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Summary

This Strategy sets out the requirements of the five South Essex Local Authorities of Basildon, Castle Point, Rochford, Southend and Thurrock as required in the Localism Act 2011 to provide a framework for local tenancy and allocation policies. Providers of social housing are required to have regard to this Strategy when delivering the new flexible tenancy in the sub region.

Key objectives

- *Target subsidised affordable housing on those most in need in a fair and transparent way.*
- *Ensure residents on social / new affordable rent live in homes that are appropriate to their housing needs.*
- *Ensure residents on social / new affordable rent remain in their homes but with rent that better reflects the actual cost of housing and their ability to pay.*
- *Create a link with tenancies that will support and incentivise work.*
- *Encourage mobility between tenures.*

1. Strategic Context

The Coalition Government in its manifesto is introducing a series of reforms and policy changes over the next five years to rebuild the economy and unlock social mobility. The Localism Act 2011 introduces a number of proposals relevant to housing including the introduction of fixed term tenancies with limited security of tenure, changes to the allocation of social housing, laws relating to homelessness and the abolition of housing revenue account subsidy. In particular, it requires local authorities to produce a Tenancy Strategy. This coupled with changes to the welfare system through the Welfare Reform Act and the creation of Universal Credit will have a significant impact on social and affordable housing as we see it today.

The TGSE Housing Group has been working in partnership with other providers and key stakeholders to develop a Tenancy Strategy. It has already published an interim sub regional Housing Strategy and Action Plan which along with the Coalition Government's "Laying the Foundations – A Housing Strategy for England" provides the context for developing a Strategic Tenancy in the sub region. The Government's Strategy seeks to tackle the housing shortage, boost the economy, create jobs and give people the opportunity to get on the housing ladder. The vision for the Sub Regional Strategy is to:

"Deliver a sufficient and sustainable supply of quality housing that contributes to a balanced housing and job market" and three priority actions:

1. New Funding Models / Viability / Evidence Base / Site Development
2. Private sector housing / Green Deal / Decent Homes / Empty Homes
3. Planning for Older People / Extra Care / Adaptations / Under Occupation / Homeless

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The Action Plan which forms part of the Strategy sets out a number of project related activities to help deliver the above priorities. One of the actions refers to the preparation of a Strategic Tenancy Strategy.

In developing our approach, the Thames Gateway South Essex sub region has taken a leading role in developing and sharing best practice. We also acknowledge the support of other authorities and partners (such as St Edmundsbury Borough Council and Moat Housing Group) who have assisted us in preparing this Strategy.

2. Process of development / journey

The TGSE Housing Group first began looking at a future Strategic Tenancy Strategy in April 2011 in response to the draft Localism Bill and the Homes and Communities Affordable Homes Programme 2011-15. Key issues relevant to the programme were discussed including the proportion of stock to be re-let, tenancy terms and how best to meet local need. A Key Issues Paper including comments from partners and suggested action was completed as an outcome. Further discussions took place in the summer of 2011 through the TGSE RP Forum (represented by the five local authorities and eight leading Registered Providers operating in the sub region) from which a Draft Outline Tenancy Strategy Statement was produced, which set out the key areas where common agreement had been reached. This was later discussed at a TGSE Housing Members Meeting in the autumn. The Statement was then developed into a Strategy / framework at a sub regional level giving local authorities the option to include relevant local policies in the document.

In developing the Strategy, consideration was given to the following questions:

- What might the social and affordable rent offer look like in 2015 in South Essex
- How can we ensure that the new offer meets housing need and demand contributes to the wider objectives of for example well balanced and sustainable communities
- Is clearly articulated in tenancy policies to the public
- Makes the best use of resources

A workshop took place November 2011 where housing management staff was present from both Registered Providers and Local Authorities. Consideration was given to the likely evidence base that would be needed to support a future Tenancy Strategy, the approach whether it be sub regional or by individual local authorities. More detailed discussions also took place on the flexibility of new tenures and what criteria might be used to determine this. Issues such as mobility, under occupation, how best to protect the interests of vulnerable groups and elderly and whether changing circumstances of individual tenants should be taken into account when considering extending / renewing a tenancy were debated. A formal consultation process was also undertaken between April and May 2012 with TGSE Local Authorities and Registered Providers operating in the area where a series of 14 consultation questions were published for comment (see appendix A).

