

CRAWLEY BOROUGH COUNCIL TENANCY STRATEGY

SUMMARY

This document provides guidance to social housing providers in Crawley on the factors to have regard to in developing their tenancy policies in accordance with the requirements of the Localism Act 2011.

Housing need

Social housing must continue to be made available to those in housing need. The Council considers that lettings to affordable rented properties should remain subject to local authority nominations to the degree they are now. Access should not be limited in any way to those eligible for social rented housing through adoption of additional criteria such as requirements for financial and personal vetting, or for the payment of deposits or administration fees, outside of the existing Housing Allocation Scheme.

Rent levels

Providers of social housing are expected to set rents at or below the Local Housing Allowance (LHA) level to ensure that they are affordable to housing register applicants. It is therefore expected that for larger more expensive properties affected by the LHA cap, rents will need to be much lower than 80% of the market rate.

Length of tenancies

The length of tenancies granted should reflect the needs of different household types.

Where renewable tenancies are introduced they should reflect the needs of different types of household and must comply with the minimum statutory guidance requirement.

Where circumstances are not likely to change, or not for a long time, landlords should grant longer or lifetime tenancies.

Ending or renewing tenancies

Unless there has been a significant change of circumstances, a tenancy should be renewed.

A tenancy might not be renewed in the following circumstances¹:

- The tenant is under occupying by two or more bedrooms;
- There is a 'suitability of property' issue – e.g. significant home adaptations are no longer required;
- There has been a significant change in the tenant's circumstances – e.g. they have acquired a large amount of capital or their earnings have increased considerably;
- The tenant has not conducted their tenancy in an acceptable way;
- There are circumstances which have led to the issuing of legal action against the tenant during the tenancy.

In the event that a tenancy is to be ended, the housing provider is expected to provide advice and assistance to the tenant. It is not acceptable for a tenancy to be ended if this leads to a duty on the Council to provide accommodation under the homelessness legislation.

¹ This list is not exhaustive

1. AIMS OF THE TENANCY STRATEGY

1.1 The Council has the following aims for working in partnership with social housing providers operating in Crawley:

1. To meet housing need

This includes 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. Providers are expected to ensure that their properties are both affordable and accessible to people in housing need. Lettings to affordable rented properties should remain subject to local authority nominations to the degree they are now. Access should not be limited in any way to those eligible for social rented housing through adoption of additional criteria such as requirements for financial and personal vetting, or for the payment of deposits or administration fees, outside of the existing Housing Allocation Scheme.

2. To create balanced and sustainable communities

This means giving people appropriate tenancies for their needs and circumstances and taking these needs and circumstances into account in any use of renewable tenancies. It also means achieving mixed-income communities. A mixture 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 mixture 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 must ensure that all household types in need of affordable housing can continue to access this, including households in receipt of benefit, working households and 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 Crawley and social housing providers should only consider selling off vacant properties in exceptional circumstances following consultation with the Council.

4. To prevent homelessness arising as a result of the ending of renewable tenancies

Providers are expected to ensure that, if a tenancy is not to be renewed, tenants are either transferred to a more suitable property or, in the case that they are able to afford the open housing market, advised accordingly. It is not appropriate or acceptable for the ending of a renewable tenancy to result in a homelessness duty on the Council.

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

It is important that there is a consistent approach across registered providers' policies wherever possible, as well as effective communication of information regarding rents and renewable tenancies, to enable people on the Housing Register to make informed choices and avoid confusion about their housing options.

2. LOCAL CONTEXT

Housing Strategy

2.1 Crawley Borough Council's Housing Strategy 2009-13 sets out five objectives which are reflected in the Aims of the Tenancy Strategy (Section 1):

1. Increasing the supply of homes;
2. Developing sustainable communities;
3. Improving the quality of housing;
4. Preventing and reducing homelessness;
5. Providing accessible information on housing choices.

2.2 This is supported by more detailed strategies, such as the Homelessness Strategy, and the Council's Housing Allocation Scheme. We also work in partnership with registered providers and with those who provide support to help people achieve and retain suitable housing.

Affordability

2.3 Whilst house prices have levelled off since the economic downturn, buying a house 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 Crawley in 2012 (Source: Nat Fed "Home Truths 2011" and SHMA 2012)

	Average (mean) house price	Average lower quartile house price	Average (median) incomes	Income threshold (annual)	Ratio of house prices to incomes
Crawley	£262,446	£155,000	£20,223	£46,500	13
Northern West Sussex²	£341,366	£179,000	£22,889	£53,600	15

2.4 Table 2 below sets out the average levels of private sector rents in Crawley for a range of property sizes in relation to the current levels of Local Housing Allowance, which from 1 April 2011 have been set at the 30th percentile of local market rents. The 80% market rent column provides an indication of the likely average rents that will be charged under the new affordable rent regime. The assumption made in the final column of the table 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 Communities and Local Government and the National Housing Federation. Assumptions about the proportion of gross income needed for rent clearly have major implications for assessing affordability.

