

SLDC Housing Advisory Group Meeting

31 October 2013 at 10.00 – Georgian Room, Kendal Town Hall

AGENDA

1. Welcome and apologies
2. Lancaster co-housing development: Dr Jan Maskell
3. Right to Buy in rural areas: Peter Thomas
4. Affordable House Price Review 2013 (see attached): Tony Whittaker
5. Tenancy Strategy review (see attached): Julie Jackson
6. Any other business
7. Next meeting: 13 February 2014

Affordable House Price Review 2013

Median Income

2013	£25,780	-3.12%
2012	£26,611	
2011	£28,052	

Median House Price

2013	£196,326	-5.93%
2012	£208,709	
2011	£210,977	

Median Income to Median House Price Ratio

2013	7.6	-0.2
2012	7.8	
2011	7.5	

Households in Need of Affordable Housing

	Total
2006	3425
2011	3200

Current Affordable House Prices

1 bed flat	£70,000
2 bed flat	£80,000
2 bed house or bungalow	£95,000
3 bed house	£110,000
4 bed house	£125,000

South Lakeland District Council
Housing Advisory Group
31 October 2013
TENANCY STRATEGY MONITORING

1.0 Introduction

1.1 The South Lakeland District Council and Eden District Council Tenancy Strategy was published in January 2013 in response to The Localism Act 2011 which placed a duty on local authorities to produce a Tenancy Strategy that will:-

(a) Set out high level objectives to which Registered Providers should 'have regard to' when formulating their own policies on:-

The types of tenancies they will grant;

The circumstances in which they will grant a tenancy of a particular kind;

Where they grant tenancies for a term certain, the length of the terms; and

The circumstances in which they will grant a further tenancy on the expiry of an existing tenancy.

(b) Summarise or refer to Registered Providers' Tenancy Policies

The Tenancy Strategy set out that it will be regularly monitored in relation to:

- The effects of flexible tenancies where these are introduced
- Rent levels and prevailing incomes
- Reviewing the application of the allocations policy
- Registered Provider activity such as new build and affordable rented properties and rent levels
- Registered Provider policy decisions in relation to the use of flexible tenancies
- Homelessness presentations

In order to monitor the effects of the Tenancy Strategy recommendations Registered Providers with housing stock in South Lakeland have been contacted to gather data on the above. Additionally, a desktop review has been undertaken to gather information on affordable rents, moves via Choice Based Lettings (Cumbria Choice) to smaller accommodation due to the bedroom tax. The recommendations contained within the Tenancy Strategy published January 2013 are set out in Appendix 1 of this report.

2.0 Use of Flexible Tenancies

Registered Providers with housing stock in South Lakeland were contacted to confirm whether they have used flexible tenancies or not since they were introduced under the Localism Act.

None of the Registered Providers have made use of the flexible tenancy in South Lakeland. All but one Registered Provider have stated that they do not intend to make use of flexible tenancies at this time. Therefore, there has been no impact in South Lakeland of this policy.

2.1 Recommendation

It is recommended that the use of flexible tenancies be considered in the next monitoring review to see if this position has changed and any impacts of changes in the application of this policy.

3.0 Rent Levels and Income

3.1 Rent conversions from social rent to affordable rent

The Tenancy Strategy recognised that there is a need to secure more capital funding to increase the supply of affordable homes and that the affordable rent programme is one of the few ways to do so. However, this needs to be balanced with community sustainability, particularly in rural areas. Therefore one of the key recommendations from the Tenancy Strategy was to limit rent conversions

to key service centres of Kendal, Ulverston, Grange over Sands, Kirkby Lonsdale, Milnthorpe, Windermere, Ambleside, Sedbergh, Alston, Appleby, Kirkby Stephen and Penrith.

Registered Providers were asked how many, if any, properties have been converted to affordable rents from a lower social rent. Additionally, Registered Providers were asked the location of properties that had been converted to the higher affordable rent. The majority of Registered Providers have not converted any properties from social to affordable rent. Movement on this has been fairly slow nationally and it is likely that the Government will incentivise Registered Providers to convert more properties on relet.

There were 33 conversions from social rent to affordable rent from 1.4.12 to 1.4.13. Of these 7 were in rural areas. However, it should be borne in mind that these were agreed with the Homes and Communities Agency prior to the development of the Tenancy Strategy and future conversions are likely to be in accordance with the Tenancy Strategy recommendations.