In responding, partners recognised the wider benefits of nurturing a more consistent approach across the sub region on allocation and letting policy for both delivery partners and customers alike, whilst not removing local authorities' rights for local discretion.

The feedback from the workshop and the formal consultation has shaped the final Tenancy Strategy; details of which are set out below.

3. Social and affordable housing in Thames Gateway South Essex

The role of social and affordable housing in the sub region

Social and affordable housing has a key role to play in delivering a sustainable and well balanced housing market and supporting the economy in the sub region.

Housing is needed to meet the needs of a changing population, including at one end of the scale: young people looking for starter homes who are also seeking to enter the job market to those entering retirement on reduced pensions but with rising health needs, who perhaps need to downsize.

This Tenancy Strategy will help to:

- Support the needs of a growing economy post recession
- Address under occupation
- Meet a shortage of affordable housing, particularly the under provision of starter family homes, 1-2 bed properties and 3-4 bed properties for social / affordable rent
- Reduce the need for bed and breakfast accommodation
- Ensure appropriate housing is available for the elderly / vulnerable groups

Social and affordable housing in the future

Meeting the needs of a changing population should not be over reliant on housing growth, particularly during the current recession. The focus should be more on managing existing stock and make the best use of land. A Tenancy Strategy can provide the steer towards a greater mix in housing provision to encourage greater mobility and support to the economy whilst also ensuring that the needs of those most vulnerable in society are met.

Partnership working

Partnership working can result in an increased understanding of housing supply and demand issues in the sub region by for example sharing joint evidence base and market intelligence. It can also deliver a more consistent, higher quality and wider range of housing choice in the sub region.

4. The Council's guidance for registered providers

General approach

The approach being taken to the Strategic Tenancy Strategy has been guided by Registered Providers (RPs) and Local Authorities (LAs). RPs commented that it would be helpful to have one over-arching Strategic Tenancy Strategy for the sub region, given that they cover much wider geographic areas. It was stressed that any strategy should take into account the regional spread of RPs' properties and the impact across different products types and tenures. There should also be an appreciation that RPs are required under the new regulatory framework to make best use of their stock which may impact on the delivery of this Tenancy Strategy. For LAs, the importance of seeking Member level agreement to the overall approach and allowing scope for local discretion was considered equally important.

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It was suggested that whilst the objective was to produce an agreed Strategic Tenancy Framework or Strategy, the process of meeting to share evidence base information and to discuss allocation / tenancy policies was equally important.

Specific guidance by tenure / group

Flexible tenure

A five year tenancy should be the minimum in order to provide stability and security. For those RPs that offer a probation period, then the period should be 1 + 5 years. Two year tenancies are generally not considered appropriate in the sub region.

A tenancy will only be renewed after the five year period if there have been no significant material changes in circumstances of the tenant(s) occupying the property. Assuming that the tenancy is renewed, this should be for a further 5 years. Reviewing the circumstances of tenants every year would be too time consuming and costly for stock holding partners.

Mobility in social housing

Government is placing increasing emphasis on ease of mobility to support the economy and families; it features as a key priority in the Government's Housing Strategy.

Partners currently operate a range of transfer incentive schemes to down size, which might include cash payments to move from a large to small property although funding is limited. Mutual exchange services such as Home Swapper would also be encouraged. These incentives will continue to operate under the New Affordable Rent tenancies.

Priority would be given to assist mobility of tenants for work purpose. It was suggested that this should also include moves into shared ownership or New Affordable Rent products or Right to Buy options (only applicable to LA housing stock).

Under occupation

Under occupation is recognised as a significant issue in the sub region (see TGSE Housing Strategy and SHMA), however, it is more common in the private housing sector.

Generally, a more joined up approach is sought between RPs and LAs to address under occupation, for example through developing joint incentives and data sharing across the sub region.