Table 2: Private rents in Crawley, and income needed to meet them, at June 2012 (Source: Rent right website)

Type	Local Housing Allowance Rate	Average Monthly Market Rent (MR)	Affordable Rent (AR, 80% Market Rent)	Gross annual income needed if rent is 25% of gross income
1 bed	£625	£690	£552	£33,120 MR
				£26,496 AR

² The districts of Crawley, Horsham and Mid Sussex combined.

2 bed	£750	£848	£678	£40,704 MR
				£32,544 AR
3 bed	£925	£1011	£809	£48,528 MR
				£38,832 AR
4 bed	£1250	£1278	£1022	£61,344 MR
				£49,056 AR

2.5 The amount a household can pay depends on a range of factors, most notably the size of the family. The Department for Work and Pensions has set out the amounts that benefit claimants are deemed to require for living costs, and the amount that can be paid towards 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. From April 2013, increases in Local Housing Allowance will be linked to movements in the Consumer Price Index rather than actual rents, which is likely to result in the Local Housing Allowance lagging well behind rent levels.

2.6 The 2009 Strategic Housing Market Assessment for Crawley estimated that 51% of newly forming households cannot afford to buy or rent privately without assistance. Incomes of those in housing need and on the Housing Register are below average, as is the number of applicants in employment. With respect to incomes for households on the Housing Register, Tables 3 and 4 below set out the gross and average incomes based upon information provided by 1,838 applicants.

Table 3: Incomes of households on the Housing Register, December 2011³

NOT WORKING	Under £5K	£5K - £10K	£10K - £30K	£30K - £40K	£40K - £50K	£50K - £70K
865 (47.1%)	66 (3.6%)	169 (9.2%)	660 (35.9%)	58 (3.2%)	17 (0.9%)	3 (0.2%)

Table 4: Average Incomes of households by band on the Housing Register, June 2012

	Band A+	Band A	Band B	Band C	Band D	All
Average yearly work income (if working)	£19,950	£16,001	£17,489	£15,094	£20,622	£18,641
Average Yearly other income (if not working)	£12,528	£7,404	£5,998	£5,171	£3,824	£5,158
% of applicants working	66.67%	32.81%	40.50%	51.87%	46.92%	43.82%

2.7 This data suggests that the vast majority of working households on the Housing Register have an annual income below £30,000, with the most common income range between £10,000 and £30,000. Coupled with Table 2, this indicates how difficult it is for working households on the Housing Register to be able to afford private rented accommodation without financial assistance. The vast majority of people on the Register are dependent on lower rents and/or on receiving financial assistance towards their rent through housing benefit. Some of those in the higher income ranges may also be able to purchase through shared ownership, provided that the initial share is set at an affordable level.

³ The information contained in Tables 3 and 4 may not be entirely accurate as it is not always clear whether incomes stated include housing benefit which may be paid directly to the landlord. However, it can be assumed that these people's incomes are below average as, by definition, they require assistance with their rent.

Levels and types of affordable housing need

A. Homelessness

- 2.8 In common with most local authorities, Crawley is experiencing an increase in homelessness and in the number of households placed in temporary accommodation. The number of households in temporary accommodation has doubled in the last two years or so from 140 in April 2010 to 299 in August 2012. Clearly it is vital that we are able to continue to move homeless households on from temporary to more secure accommodation. Equally it is essential that any new renewable tenancies are managed in such a way as to prevent further homelessness.

B. Levels of housing need

- 2.9 As of May 2012 there are over 3,000 households on the Housing Register. Table 5 provides a breakdown of preferences for types of social housing and a split by band.

Table 5: The Housing Register in May 2012

Property type	Band A+	Band A	Band B	Band C	Band D	Total
Studio/1 bed	2	58	215	317	531	1123
2 Bed	1	92	332	34	443	902
3 Bed	0	52	234	28	305	619
3 Bed + Dining Room or 4 Bed	0	15	71	5	29	120
Sheltered retirement /	2	69	202	28	48	349
Total by banding	5	286	1054	412	1356	3113

- 2.10 Table 6 below shows the numbers on the Housing Register in Crawley over the past two years, a breakdown of preferences for types of social housing and the numbers of properties that became available through re-lets and new affordable housing. The last column is the ratio of lettings against numbers on the Register averaged over the last two years. Evidence from the last two years shows a particular lack of supply against demand for one bedroom properties. The new affordable housing in the Borough amounted to 282 in 2009/10 and 134 in 2010/11, which is reflected in the greater number of lettings in 2009/10. Looking at Table 5 above, however, and disregarding those in Band D, this shows that for those in the highest housing need there is a continuing requirement for two and three bedroom properties.

