

Local decisions: A fairer future for social housing

<http://www.communities.gov.uk/documents/housing/pdf/1775577.pdf>

1. Background

The government has published **Local decisions: A fairer future for social housing**. This is a consultation on the future of social housing which sets out its proposals for a fundamental reform of the provision of social housing in England.

Background, aims and objective of social housing reform

Local decisions: a fairer future for social housing sets out the government's 5 key objectives of social housing reform building on previous announcements around security of tenure and fairness made last year. There are 5 key objectives of social housing reform:

- Localism, fairness and focusing social housing on those most in need in a way that enables them to use it as a springboard to opportunity
- Social housing is flexible and available to more people and to those that genuinely need it
- Make the best use of the four million social rented homes
- Increase the freedoms available to all social landlords to determine the sort of tenancy they grant to new tenants.
- Protect the rights of existing tenants.

The main proposals are:

- Create a new local authority flexible tenancy with a minimum fixed term of two years. This will be in addition to, rather than replacing, secure and introductory tenancies
- Invest £100m to bring empty homes into use as affordable housing
- Give local authorities the powers to manage their housing waiting lists
- Introduce a nationwide social home swap programme for social tenants
- Enable local authorities to fully discharge a duty to secure accommodation by arranging an offer of suitable accommodation in the private rented sector, without requiring the applicant's agreement
- To seek views on the reforms needed to enable local authorities and landlords to tackle overcrowding

- Reform of social housing regulation in line with the recommendations of the review of the Tenant Services Authority (TSA) and the social housing regulation framework.
- Replace the Housing Revenue Account subsidy system with a transparent, self-financing arrangement.

Government is consulting on these proposals until 17 January 2011.

The list of questions being asked by government in its consultation is set out below with some proposed responses and an identification of issues that will require further consideration if the District is to make use of the proposed reforms.

After the consultation, reforms will be introduced through the Localism bill and through a revised tenancy standard, probably in autumn 2011.

2. Summary of the Chartered Institute of Housing's position

The CIH state that the proposed reforms are important changes that are re-shaping the way social housing is allocated, at what price and on what basis.

CIH has been open to reform of social housing and is broadly supportive of the direction of some of these measures although they have always seen new ideas working alongside existing measures thereby providing alternative choices rather than necessarily replacing what we currently have.

The proposals to reform social housing are wide-ranging and will affect Landlords, tenants and housing professionals significantly.

CIH are concerned that some of these proposals will be undermined by changes to housing benefit and through an ongoing shortage of housing – both market and affordable. Their concern is that there has been little understanding of the role of housing shortages and therefore of unaffordable housing in this whole debate.

They maintain that there is a need to look at a long term move to a rental model that supports local income and vulnerable households, helps make communities great places to live, and that works with a sustainable approach to funding individual housing support.

They add that social housing reform should be considered alongside reforms across tenures - notably how there can be better provision of housing in both the private rented sector and to support people in and out of home ownership. An example of this would be private rented sector accreditation – if there is going to be more reliance on this sector then it needs to be better managed and regulated.

CIH also suggests that tenants should be able to stay in their own property if circumstances change; perhaps with a new tenancy agreement that has different terms based on their changed circumstances (e.g. increased rent).

The full CIH briefing can be viewed at:

<http://www.cih.org/policy/CIHBriefing-Housing-ReformNov10.pdf>

3. Potential Impact in Uttlesford

In comparison to other Districts, Uttlesford has a relatively small social housing stock with 2872 Council owned dwellings and around 1300 Housing Association homes

In 2009/10 there were 272 new lettings across the District in social housing including 133 to RSLs. Of these, 79 were let to existing council and housing association tenants who were transferring from existing accommodation.

If the Council was to embrace the government's plans fully, those on the waiting list could be offered a range of options of secure and flexible tenancies at both social and new affordable rents.

The Council has an active development programme and although the Homes and Communities Agency (HCA) has yet to release further detail on its funding programme for new housing for 2011 – 14, (the HCA prospectus is expected week beginning the 17th January 2011), the expectation is that new build will be subsidised by the affordable rents which will be up to 80% of market rents.

EELGA have carried out some data analysis on how this will affect East of England authorities and demonstrates that market rents in Uttlesford are considerably higher than average RSL rents. In order to fund further development, it is likely that the Council will have to work with its RSL partners and offer both new and some relets at affordable rents. More detailed analysis will be required once the HCA prospectus is launched.

The table below demonstrates that Uttlesford sits within 3 different housing 'markets' (Cambridge, Harlow Stortford and Stevenage/North Herts) and that within all three areas, market rents are substantially higher than RSL rents. In terms of funding development an uplift of £50 per week would yield an additional £65,000 over 25 years which could effectively replace the need for grant on some developments.