Housing Benefit data should be analysed to determine the level of under occupation amongst social housing tenants. This should be further supplemented by RP data from local assessments / audits. The impact of Housing Benefit / Universal Credit (once fully known when the Welfare Bill is in-acted) will need to be monitored closely too. Where RPs have undertaken more detailed segmentation of tenants to identify affected households and initiated a course of action, their experience should be shared across the sub region.

Partners will be encouraged to use the latest models / toolkits that become available to assess the impact of Universal Credit such as the Chartered Institute of Housing's toolkit for providers "Making it fit – preparing for the Welfare Reform size criteria"

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For example, if a tenant needs to down size from a 3 bed to 1 bed flat, the change in Housing Benefit or Universal Credit is likely to be significant. The impact on vulnerable groups and in particular the elderly needs to be carefully monitored.

Properties with adaptation

Adaptations can be made to homes to make them easier to access facilities within them. Measures such as adapting for wheel chair use can be expensive and when there has been a change in circumstances in the property, i.e. the facilities are no longer needed by the current tenants; there could be reason to re house the tenant and re allocate the property to somebody in need of such facilities. This will be assessed on a case by case basis rather than a blanket policy for certain groups, thus giving local authorities the flexibility to deal with these cases on an individual basis in line with clauses placed in tenancy agreements and to ensure that adaptation budgets can be managed accordingly.

If elderly, there should be criteria that safeguards older and vulnerable tenants. This was considered important because adapted properties unless they are in the right location can be hard to let. Such Criteria might include a resident over 60 years of age living in sheltered housing or a tenant who has a disability or a debilitating illness. There was a general recognition of the need to hold on to properties that are adapted for people that need the facilities. New affordable tenancies will allow providers to better manage their housing stock and meet local need.

Requirements of specific groups

It is important that housing meets the needs of specific groups e.g. older people or people with learning difficulties.

Special consideration should be given to somebody of retirement age moving into an adapted property which meets their current needs where it might be more sensible to offer a tenancy for life rather than a short term flexible tenancy. This would be applicable to joint tenancies too.

For other groups, it was important to consider them on an individual basis. There was general consensus around the need to avoid the opportunity for tenancies to be subject to succession rights. Again, flexible tenancies will help make the property become available to new tenants.

If a property is no longer suitable for someone's needs (eg they need to downsize), then RPs must make every effort to find another property for the tenant.

Tenure options

Unless there has been a significant change in circumstances following a review of a tenancy, there would be a presumption in favour of renewing the tenancy for a further 5 years.

When determining whether there has been a significant change in circumstances, housing officers will take the following into consideration on renewal:

- Has the property become under occupied (is one spare bed room acceptable?) or property over occupied since the commencement of the tenancy period?

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- Does the property still remain suitable in terms of meeting the needs of the tenant?
- Are there any special circumstances that might make the re-housing of the tenant necessary (e.g. anti social behaviour)?
- Have there been any other significant changes in the circumstance of the tenant, particularly in relation to adaptations (e.g. change in employment / household income)?

The responsibility of the review will rest with the stock holding partner and should be taken at least 6 months prior to the end of any fixed term tenure. However, the relevant local authority will have a monitoring role over the process to ensure that it is compliant with their Strategic Tenancy Strategy.

Conversion of stock

Decisions on the conversion of existing stock to Affordable Rent should be determined by the LA and RP based on up to date housing market information including affordability, local housing needs, neighbourhood level issues and the requirements for RPs to generate revenue for re-investment for affordable housing within the locality. Life time tenancies and those subject to LA stock transfers should be safeguarded. Ensuring homes remain affordable will remain a key policy objective in the sub region.

Details of the current housing stock including the type, size and tenure of available across the sub region and demand should be monitored closely through the RP Forum to see what impact the introduction of flexible tenancies is having on affordability and to ensure that any strategic issues can be addressed.

Disposal of stock

TGSE partners in general terms would not wish to see the disposal of stock, however, in certain circumstances this may be justified, provided it allows for future re- investment in the locality.

Local authorities would require notification of RPs intentions to sell property on the open market or to pass it to another social landlord or indeed a local authority. Should the property be sold, then the money should be reinvested in the area.