3.2 Rent Levels and Affordability

Irrespective of whether a property is let on an affordable or social rent, providing the ingoing tenants are in receipt of full housing benefit, the rent is likely to be affordable. However, those households on full housing benefit who rent a property with a higher rent are effectively caught in a benefit trap in the knowledge that if they should start work they would have to be earning a certain level of income before the rent would be affordable. The majority of lets carried out in 2011-12 are to people who are receiving some form of benefits, either full or part totalling 73% of the total.

3.1.1 Income

Analysis of CORE data for 2011-12 and 2012-13 reveals how many new tenants are in receipt of full or part state benefits compared to those who do not receive any benefits at all.

Benefits 2011-12	Number 2011-12 Social Rented	%	Number 2012-13 Social Rented	%	Number 2012-13 Affordable Rented	%
All from state benefits/pensions	96	41.6	89	38.53	18	54.55
Partly from state benefits/pensions	71	30.7	90	39	11	33.33
No state benefits/pensions	52	22.5	47	20.35	4	12.12
Don't know	11	4.8	4	1.73	-	-
Blank	1	0.4	1	0.4	-	-
Grand Total	231	100	231	100	33	100

Whilst the number of relets for affordable rents are low and it is perhaps too early to detect a trend, it is interesting to note that proportionately more tenants on an affordable rent are reliant on state benefits/pensions than those on a social rent. The mean, median and lower quartile income levels are set out below. As would be expected from the fact that the majority of affordable rented property tenants are benefit reliant, the income levels for these tenants are somewhat lower than for the tenants of social rented properties.

Income	2012/13 Social Rented	2012/13 Affordable Rented	2011/12 Social Rented
Median	250	191.3	240.3
Mean	267.15	200.52	270.5
Lower quartile	194.78	121.58	150.3

A similar picture emerges when looking at the extent to which new tenants are in receipt of Housing Benefit. As rents have increased from 2011-12 so has the reliance on Housing Benefit to pay for it.

Qualify for HB	Total 2012/13 Social Rented	%	Total 2012/13 Affordable Rented	%	Total 2011/12 Social Rented	%
Yes	145	62.8	26	78.8	131	56.71
No	60	26	4	12.1	68	29.44
Don't know	25	10.8	3	9	31	13.42
Blank	1	0		100	1	0.43
Grand Total	231	100	33	100	231	100

3.1.2 Rents

Information on rent levels based on the number of bedrooms was analysed from 2011-12 to 2012-13. There were no affordable rented properties let in 2011-12. Typically rents rose by around 20% from social rented level to the affordable rented level.

Number of Bedrooms	Median Social Rents 2012-13	Median Affordable Rents 2012-13	% Difference	Mean Social Rents 2012-13	Mean Affordable Rents 2012-13	% Difference
1 bed	72.92	87.12	19.4	75.91	88.63	16.76
2 bed	83.73	106.15	26.78	85.37	103.83	21.62
3 bed	92.58	111.63	20.58	93.67	113.48	21.15
4 bed	100.57	-	-	103.01		

Social rents have been undergoing rent restructuring since 2002 to align social sector rents by 2012, the target date having since been revised to 2015-16. Therefore, the social rented homes have been further analysed to see to what extent social rents have risen from the period 2011-12 to 2012-13. As can be seen even if affordable rents had not been introduced rents would have risen by up to 15%.

Number of Bedrooms	Median Social Rents 11/12	Median Social Rents 12/13	% Difference	Mean Social Rents 11/12	Mean Social Rents 12/13	% Difference
1 bed	67.43	72.92	8.14	-	75.91	
2 bed	74.66	83.73	12.15	76.91	85.37	11
3 bed	80.63	92.58	14.82	84.83	93.67	10.42
4 bed	131.75	100.57	-23.67	131.75	103.01	-21.81
5 bed	95.66	-		95.66		

It should be noted that there were very few 4 bedroom homes (only 1 in 2011-12) and 5 (only 1 in 2011-12) bedroom homes let so these particular figures should be treated with caution.

