particularly in the south of the borough. The table below gives average private sector rents and LHA Rates for a two-bed property in the north and south of the borough, with corresponding AR levels at 80 per cent and 65 per cent of the LHA rate.

	100%	80%	65%
Average Rents (GLA) £			
Wembley	231.00	184.80	147.84
South Kilburn	370.00	296.00	240.50
LHA Rates £			
NWL	219.00	175.38	131.74
INL	290.00	232.00	174.00

Earned incomes are relatively low in Brent with average incomes around £26,000 a year. Rents at a high proportion of earned incomes may undermine work incentives while a rent threshold of 35-40 per cent of earned income is a widely accepted benchmark for affordability. The introduction of the Universal Credit cap from 2013 also needs to be taken into account, under which the total weekly household benefit a workless household may receive is expected to be capped at £500 (£350 for a single person). The impact is most acute for larger families as their living costs are higher, leaving less scope to meet housing costs that are typically greater than average.

While the council cannot and does not seek to control rent levels, this strategy aims to give clear direction. The council also recognises that local or scheme-based approaches to lettings may be appropriate where it is necessary to let AR properties within an area where lower rents predominate, or where a new development consists wholly or mainly of AR homes and it may be that some new schemes will need to be let with affordability as a factor in addition to need.

Overall, AR should not exceed 40 per cent of net average incomes in Brent if they are to be sustainable. For non working households the overall benefits cap limits claims to a maximum of £26,000 per annum or £18,200 for single person households. For non working households rents should not exceed £200 per week or £140 per week for single person households if they are to be affordable. For working households data for the borough shows that average gross household income for the borough in 2011 was £30,352 per annum. Assuming a household with two equal earners, average net household income for the borough is estimated at £28,340.

Beyond the basic principle of income affordability, when setting AR in Brent consideration should be given to a number of factors including the geographical variance in rent levels across the borough, Local Housing Allowance rates, the make up of different households, including the impact of dependents on household income, and the context of welfare reform.

The AR levels below are expressed as a percentage of market rents, inclusive of service charges:

	LB Brent North1	LB Brent South2
1 bedroom 1 person	up to 80%	up to 80%
1 bedroom 2 person	up to 80%	up to 80%
2 bedroom 3 person	up to 70%	up to 70%
2 bedroom 4 person	up to 70%	up to 70%
3 bedroom or more	Target rent +5 to +10%	Target rent +5 to +10%

1 covers the North West London Broad Rental Market Area within LB Brent

2 covers the Inner North London and Inner West London Broad Rental Market Areas within LB Brent

AR set at these levels currently meet affordability criteria in Brent in most cases. Some moderation will be required in higher value areas, and in particular the Brondesbury Park, Kilburn and Queens Park wards, or where a property has a high market rent valuation. Affordability for larger, family sized properties of three bedrooms or more is known to be severely constrained, particularly for non-working households, and the council sees little scope for affordable rents to exceed target rents for such properties.

A reasonable, Retail Price Index (RPI)-linked formula for annual rent increases should be proposed at the time that AR homes are made available for letting. The council has already committed to maintaining current target rent levels in regeneration areas and there is no intention to revisit this decision.

The council supports Registered Providers re-letting up to 50 per cent of smaller one and two bedroom properties at AR to help deliver new supply, whilst maintaining a stock of social rented housing. The council is not in favour of re-letting properties of three bedrooms or more at AR.

The council will review guidance on AR annually.



Policy summary

Affordable Rent (AR)

Brent Council supports AR development in the borough to maintain new supply and supports a proportionate level of conversion of existing units to provide cross-funding of the development programme in Brent.

Rent levels

Providers should ensure that the rent for any AR property is at maximum the lower of some or all of the following thresholds:

- LHA rates, or 80 per cent of LHA rates
- strict affordability under the Universal Credit Cap, after taking account of living cost benefits
- 35 per cent of average earned income
- 80 per cent of the market rent for the property.