Table 6: Demand for and supply of different types of property

	Numbers on Register		Lettings		Ratio
	2009/10	2010/11	2009/10	2010/11	2009-11
1 Bed	1,337	1,281	123	105	11.5
2 Beds	508	570	284	164	2.4
3 Beds	785	864	104	82	8.9
4 or 5 Beds	28	44	9	5	5.1
Sheltered/retirement	328	309	N/A	94	3.3
Total	2,986	3,068	520	450	6.2

C. Older and Disabled People

- 2.11 West Sussex County Council projects that between 2006 and 2026 the number of people over 65 will increase by 42% and the number over 85 will increase by 20%. 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 while freeing up under-occupied homes.

- 2.12 Existing accessible and substantially adapted homes are at a premium. The Council and other social housing providers spend substantial sums on adapting homes so that they are suitable for disabled residents, with an average of 115 households being awarded Disabled Facilities Grants each year at a total cost of over £650,000. It is important that the Tenancy Strategy enables us to make the best use of these homes for those who really need them, when they need them.
- 2.13 The strategy therefore seeks to facilitate moves for tenants whose properties are no longer suitable into more appropriate accommodation. However, it is anticipated that providers will continue to offer lifetime tenancies for tenants whose circumstances are unlikely to change in future; for example, those entering sheltered and particular types of supported accommodation.

D. Under Occupation

- 2.14 Properties are said to be under occupied when the household living there has more bedrooms than would be offered if they were to apply for housing. Under occupation often occurs when the number of people in a household gets smaller and there are spare rooms not being used, for example, when children grow up and leave the family home. As such many under occupied properties are occupied by older tenants who find their large homes are too costly to run and too difficult to manage.
- 2.15 The strategy seeks to address under occupation in order to:
- Make the best use of housing stock and free up much needed family sized accommodation;
 - Ensure affordability for those who will be affected by the upcoming 'bedroom tax' which will apply to under occupying social tenants of working age who are working less than 24 hours per week. If a household is under occupying by one bedroom their benefit will be reduced by 14%. If the under occupation is by two bedrooms or more, the reduction will be 25%.
- 2.16 As of July 2012 it is estimated that 28% of Crawley Homes' general needs stock, and 12-48% of Housing Associations' general needs stock, is under occupied. This is likely to total in excess of 2,500 social rented properties.

3. GUIDANCE FOR SOCIAL HOUSING PROVIDERS

Access, Affordability and Rent Policies

- 3.1 Discussions with our registered provider partners have suggested that almost all of their new build, and a large proportion of re-lets of their existing stock, will be let at affordable rents. The majority will issue most new tenancies on a renewable basis, although a few will continue to offer lifetime tenancies.
- 3.2 Given the dominance of the new affordable rent tenure, it is vital that it meets the full range of housing needs represented on the 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.
- 3.3 Affordability of housing remains a major issue for local people and demand continues to significantly outstrip supply. The most important principle therefore is that tenancy offers of social housing are made available to those in housing need (especially those on low incomes and those who are vulnerable) and that social housing providers continue to offer nomination rights to applicants registered on the Council's Housing Register with tenancies

allocated in accordance with the approved Allocations Scheme. Further revisions are proposed in accordance with the Localism Act 2011.

- 3.4 If affordable rent (principally on fixed term tenancies) is the only tenancy offer for new social housing schemes, and increasingly for re-lets of existing social stock, it is critical that it should be available to all those who traditionally would have been housed in social rented properties.
- 3.5 The Council therefore considers that lettings to affordable rented properties should remain subject to local authority nominations to the degree they are now and that access should not be limited in any way for those who are eligible for social rented housing. Nominees should not be expected to pay deposits or be subject to additional financial or personal vetting and the payment of administration fees.
- 3.6 It is understood that in view of the different positions currently being taken by social housing providers when granting affordable rent tenancies, that the HCA will be consulting with providers and local authorities shortly, prior to issuing further guidance. The Council intends to contribute to this consultation process with its West Sussex local authority and provider partners and will review the Tenancy Strategy should new guidance subsequently be received.
- 3.7 Other particular issues that need to be considered include:

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 conversion policies. Either retaining existing three and four bedroom rented housing at target rents, or setting rents for larger properties within Local Housing Allowance and Universal Credit cap levels, would help alleviate the problem.

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.

Considering how existing social housing tenants in unsuitable homes can be helped to move

This is especially applicable where moving might entail the tenant paying a higher rent and losing their right to a lifetime tenancy. Creating such incentives is likely to be important not only for the tenant concerned, but also for the provider in effectively managing its stock and in particular in tackling under occupation.

Continuing to offer supported and secure housing for more vulnerable tenants

This includes frail elderly people, those with learning difficulties or mental health needs, etc.