3.2 Under occupancy

There are 480 tenants currently under occupying social housing (418 by 1 bedroom and 62 by 2 bedrooms) (19.8.13) Registered Providers are facing an uphill struggle to assist those people who have not paid anything towards the shortfall and those who are paying part of the shortfall. The resultant impact being reduced rental income affecting the overall business and the potential for more possession actions being taken against non-payers with all the associated costs of this. South Lakes Housing, South Lakeland's largest Registered Provider has seen the annual debit rise from 1.7 in quarter 1 of 2012 to 2.1 in the same period in 2013. The Tenancy Strategy gave a number of recommendations in relation to under occupancy. One of the recommendations was to give additional priority via Cumbria Choice to affected tenants who need to downsize as they are unable

to afford the higher rent. The Allocations Policy has since been amended and approved by the Council to enable this to happen. However, there was no information available directly from Cumbria Choice due to an unavoidable delay in the update of the Cumbria Choice web-site. This information should be available for the next monitoring review. Registered Providers have deployed some or all of the following methods to assist affected tenants:-

Registered Provider Initiatives
Letter/information sent to affected tenants
Home visits
Refer Benefits Advice
Employment of debt advisers
Downsizing incentive scheme
Promote mutual exchange (use of Homeswapper, advertising etc)
Promoting direct debit
Use of AllPay out of hours service with phone app to pay rent
Access to IT to assist tenants in making Universal Credit claims
Revision of Cumbria Choice to improve priority to downsizers affected by Welfare Reform
Lodging Scheme to encourage tenants to take in lodgers
Support in setting up South Lakes Credit Union to offer jam jar accounts to help tenants budget
Advice via Tenant Newsletters
Use of web-site, e.g. with links to advice and 'money matters'
Additional form at sign-up for new tenants to commit to pay additional rent costs themselves where they may be under occupying
Additional information at sign up re welfare reform
Staff training
Referral to furniture scheme
Speed dating events

The Welfare Reform Task Group chaired by Cumbria County Council was established to share information and practice in tackling issues around the reforms including the social size criteria. A link to the Welfare Reform Task Group has been made by the Cumbria Housing Group's Research and Information Expert Group.

3.2.1 Discretionary Housing Payments

Data from the Revenues and Benefits Section shows a significant increase in applications since last year with only 33 applications in 2012 and 139 applications up to June 2013.

Discretionary Housing Payments	2012	2013
February	9	23
March	6	30
April	4	30
May	5	28
June	9	28
Total	33	139

3.2.2 Mutual Exchanges/Transfers

Data provided by Registered Providers shows that for 2012-13, 26 households were assisted to downsize either by a transfer or by a mutual exchange. Some households' circumstances changed between the Tenancy Strategy being published in January 2013, which initially showed 552 affected households. Some households have become eligible for full housing benefit as a member of the household had reached the appropriate age where it is deemed that they need another bedroom, some households have come off benefits and into work, some households who were near retirement age have reached this age and therefore the policy no longer applies etc.

Registered Provider	Transfer	Mutual Exchange
Home Group	1	2
Impact	1	0
South Lakes Housing	17	9
Total	19	11

3.2.3 CORE Data on under occupancy

The Tenancy Strategy recommended that in some cases Registered Providers consider allowing tenants to under occupy. Analysis of CORE data shows that in 2012-13 some new social rented tenants were able to obtain properties that could be classed as too big for their needs using the social size criteria, i.e. single person households accessing 2 bedroom properties. Therefore, it would appear that there is a degree of flexibility allowed at present.

Total No of Household Members	1 Bed	2 Beds	3 Beds	4 Beds	Grand Total
0		3			3
1	39	43	1		83
2	5	50	2		57
3		17	20		37
4		3	28	1	32
5			10	4	14
6			3	1	4
7				1	1
Grand Total	44	116	64	7	231

3.3 Homelessness

As there have been no flexible tenancies introduced there has been no impact on homeless presentations for the period 1 April 2012 – 1 April 2013 due to this. The impact of the welfare reforms is likely to have a greater impact, in particular the bedroom tax. However, homelessness presentations and acceptances have decreased from the period 2011 – 2012 when 356 people presented as homeless to only 82 in 2012 – 2013. None of the cases in 2012 – 2013 have been as a result of rent arrears with Registered Providers. However, as the 'Bedroom Tax' has only recently been introduced it is too early to say what the impact will be and given that arrears have increased since its introduction there is likely to be a resultant increase in evictions as a result. Therefore, it is of increasing importance that tenants struggling to pay are assisted in applying for Discretionary Housing Payments which is happening and also are referred to Housing Options Advisers at the Council, particularly where possession action is being pursued.