Housing Reform Consultation
Housing Initiatives Working Group – 12 January 2011, item 4

Local authority/ Broad Rental Market Area (BRMA)	Shared accom	1bed	2 bed	3 bed	4 bed	5 bed	Averages: 1 - 4 beds only
Uttlesford							
<i>Cambridge BRMA</i>							
Median wkly market rent within BRMA	77.17	136.93	151.89	182.96	276.16	345.21	186.99
80% 'Affordable Rent' level	61.74	109.54	121.51	146.37	220.93	276.17	149.59
Current av RSL net weekly rent	67.99	74.27	87.99	98.77	109.35	n/a	92.60
Wkly flexibility to fund development	-6.25	35.27	33.52	47.60	111.58	n/a	56.99
<i>Harlow & Stortford BRMA</i>							
Median wkly market rent within BRMA	76.14	126.58	161.10	201.37	276.16	400.44	191.30
80% 'Affordable Rent' level	60.91	101.26	128.88	161.10	220.93	320.35	153.04
Current av net wkly RSL rent	67.99	74.27	87.99	98.77	109.35	n/a	92.60
Wkly flexibility to fund development	-7.08	26.99	40.89	62.33	111.58	n/a	60.45
<i>Stevenage & North Herts BRMA</i>							
Median wkly market rent within BRMA	73.83	120.82	149.59	182.96	241.64	344.05	173.75
80% 'Affordable Rent' level	59.06	96.66	119.67	146.37	193.31	275.24	139.00
Current av net wkly RSL rent	67.99	74.27	87.99	98.77	109.35	n/a	92.60
Wkly flexibility to fund development	-8.93	22.39	31.68	47.60	83.96	n/a	46.41

4. CLG consultation questions and draft responses/comments based on Uttlesford's current position:

Question 1: As a landlord, do you anticipate making changes in light of the new tenancy flexibilities being proposed?

A: Yes, the Council will consider using the new flexibilities following full analysis of impact and consultation with key partners and tenants groups.

If so, how would you expect to use these flexibilities? What sort of outcomes would you hope to achieve?

A: The flexibilities could be used to enable better use of stock – for instance limiting tenancy times on adapted homes where no disabled person requires housing at time of let so that suitable household can be offered property at a later date.

In addition, consideration could also be given to providing more suitably sized homes when a household size increases or decreases.

There will be issues applying flexible tenancies over income limits, monitoring, and management costs to administer tenancy reviews etc which will require further consideration.

Question 2: When, as a landlord, might you begin to introduce changes?

A: – Following consultation and agreement by Council and after the legislation has been passed - earliest October 2011, but probably April 2012.

Question 3: As a local authority, how would you expect to develop and publish a local strategic policy on tenancies? What costs would you expect to incur?

A: – In consultation with tenants and partners through identification of need, analysis of waiting list, turnover, local incomes and in line with proposed RSL development activity etc.

Costs – There may be substantial costs including officer time legal interpretation advice, printing and revising documents etc.

Question 4: Which other persons or bodies should local authorities consult in drawing up their strategic tenancy policy?

A: – Members, tenants (and those on the waiting list), parish councils and housing associations and other voluntary sector bodies.

Question 5: Do you agree that the Tenancy Standard should focus on key principles? If so, what should these be?

A: Yes and to include:

Statutory rights including a right to exchange; a right to take in lodgers and (with the Landlord's consent): rights to have repairs carried out; and rights to consultation and information, grounds for eviction etc.

Right to Buy – it may be contradictory to give landlords freedom to set a flexible tenure in order to manage stock more effectively but still give tenant the Right to Buy on flexible tenancies? Should it only apply to secure tenancies?

Sub Letting – Should flexible tenants be given the right to sub let?

Question 6: Do you have any concerns that these proposals could restrict current flexibilities enjoyed by landlords? If so, how can we best mitigate that risk?

A: – No concerns, proposals appear to give LAs more, not less flexibility.

Question 7: Should we seek to prescribe more closely the content of landlord policies on tenancies? If so, in what respects?

A: – Not if Council can determine its own content within the context of a tenancy Standard, no further prescription will be required.

Question 8: What opportunities as a tenant would you expect to have to influence the landlord's policy?

Report back from Tenants Forum

Question 9: Is two years an appropriate minimum fixed term for a general needs social tenancy, or should the minimum fixed term be longer? If so, how long should it be? What is the basis for proposing a minimum fixed term of that length? Should a distinction be drawn between tenancies on social and affordable rents? If so, what should this be?

A: – Two years is the minimum, so Council could determine a longer period – A longer period will give tenants more incentive to maintain their home, integrate into the community etc so the Council would need to consider these issues. The cost of reviewing tenancies every two years could also be prohibitive and wasteful of resources that might be better spent on maintenance etc.

Issue: The basis on which to draw a distinction between who is offered a social rent or an affordable rent and may be determined by a 'market' developing within the CBL system i.e. Only people who can afford or are comfortable with a flexible tenancy and an 'affordable rent' may bid. If few or no bidders come forth and homelessness is discharged through flexible tenures then this could cause a problem in silting up waiting list etc and potentially the most vulnerable being stuck in a poverty trap with the higher rents etc. These issues need further consideration in detail.

Should the minimum fixed term include any probationary period?