Working families

Providing support to working families on low income forms part of the overall policy objective to create sustainable and well balanced communities. Some partners are developing criteria in their allocation policies that can be used to prioritise low income groups in employment; others are seeking to introduce it or are currently unable to prioritise it because they need to test the proposition with their Members.

It is recommended that the following criteria should be used:

- Income caps to be introduced in line with the Government's shared ownership model (£60K) to ensure that the policy effectively targets low income groups in the sub region
- Suitable proof of employment / voluntary work should be furnished
- Change to circumstance to be monitored

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It is recognised that if new criteria are adopted, changes will need to be made to local allocation policies. This should form part of an overall aim to streamline allocation / letting policies in the sub region. Local letting policies could be used as a vehicle to deliver such policy objectives at a more local neighbourhood level, further details are set out in the next section.

Local letting plans

Local authorities / RPs might decide that a local letting plan is appropriate for managing communities, perhaps in response to a problem or to meet wider objectives of for example sustainable communities or greener homes. Local Lettings Plans should where possible be aligned with the corporate / local strategies of RPs and LAs to deliver homes and sustainable communities.

A local letting policy could for example seek a minimum 20% of allocations to working families subject to income thresholds (including volunteering and part time working) A review process would need to be put in place should the circumstances of individual tenants change.

Homelessness duty

The Localism Act introduces changes to the duty to accommodate which is owed by the local authorities to households who have been assessed as statutory homeless. Local authorities can now discharge their duty with an offer of suitable accommodation in the private rented sector.

In South Essex there is limited capacity to do this because the supply of private rented housing is low. This is particularly true in Rochford and Castle Point and also because landlords do not always wish to accept homeless placements. Alternatives include placing homeless in another borough's private rented sector, however there is a duty to let the borough concerned know. The duty to re-house lasts up to two years in order to minimise the revolving door syndrome. Bringing empty properties in the private sector back into use specifically for homeless accommodation is one such measure that can address the situation.

5. Equality Impact Assessment (EIA)

This assesses the likely or actual effect of policies or services on people in respect of disability, gender and racial equality. The purpose of the assessment is to pre-empt the possibility that a proposed policy could affect some groups unfavourably.

An initial EIA was undertaken in July-August 2012 and looked at the impact of the Strategy on a range of groups including vulnerable people. It concludes that the Strategy is unlikely to have significant adverse impact provided the local tenancy strategies / allocation policies continue to be flexible where vulnerable people are concerned. An action plan has been prepared with the Assessment addressing the need identified for ongoing monitoring and needs of special groups. (The Assessment can be made available on request from the TGSE Strategy Coordinator: apollock@castlepoint.gov.uk).

6. Consultation with Registered Providers

A ten week consultation period with Registered Providers on the draft Tenancy Strategy is considered appropriate. Individual tenancy / allocation policies need to be more widely consulted upon with tenants.

Some RP partners are already consulting with tenants on their policies. It was recognised, however, that the changes were unlikely to affect existing tenants but new ones. There was a potential risk that some tenants would be confused by the changes and there was a need to be careful regarding how one explained the flexible nature of the New Affordable Rent tenancies.

7. How we will monitor the impact of choices South Essex

It is proposed that the TGSE Housing Group / Allocations Group would support local authorities in their role of monitoring and reviewing the effectiveness of the Strategy. This would include trends relating to housing need, homelessness, reviewing effectiveness of allocation policy, rent levels across all tenure, number of new homes built including affordability and monitoring of receipts of Universal Credit against a household's overall ability to maintain a tenancy.

Monitoring and compliance will be enforced through a suitably worded clause in a future Section 106 agreement. LDF policies should also support the requirement for balanced and sustainable communities.

8. Supporting information - Housing market and evidence base

One of the key purposes for collecting and reviewing data is to establish an evidence base to support an affordable rent threshold, monitor changes in tenure and assess under or over occupation.

Key data should encompass: housing stock / tenure (type and ownership), household income, income status of tenants, number of people living in a property, tenants on Housing Benefit / Universal Credit, and average length of tenancies, house prices, rent levels and affordable rent thresholds.