Reason for homelessness (accepted cases, i.e. owed a full duty)	1.4.12 – 31.3.13
Parents no longer willing/able to accommodate	3
Other relatives or friends no longer willing/able to accommodate	5

Non violent breakdown of relationship with partner	3
Violence Domestic Violence	2
Violence - other	1
Harassment	0
Mortgage arrears	0
Rent arrears Registered Provider	0
Rent arrears Private	0
Loss of rented or tied accommodation	11
Other	2
Total accepted cases	27

3.4 Registered Provider Activity – new build

During the period 1 April 2012 to 31 March 2013 there have been 69 affordable housing completions. Of these, 6 were affordable rents. There is forecast to be an increased number of completions in 2013 – 2014. With reduced grant rates the Council predicts that the majority of affordable housing completions in the future will arise from private developments. It is likely that the majority of Registered Provider new build properties will be let at an affordable rent in future in order to secure future investment into more new build affordable rented properties.

4.0 New Recommendations

- It is recommended that the use of flexible tenancies be considered in the next monitoring review due to report in October 2014 to see if this position has changed and any impacts of changes in the application of this policy.
- All Registered Providers, who do not already, to offer tenants free access to Home Swapper, the National mutual exchange scheme.
- In order to further protect rural sustainability it is recommended that a procedure be established so that the Council is consulted when a Registered Provider is considering converting a property from a social rent to an affordable rent in a rural area.
- Registered Providers share good practice in the promotion of mutual exchanges, taking in lodgers through the Welfare Reform Task Group.

5.0 Conclusion

It is less than a year since the Tenancy Strategy was published and at this early stage it would appear that recommendations are largely being followed. However, it is early days and further monitoring is required to ensure that this remains the case. The key issues in South Lakeland are to prevent homelessness, protect rural sustainability and ensure that properties remain affordable as well as maintaining a mix of social and affordable rented properties, though the Council recognises the need to secure investment through the affordable rent product to enable more homes to be built.

Tenancy Strategy Recommendations

Flexible/Fixed Term Tenancies

- That on review in the majority of cases these tenancies should be renewed in order to maintain stable communities, except for those circumstances outlined within Table 1a
- When allocating fixed-term tenancies Registered Providers should be clear on the circumstances whereby the tenancy is to be renewed or terminated with the incoming tenant(s).
- Registered Providers should take part in the initiative to set up an early warning system under the Homelessness Strategy for all tenancies that may not be renewed or where the household is struggling to maintain the tenancy due to rent arrears and/or anti-social behaviour. Such a system will ensure that Housing Options Teams can apply early interventions such as floating support, debt advice etc to prevent homelessness.
- Registered Providers will need to consider the review process and have a system in place to carry out a review of a flexible tenancy as required by the Localism Act.
- Older people living in extra care and sheltered housing and people living in supported housing should not be granted a flexible tenancy. People living in supported housing are most likely to be on a licence.
- Registered Providers should consider not granting flexible tenancies to households with school age children, unless the tenancy can be automatically renewed so that there is stability in the schooling.
- In order to maintain stable communities in rural areas we would not expect flexible tenancies to be used outside of the Key Service Centres of Kendal, Ulverston, Grange over Sands, Kirkby Lonsdale, Sedbergh, Windermere, Ambleside, Alston, Appleby, Kirkby Stephen and Penrith) except in a minority of cases where this may be appropriate. Registered Providers should discuss options around shared ownership and discounted sale properties with households when undertaking a review of the tenancy. This would assist households who are able to benefit from these options as well as releasing a rented property for those households in need of it.
- Flexible/fixed term tenancies should be for no less than five years

Tenancy Policies

- Registered Providers should review their Tenancy Policy should Government Regulations stipulate that they can charge the full rent if a household earns in excess of the prescribed amount (this is yet to be determined)

Regulation of Social Housing

- We are keen to ensure that Registered Providers have consistent standards in place in relation to regulation by working collaboratively.
- Tenants should be consulted on any changes to take account of the reduced role of the Government in this regard.
- Registered Providers to stipulate in their Tenancy Policies how the regulatory process will work in practice, including the role of tenants.
- Providers are encouraged to make use of training from organisations such as the Tenant Participatory Advisory Service who run regulation training for tenants and staff.
- Registered Providers need to take account of and co-operate with the strategic housing role of local authorities, for example by making homes available for the homeless.