Length of tenancy

- 3.8 The Council supports making the best use of existing stock in meeting housing need and recognises that renewable tenancies may facilitate this. Where renewable tenancies are granted the length of tenancy should reflect the needs of different household types and must comply with statutory guidance of a minimum of five years.
- 3.9 The Council wishes to see the supply of affordable homes maximised and those in the highest levels of need enabled to be housed as quickly as possible. This is increasingly important in an era of heavier demand for affordable housing than ever before.

- 3.10 Where circumstances are not likely to change, or not for a long time, the Council encourages landlords to grant longer or lifetime tenancies. For some people with particular housing needs, for example, those in sheltered accommodation, the Council supports the granting of lifetime tenancies.
- 3.11 However, even in the case of a lifetime tenancy the Council recommends that providers implement an introductory (typically 12 month) tenancy at the start. This has a positive effect in helping new tenants settle into their homes and meet their responsibilities, provided that it is accompanied by appropriate support to help them make a success of their tenancies. This support is particularly important for more vulnerable tenants.

Ending or renewing tenancies

- 3.12 It is expected that, unless there has been a significant change in circumstances following a review, a tenancy will be renewed.
- 3.13 The Council recognises that creating increased turnover in the housing stock to best meet housing need must be balanced against the benefits of maintaining stability within communities, helping tenants achieve stability, avoiding costly moves and helping providers keep void costs down.
- 3.14 Some instances where the Council considers a tenancy might not be renewed are⁴:

Where there is significant under occupation

The Council recommends that where a tenant is under occupying a property by two bedrooms or more, the registered provider gives notice of their intention to end the tenancy and the tenant is 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. Definitions of under occupation and the number of bedrooms available in a property will be as set out in Crawley Borough Council's Allocation Scheme.

Where there are suitability of property issues

It might be that a property would better suit the needs of another household, for example a bungalow being made available for an elderly tenant, or properties that have been substantially adapted to meet the needs of a disabled person who no longer lives there. It is suggested that landlords should be the judge of whether a property is more suited to another household. As for the under occupation scenario above, the tenant could be placed in Band A so they have priority for a move to another property.

Where there is a significant change in the tenant's circumstances that would enable them to meet their own needs on the private market

This could include the tenant acquiring capital or another residential property, or earning income which is now high enough for them to afford market housing or take up the option of shared ownership if it is available.

Where it is deemed that the tenant has not conducted their tenancy in an acceptable way

This could include Anti Social Behaviour that has not been resolved.

⁴ This list is not exhaustive.

Where there are circumstances which have led to the issuing of legal action against the tenant during the tenancy

- 3.15 It is regarded as appropriate for providers to determine their own tests and to be the judge as to the suitability of a property at the end of a renewable tenancy. It is expected that providers will set out these tests in their Tenancy Policies.
- 3.16 It is anticipated that, where a tenancy might not be renewed, providers will take into account the personal circumstances of those being asked to move – for example, if they are receiving or giving care in their current location or would have to leave that neighbourhood altogether owing to a lack of alternative accommodation.
- 3.17 Registered providers must be mindful of the need to be consistent and equitable in how reviews are undertaken, ensuring that the landlords' Tenancy Policies are properly applied.
- 3.18 Providers are expected to ensure that the resources put into reviewing tenancies are proportionate so that the system is cost effective.

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

- 3.19 It is expected that tenancy reviews will be carried out 12 months prior to the end of a tenancy. Registered providers are expected to provide advice and assistance to tenants at the review about their housing options.
- 3.20 Where a landlord ends a tenancy without providing alternative accommodation they should, in partnership with the Council where appropriate, provide such advice and assistance as is needed to enable residents to find suitable alternative accommodation.
- 3.21 In most cases, except where the tenant's income is high enough to afford market housing, the recommendation is to prioritise that tenant for a move to more suitable accommodation.
- 3.22 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

- 3.23 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 renewable tenancies. This will mean making housing options as clear as possible through the Council's Choice-Based Lettings system and through communication by and in partnership with registered providers.
- 3.24 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.
- 3.25 An appeal mechanism should be in place to provide a process of checks and balances of the application of the review policies. This is likely to correlate to appeal procedures already in place.
- 3.26 It is important that Tenancy Policies are clear and concise to ensure that customers are able to understand them.

4. REVIEW AND PUBLICATION

- 4.1 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 the strategy is working in practice, and of reviewing and updating it. We will want to know:

- 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, in particular any cases of homelessness;
- The number of transfers and in particular the impact of under occupation;
- Numbers and levels of rent arrears, and the impact of this on both tenants and providers.

4.2 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 of the major social housing providers in Crawley. An initial review will be carried out after the strategy has been in operation for 12 months.

4.3 A copy of the strategy will be published on Crawley Borough Council's web site and made available for inspection on request at the Council offices. Members of the public may also make a request for a hard copy of the strategy for which a reasonable charge may be made.