Rents will be re-based at the end of a fixed-term against market rents but in line with the affordability thresholds outlined above. Exceptions may be granted by the council in limited circumstances on a scheme-by-scheme basis.

Target groups

- Access to AR homes will be through the Locata choice-based lettings system, except where otherwise agreed with the council.
- In limited circumstances, providers will have the option to market AR properties more widely, initially or after a fixed period on Locata, by agreement and in accordance with an agreed protocol.
- To generally let AR properties to the same priority groups as now, but to target through area lettings plans or other mechanisms wider groups, and in particular those in low-paid employment.

Mobility

- To agree provisions between the council and providers that enable existing social rent tenants to transfer to AR properties at social rents (and with security of tenure), with a corresponding conversion of their existing property to AR or a compensatory conversion of a void social rented unit.

Fixed-term and flexible tenancies and succession

Adopting shorter-term tenancies alongside permanent options provides the opportunity to use stock more flexibly and meet need in a more targeted way, providing social housing when and for the period it is needed rather than for an unlimited time. Fixed-term tenancies will increase the availability of properties to the extent that such tenancies are not renewed, potentially assisting in addressing under-occupation and overcrowding, both of which are significant issues in the social housing stock.

The majority of providers have indicated that while their default position when letting to a new tenant may be to offer a fixed term, the expectation is that the majority of these would be renewed. The council supports this approach and anticipates that providers will develop



housing management approaches for these tenants that take account of their limited security of tenure, including their structures and arrangements for resident engagement, and specifically the representation of such tenants.

In line with regulation and guidance, the council expects that providers will set out clear policies and procedures governing the renewal or otherwise of fixed-term tenancies and the arrangements for appeals against decisions.

Similarly, providers will need to adopt a clear approach to the provision of advice and assistance to tenants in cases of non-renewal of tenancies or other areas of policy and practice affected by housing and welfare reform. It is appreciated that this is an area that will continue to develop and the council will monitor emerging approaches and revise this strategy accordingly.

The council will adopt a five-year fixed term as the norm, preceded by an Introductory Tenancy, in line with the approach taken by most other providers, with a presumption that the tenancy will be renewed subject to identified exceptions. During consultation a number of respondents argued for the use of two-year terms in certain circumstances. In particular it was argued that they could be a valuable stepping-stone for young people who are being supported by statutory or voluntary agencies (for example those working with young offenders or care leavers), enabling them to have a secure home while undergoing education or training and looking to move into work. Although a five-year term will be the norm a shorter tenancy, linked to a specific support programme, will be available in appropriate circumstances.

The Localism Act has changed the rules on succession in social housing tenancies. For tenancies created before 1 April 2012 existing rights to succession remain. For tenancies created on or after 1 April 2012 only a spouse, civil partner or a person who lives with the tenant as if they were a spouse or civil partner will have a statutory right to succession, and such a succession can happen only once. The council will apply the new rules in its own stock and encourages other providers to take a similar approach.



Policy summary

Fixed-term tenancies

- The council supports the use of fixed terms (with limited exceptions) and encourages providers to determine their own policies in respect of specific groups and circumstances, provided that these are broadly consistent with council priorities.

Flexible tenancies (local authority)

- The council will use Flexible Tenancies on the same basis as is proposed for other social landlords.

Tenancy term

- Five years normally, but with shorter and/or longer periods for specified groups/circumstances.
- Introductory or starter tenancies of 12 months will be used for all new tenants, and in concert with fixed-term tenancies as relevant. This will apply in the council's own stock.

Renewal of fixed terms

- In line with the Tenancy Standard there should be clear criteria and procedures governing assessment and decisions on renewal.
- There should be a clear right of appeal, which may include the council's involvement or consideration of the council's views.
- All providers are expected to commit to a standard protocol for liaison with the council where a tenancy is not being renewed, which may include provision for the council to be consulted in advance of a notice being served, either generally or in respect of specific vulnerable groups.
- Providers should produce clear standards and procedures for the provision of advice and assistance.
- In the longer term, the council will wish to see a commitment to a standard set of criteria for decisions on renewal, developed jointly by the council and providers.