Allocating Affordable and Social Rented Properties

- The Allocation Policy (Cumbria Choice) is regularly reviewed and consideration be given in future for affordable rented properties to be allocated to households who are not solely reliant on housing benefit and who may be working already. Checks are carried out by Registered Providers to ensure that the rents can be afforded by the ingoing tenant(s) before an offer is made
- Consideration be given to how social rented homes are allocated under Cumbria Choice to ensure they are let to those households in greatest need of the lower rent
- Statistics are gathered showing vacancy reasons and any properties that become vacant more than once are highlighted

Affordable Rent Conversions

- There should be a limit on the number of relets that are converted to affordable rents to maintain a supply of social rented homes. It is recommended that Registered Providers consult the Council when considering how many conversions will take place in future bidding rounds with the Homes and Communities Agency.
- Where conversions are being considered Registered Providers should consult with the Council concerning the percentage of rent to be charged. This is due to the fact that there are likely to be existing planning obligations that may restrict rent set out within Section 106 agreements or covenants. Additionally, the Council will advise on local income levels in particular localities to ensure that the affordable rents are affordable.
- Larger 3 and 4 bedroom properties should remain within the Local Housing Allowance limits to ensure future affordability in light of the introduction of Universal Credit
- Ingoing tenants should receive advice and guidance on affordability to ensure that they can afford the rents.
- Tenants who begin to struggle to meet rent payments should be referred to the Housing Options Team for advice and guidance to reduce and prevent homelessness.
- Ensure that a range of property types are available for both social rent and affordable rent.
- Conversions should in most cases be limited to key service centres, i.e. Kendal, Ulverston, Grange over Sands, Kirkby Lonsdale, Milnthorpe, Windermere, Ambleside, Sedbergh, Alston, Appleby, Kirkby Stephen and Penrith where there is a greater number of relets¹, thus protecting the sustainability and affordability of rural localities.

New Build Affordable Rented Properties

- Registered Providers should continue to consult the Council's Strategic Housing Section with regard to affordable rents so these can be based on local income data.
- Registered Providers should explore other avenues of providing social rented properties without Homes and Communities Agency funding
- Registered Providers should look to the Council's statements reflected in the Core Strategy relating to affordable prices for new build properties. This is based on the South Lakeland Strategic Housing Market Assessment 2011 and Eden Strategic Housing Market Assessment 2009.

Under occupancy and Overcrowding

- Registered Providers set up a system to map the number of under occupying households and contact tenants to discuss their needs and aspirations, for example tenancy audits
- Registered Providers consider access to tenants to the national home swapper scheme and other options such as working with other local Registered Providers to publicise and enable mutual exchanges or other moves, for example a matching service to match under occupying households with overcrowded households (right size package)
- Where one or each party has arrears this should not preclude them from a mutual exchange, particularly where a household is affected by welfare reform, in order to improve under occupancy and overcrowding issues
- Registered Providers consider allowing tenants to take in lodgers where appropriate and where this is not already offered under the terms of the Tenancy Agreement
- Registered Providers consider incentive schemes (unless this is already offered) that offer assistance (such as organising removals/connections/informing utilities etc, handyman for putting up curtains, shelves and other small jobs in the new home, small scale decorating charges covered) and/or financial support to enable under occupiers to move
- Registered Providers consider publicising the scheme to encourage take up, for example using flyers, tenant newsletters, web-site, holding events on housing options particularly geared around older people
- Registered Providers could seek referrals from adult social care, Citizens' Advice Bureau etc to be made aware of tenants who are struggling to meet their bills so they can be made aware of options to downsize and reduce outgoings
- Review priority under the allocations scheme (Cumbria Choice) for under occupiers to allow greater priority to move
- In certain circumstances, Registered Providers may wish to allow under occupancy by no more than one bedroom. For example, for a household who requires a carer to stay overnight on occasions
- Registered Providers carry out regular audits of tenants to reveal under occupiers and households who are overcrowded
- During a review of a flexible tenancy overcrowded tenants could be assisted to move to alternative accommodation either via a mutual exchange or through bidding through Cumbria Choice or obtaining private rented or low cost home ownership options

Tenancy Fraud

- Registered Providers carry out regular audits of tenants to reveal cases of tenancy fraud
- Registered Providers encourage neighbours to report suspected incidents of fraud, for example through tenant newsletters, web-site and posters
- Information is sought from energy companies where fraud is suspected in line with forthcoming regulations to oblige energy companies to release this information

Succession and assignment

- Registered Providers ensure tenancy agreements comply with their tenancy policies in respect of assignment and succession.
- In making changes to tenancy agreement that Registered Providers follow the correct legal process.
- Where a household does not qualify to succeed to a tenancy or have a tenancy assigned to them it is recommended that Registered Providers contact Housing Options Teams at the