A: Yes, the Council has successful probationary period scheme.

Question 10: Should we require a longer minimum fixed term for some groups? If so, who should those groups be and what minimum fixed terms would be appropriate? What is the basis for proposing a minimum fixed term of that length? Should a distinction be drawn between tenancies on social and affordable rents? If so, what should this be?

A: Similar to above, if the Council has flexibility it can set the policy. Longer period terms could be considered for households with no realistic chance of improving their income or health and who are likely to be in need of social housing for life. There could be an argument for placing these groups in properties with social rents in order to keep the HB Bill down.

Question 11: Do you think that older people and those with a long term illness or disability should continue to be provided with a guarantee of a social home for life through the Tenancy Standard?

A: Probably yes for people with a long term illness/disability – We would need to consider what the age entry point for older persons would be.

Question 12: Are there other types of household where we should always require landlords to guarantee a social home for life?

A: At landlord's discretion so not through the Tenancy Standard?

Question 13: Do you agree that we should require landlords to offer existing secure and assured tenants who move to another social rent property a lifetime tenancy in their new home?

The Government is committed to protecting existing tenants' rights so it is unlikely that they would not require this protection. Further reasoning behind this is that these people may be deterred from moving if they do not have this right. Perhaps we could suggest we could be given flexibility rather than required to do so, so we can judge on the basis of how much we would require their property in

proportion to how fair it would be in context of other applicants etc. However, this is a tricky area and probably not worth turning into an issue.

Question 14: Do you agree that landlords should have the freedom to decide whether new secure and assured tenants should continue to receive a lifetime tenancy when they move?

A: as with issue in Q13, local discretion may be best solution.

Question 15: Do you agree that we should require social landlords to provide advice and assistance to tenants prior to the expiry of the fixed term of a tenancy?

A: This would seem sensible but could possibly be expensive and difficult , especially if tenants don't want to move in the first place.

Question 16: As a landlord, what are the factors you would take into account in deciding whether to reissue a tenancy at the end of the fixed term? How often would you expect a tenancy to be reissued?

A; related to Qs 1 & 3 and overall policy and cost of management time etc. Most obvious answer is change in circumstances, particularly household size, income and the need of the Council for a specific type of property.

Question 17: As a local authority, how would you expect to use the new flexibilities to decide who should qualify to go on the waiting list? What sort of outcomes would you hope to achieve?

A: No – Uttlesford manages its waiting list effectively within the existing system

Question 18: In making use of the new waiting list flexibilities, what savings or other benefits would you expect to achieve?

A: See Q17.

Question 19: What opportunities as a tenant or resident would you expect to have to influence the local authority's qualification criteria?

A: – Report back from Tenants Forum?

Question 20: Do you agree that current statutory reasonable preference categories should remain unchanged? Or do you consider that there is scope to clarify the current categories?

A: Yes as these have been developed and tried and tested over many years.

Question 21: Do you think that the existing reasonable preference categories should be expanded to include other categories of people in housing need? If so, what additional categories would you include and what is the rationale for doing so?

A: No – see question 20.

Question 22: As a landlord, how would you expect to use the new flexibility created by taking social tenants seeking a transfer who are not in housing need out of the allocation framework? What sort of outcomes would you hope to achieve?

A: No – Uttlesford manages its transfers on the waiting list effectively within the existing system

Question 23: What are the reasons why a landlord may currently choose not to subscribe to a mutual exchange service?

A: Cost possibly – Uttlesford is already part of a national scheme and would not want to be forced into changing current arrangements.

Question 24: As a tenant, this national scheme will increase the number of possible matches you might find through your web-based provider but what other services might you find helpful in arranging your mutual exchange as well as IT-based access?

A : Report back from Tenants Forum.

Question 25: As a local authority, how would you expect to use the new flexibility provided by this change to the homelessness legislation?

Issue; The District already makes limited use of the private sector. The bigger issue is finding landlords who are willing to offer homeless people accommodation at rents within HB limits.

Question 26: As a local authority, do you think there will be private rented sector housing available in your area that could provide suitable and affordable accommodation for people owed the main homelessness duty?

A: The District already uses the private sector to discharge its duty but as set out in Q25 has issues over finding suitable landlords.

Question 27: Do you consider that 12 months is the right period to provide as a minimum fixed term where the homelessness duty is ended with an offer of an assured shorthold tenancy? If you consider the period should be longer, do you consider that private landlords would be prepared to

provide fixed term assured shorthold tenancies for that longer period to new tenants?

A; It depends whether a long period would deter landlords and if we think it will then we may then have to deal with repeat homelessness applications on a regular basis with associated costs.

Question 28: What powers do local authorities and landlords need to address overcrowding?

Question 29: Is the framework set out in the 1985 Housing Act fit for purpose? Are any detailed changes needed to the enforcement provisions in the 1985 Act?

Question 30: Should the Housing Health and Safety Rating System provide the foundation for measures to tackle overcrowding across all tenures and landlords?

A: Advice from private sector officer is being sought.