By sharing data, LA and RP partners will be able to build a more accurate profile of local existing and future tenants. Determining for example how many households are in employment and the levels of occupation in social and affordable rented accommodation will assist our understanding of local communities and influence local tenancy strategies / policies. Developing links with Housing Benefit team will be necessary as well as accessing external data sources such as CACI for household income data. The TGSE SHMA will provide much of this evidence base.

Supporting Annex

Annex A Consultation questions.

Annex B Housing supply in the sub region: Housing stock / tenure, rent etc.

Annex C Housing demand: tenant profile, household income, needs of special groups

Annex D Monitoring and performance: fixed term tenancy / affordable rented homes

Annex E Local authority individual requirements and sign posting

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Annex A - Consultation questions

Q1. Has the consultation to date been adequate? If not, how could it be improved?

Q2. Do you think the Tenancy Strategy will have a role in delivering a sustainable and well balanced housing market in TGSE, if not what other measures might partners wish to consider?

Q3. Is five years an acceptable tenancy period to offer future tenants? Would there be any circumstances when you might wish to offer a shorter tenancy period?

Q4. Do think the existing measures are sufficient to enable down sizing or are there any further incentives that could be offered by your organisation? If so, how might they be best promoted in the sub region?

Q5. Have you undertaken any modelling of how universal credit might affect tenants in your properties? Have you had discussions with your local authority partners on how to minimise the impact on vulnerable groups?

Q6. Do you have examples of criteria that might be applied to safe guard older vulnerable people?

Q7. Finding another suitable property that meets the needs of the individual may not be easy. How will you ensure that the properties being offered are both suitable and provide an adequate level of choice?

Q8. Are the criteria cited above sufficient to determine whether or not a tenancy can be renewed?

Q9. Are you prepared to share with local authority partners your current and future plans for conversion of stock and how will you take on board comments received from local authorities?

Q10. Some local authorities are unsure whether they are going to introduce policies that prioritise low income working families. Do you accept the criteria for determining who might be prioritised for tenancies, particularly in relation how affordability is calculated?

Q11. Will you be operating a local letting plan in the TGSE sub region or be prepared to work with a local authority to develop one?

Q12. Given the limited capacity of the private rented sector in TGSE, local authorities are considering the option of setting up a local letting agency to more effectively manage the supply of private sector housing. Will you be willing to work with such an agency in the future?

Q13. Are you satisfied with the monitoring arrangements in the Strategy particularly in relation to annex C?

Q14. Is there any evidence base information missing that you would like to see included in the annex A/B?

TGSE Tenancy Strategy Appendices

Annex B – Housing supply in the sub region

Housing Stock

LA Name	Region	Local Authority (incl. owned by other LAs)	Housing association	Other public sector	Private sector	Total
Basildon	E	11,596	5,327	64	56,450	73,430
Castle Point	E	1,537	486	0	35,120	37,140
Rochford	E	1	2,725	170	31,410	34,300
Southend	E	6,165	3,257	0	67,700	77,120
Thurrock	E	10,322	1,347	0	52,780	64,450
Total		29,621	13,142	234	243,460	286,440
Regional						
East of England	E	163,433	231,745	8,419	2,099,000	2,502,600
London	L	421,645	370,300	6,337	2,502,200	3,300,500
South East	SE	181,216	310,129	20,665	3,148,700	3,660,700
ENGLAND		1,785,845	2,242,657	65,491	18,599,000	22,693,000

Source: HSSA 2010/11

Annex C – Housing demand / prices / earnings in the sub region

TGSE Housing Register by LA

	Basildon	Castle Point	Southend-on-Sea	Thurrock	Rochford
2003	3,027	937	2,272	5,394	582
2004	3,178	1,255	2,981	9,469	681
2005	2,796	782	3,756	3,066	631
2006	2,529	1,064	3,496	2,950	899
2007	4,084	1,437	3,463	2,823	353
2008	2,053	1,465	3,463	2,502	442
2009	3,209	1,374	4,094	2,087	405