- The basis for non-renewal for reasons of tenancy breach should be broadly equivalent to that which applies to the bringing of possession proceedings.
- Where any changed circumstances would warrant the grant of a secure or assured tenancy at first let, any new tenancy granted on renewal of a fixed term should be on those terms.
- Renewal should be the presumption and non-renewal the exception. Non-renewal would be limited to some or all of the following:
 - under-occupation, but with the offer of alternative social housing in most cases
 - serious tenancy breach
 - high household income
 - the absence of any priority under the Allocations Scheme.

Succession

- The council will allow only one succession in its own stock but with discretion to grant a further succession in certain circumstances. Providers will determine their own policies.
- Existing tenants should retain their security of tenure where they bid successfully for a new property.

Tenure protection

- Where a tenant loses their security for a time because of the breach of a suspended possession order (e.g. not meeting rent arrears repayment terms), on remedying the breach the tenancy should be re-established as a fully secure or assured tenancy.
- For providers to make use of the council's housing options and advice service to assure a high standard of advice and assistance to tenants to ensure that other housing options are explored where relevant, and that those facing non-renewal are able to secure suitable alternative accommodation. (Providers may need to subscribe and pay for use of this service).

Homelessness and allocations

Homeless applicants will continue to have reasonable preference under the Allocations Scheme. The council has been discharging its main housing duty to homeless applicants in the private sector for some years, provided the household consents. The Localism Act now permits discharge into the private sector without consent and consultation indicated strong support for this option across all interests.

The council waiting list had 18,000 households in August 2012, with a large number having no realistic prospect of obtaining a social rented property, including applicants in Band D of the Locata system, who have no identified housing need. For this reason applicants who fall into Band D will be excluded from the list. In addition residence will be a qualifying factor and applications from households not resident in the borough and with no other strong connection, such as employment, will also be excluded.

Employment status will be taken into account, both in terms of achieving additional priority and with regard to renewal of any fixed term tenancy, alongside the established criteria for assessing housing need. Income will be taken into consideration when providing advice and support on future housing options either to housing applicants or existing tenants, although at this stage the council does not propose to introduce a fixed income limit. Policy in this area will be kept under review and guided by the current consultation on the government's proposed income limit.

Housing need arising from caring or fostering and adoption responsibilities will be recognised within the Allocations Scheme. Evidence shows that Brent has very low numbers of applications from ex-military personnel and it is not proposed at this stage that any additional priority should be granted over and above the provisions already introduced by government to ensure that such households have the right to register for housing. This policy will be kept under review.

Households will continue to be able to bid as many times as they wish through the Locata system, but will only be able to refuse an offer following a successful bid up to three times, after which, in the case of homeless households, any duty would be considered to be discharged and in the case of other applicants, further bids would be blocked for a specified period subject to appeal and review.

The current Allocations Scheme provides for decisions to be made by an officer panel in certain cases and this system will continue and be extended as necessary to consider exceptions to the policies outlined in this document.

Policy Summary

Waiting list

- Access will be restricted to those with some housing need who are resident in Brent, or working in Brent for a defined minimum period, or with other significant connections.
- Band D of the current Locata system will be abolished.

Allocations

- Households in low-waged employment will be given additional priority, in particular for AR properties.
- A maximum of three bids within the Locata system will be the norm.

Homelessness

- The s.193 housing duty will be discharged through an offer of suitable accommodation in the private sector, with exceptions limited to those households who are assessed as requiring a high level of support. This will include, but not exclusively:
 - care-leavers
 - those with severe disabilities or long-term illnesses
 - those who have experienced domestic violence or harassment
 - older households.
- Where the duty is discharged in this way households will not retain any additional priority within the Allocations Scheme.

Monitoring and review

Delivery of this strategy will be monitored closely during the first year of operation with a view to a comprehensive review after twelve months. Any further changes to the Allocations Scheme or other significant changes arising from review will be subject to further consultation and, if necessary, approval by the council's Executive.