Source: Hometrack / CoRE

Household Composition - General Needs

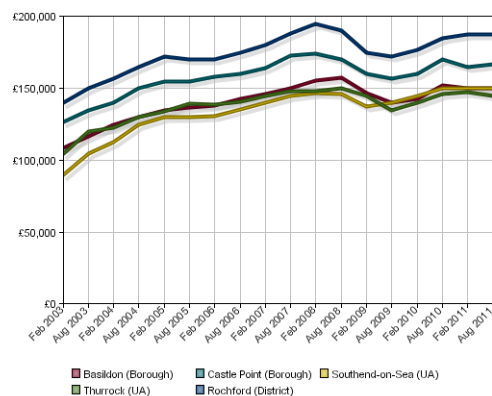
	Basildon	Castle Point	Southend-on-Sea	Thurrock	Rochford
1 elder	2.44%	4.21%	2.09%	0.89%	10.45%
2 elders	0.22%	3.16%	1.39%	0.45%	7.46%
1 adult	41.91%	37.89%	36.19%	25.06%	34.33%
2 adults	6.21%	8.42%	5.10%	3.80%	7.46%
1 adult & 1+ children	24.39%	32.63%	25.52%	26.40%	20.90%
2+ adults & 1+ children	20.18%	7.37%	15.55%	20.36%	11.94%
Other	4.66%	6.32%	13.92%	8.05%	7.46%
Unknown			0.23%	14.99%	

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Net annual housing need – SHMA Update 2010

	Basildon	Castle Point	Rochford	Southend	Thurrock	TGSE
Net annual affordable housing need to 2021	356	311	196	430	439	1,732

Lower Quartile Price– Overall



	Basildon	Castle Point	Southend-on-Sea	Thurrock	Rochford
1 bed Prices (Flat)	83,500	106,500	88,000	80,000	79,000
2 bed Prices (Flat)	118,500	124,995	120,000	113,000	124,375
2 bed Prices (House)	141,000	165,000	153,000	146,000	175,000
3 bed Prices (House)	155,000	179,000	175,000	162,000	200,000
4 bed Prices (House)	250,000	225,000	235,000	241,500	242,750

Lower Quartile House Prices and cost of renting

	Basildon	Castle	Southend-	Thurrock	Rochford
Housing Association Rent	71.1	73.8	69.4	73.6	67.8
Private - 30th Percentile	126	126	114	126	121
Private - 80% Median	106	110	97	106	106
Private - Median	132	137	121	132	132
Private - Upper Quartile	138	150	132	138	138
Difference between HA &	34.9	36.2	27.6	32.4	38.2

Source: Hometrack (November 2011)

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Household earnings (September 2011)

Household number by Local Authority	Thurrock	Basildon	Castle Point	Southend	Rochford
Income bracket £					
0k-5k	1738	2069	1011	2169	851
5k-10k	4267	5053	2489	5295	2113
10k-15k	5460	6415	3208	6663	2761
15k-20k	6077	7068	3597	7270	3147
20k-25k	6173	7114	3627	7243	3271
25k-30k	5897	6744	3513	6788	3190
30k-35k	5401	6144	3214	6100	2973
35k-40k	4807	5448	2848	5326	2685
40k-45k	4194	4743	2468	4560	2371
45k-50k	3610	4079	2105	3851	2061
50k-55k	3087	3479	1776	3223	1771
55k-60k	2607	2950	1488	2683	1510
60k-65k	2200	2494	1240	2225	1281
65k-70k	1853	2103	1030	1842	1083
70k-75k	1558	1773	855	1524	913
75k-80k	1310	1494	709	1261	769
80k-85k	1102	1259	588	1044	648
85k-90k	927	1063	488	866	546
90k-95k	782	898	405	720	460
95k-100k	660	760	337	599	388
100k+	3122	3638	1491	2664	1823
TOTAL	66832	76788	38487	73916	36615

Source: Hometrack / CACI

Annex D – Monitoring and Performance

Registered Provider	Tenancy Period of 5 years?	Mobility Scheme In place?	Under occupation incentives?	Older People Priority?	Working Families Criteria?	Government Shared Ownership model? (£60k)
A	Yes / No	Yes / No	Yes / No	Yes / No	Yes / No	Yes / No
B						
C						
D						
E						
F						
G						

Annex E – Local Authority requirements and sign posting *(to be completed)*

Basildon

Castle Point

Rochford

Southend

Thurrock