

South Lakeland District Council and Eden District Council

Tenancy Strategy Update 2019

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Background

Section 150 of the Localism Act 2011 requires Local Authorities to prepare and publish a Tenancy Strategy setting out the matters to which Registered Providers (RPs) of social housing for its district are to have regard in formulating policies relating to:

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

Local Authorities need to consult with RPs on any modifications to the Tenancy Strategy. South Lakeland District Council and Eden District Council published the current Tenancy Strategy in 2013.

Review

Section 150 of the Localism Act 2011 provides for Local Authorities to review their Tenancy Strategy from time to time. In carrying out a review of our Tenancy Strategy published in 2013 we have taken into account recent changes in legislation and relevant strategies as noted within this document. Our findings are detailed below.

Although there are some updates there are no substantive changes to our Tenancy Strategy and as such recommendations to our Registered Provider (RPs) partners remain largely unchanged from the Tenancy Strategy 2013 (Appendix C) in addition to any points highlighted in this update. We have summarised the main points in this document but do not intend to wholly duplicate the 2013 Strategy.

Our vision

South Lakeland District Council - Working together to make South Lakeland the best place to live, work and explore.

Eden District Council - A place where people act together to meet the needs of all and ensure the wellbeing of future generations (EDC Council Plan 2019-2023)

Our priorities

- Sustainable communities: to ensure that the Tenancy Strategy supports stability within communities. There is a risk that using flexible/fixed term tenancies may have an adverse effect by moving households on which can then cause wider implications for schools, shops and businesses.

- Making best use of stock: there is a need to address under occupation and overcrowding, make better use of adapted properties and enable RPs to make best use of their stock.
- Assist vulnerable households and reduce risk of homelessness: to ensure that Tenancy Policies introduced by RPs do not have an adverse effect on vulnerable households nor increase homelessness. This links with other strategies, i.e. the Homelessness Strategy, Housing Strategy and the wider agenda around health and wellbeing.

Tenancy Strategy summary of recommendations

Our recommendations remain largely the same as our original Tenancy Strategy. These are set out at Appendix C of this Strategy Update and aim to meet the priorities outlined above.

In summary;

- Sustainable communities: the recommendations set out that where flexible/fixed term tenancies are used that they are renewed, last a minimum of five years and are not used in rural areas outside of Key Service Centres. Additionally, any conversions from a social rent to a higher affordable should be in most cases limited to the Key Service Centres.
- Making best use of stock: the recommendations set out that where there are under occupying households that options and incentives are made available and similarly for overcrowded households to ensure best use is made of housing stock.
- Assist vulnerable households and reduce the risk of homelessness: the recommendations set out that Tenancy Policies operated by RPs do not adversely affect vulnerable households, nor increase homelessness. In particular, where a tenancy is coming to an end RPs need to make an early referral to the Council's Housing Options service to explore other options to prevent homelessness.

Provided that Registered Providers follow the recommendations in Appendix C, the expected outcomes will be that tenancies will be maintained and provided at a rent that can be afforded thereby minimising the risk of homelessness and instability within our communities. Better use will be made of existing stock by encouraging under occupiers to downsize to accommodation that is better suited to their needs where this is possible. These outcomes will then help to achieve the key priorities.

The above priorities are consistent with the new SLDC Homelessness Strategy 2019/2024, Allocations Scheme (Cumbria Choice), Cumbria Housing Statement 2017, South Lakeland District Council Housing Strategy 2016/2025 and the National Housing Strategy. Eden DC and SDLC are reviewing their Housing Strategies. Achieving these priorities cannot be done in isolation and it is expected that RPs, in having regard to the Tenancy Strategy will help to achieve these aims, together with the implementation of the aforementioned Strategies.

Key changes since our 2013 Tenancy Strategy

We have seen the implementation of legislation which affects the provision of housing, such as; the Homelessness Reduction Act 2017 and Housing and Planning Act 2016. The imposition by The Welfare Reform and Work Act 2016 of a 1% reduction on rents charged by social housing providers from April 2016 for four years will have affected investment in properties and development. A 3% stamp duty charge imposed on 'buy to lets' in the private sector could impact the private letting sector either by reduction in supply or increase in rents charged.

The Homes and Communities Agency (HCA) became 'Homes England' in January 2018 (funding and development programmes introduced in 2011 and 2015 were launched under the HCA title). South Lakeland District Council has a revised Strategic Housing Market Assessment 2017 ('SHMA') and has a new Homelessness Strategy. Eden District Council completed a District Wide Housing Needs Survey (DWHNS) at the end of 2018 and has developed a revised Homelessness Strategy.

Housing and Planning Act 2016 update

A Parliamentary Bulletin¹ published September 27 2018 provided the Government's current view on the Housing and Planning Act:

- Fixed Term tenancies: the requirement to only offer fixed term tenancies has been dropped. The Government has no current plans to end secure 'life time' tenancies. Research shows that the Government feels that to impose fixed term tenancies may affect the stability of households and have a negative impact on communities
- Regulations to reduce regulation of housing associations came into effect 16 November 2017
- Voluntary Right to Buy for housing association tenants is not fully in force and a pilot project is being undertaken before the Government makes a final decision, some of the funding elements are in place
- Higher Rent for higher income tenants: the Government has decided not to proceed with a compulsory approach.

Taking into account the Government's current views ensuring sustainable communities, our key recommendations continue to be the avoidance of; fixed term tenancies and voluntary right to buy especially in rural areas. To this end we expect RPs to ensure rents remain at an affordable level in comparison with local incomes particularly in rural areas.

¹ Parliamentary Bulletin: <https://researchbriefings.parliament.uk/ResearchBriefing/Summary/CBP-8229>

Homelessness Reduction Act 2017 key measures

This Act came into force on 3 April 2018 and made a number of changes. It revised and placed a number of duties on local authorities including: the extension of time frame to assist those threatened with homelessness within 28 days to 56 days, the prevention and relief of homelessness even if applicant is not in priority need, a duty on public services to refer applicants suspected to be homeless or at risk of losing their home and to agree a personalised plan.

South Lakeland District Council's new Homelessness Strategy 2019/2024 sets out how the Council will implement the Act and the priorities to prevent homelessness, increase the supply of settled accommodation, ensure that the right support is available to those that need it and to tackle complex needs. A key part of this Homelessness Strategy is partnership working; with RPs, statutory and third sector agencies.

Future

Amongst other proposals, the Government is considering removing the Section 21 Housing Act 1988 'Notice Requiring Possession' provision; a landlord's ability to end an assured shorthold tenancy without providing a reason. The Government are currently analyzing the consultation responses. If this goes through it will impact on the ability to regain possession of a property on an assured shorthold tenancy for both private landlords and RPs. This could have other consequences such as a reduction in supply of private rentals which could increase the demand for and impose more pressure on the provision of affordable housing.

Monitor and Review

Our Tenancy Strategy 2013 stated that we would review the main points below. These are considered in the remainder of this document:

- Effects of fixed term tenancies
- Homeless presentations
- Rent levels and prevailing incomes
- Allocations policy
- RPs ('RP') developments and rent levels
- RP policy decisions regarding fixed and flexible tenancies.

Effects of fixed term tenancies

In line with the Government's current stance of keeping 'life time' tenancies and our Tenancy Strategy, we request that RPs avoid the use of fixed term tenancies where possible. However, our recommendations are made on the assumption that RPs may wish to make use of fixed term tenancies in certain circumstances. As such the council would not be opposed as long as the use of fixed term/flexible tenancies is in line with our

recommendations (Appendix C) and primarily be within Key Service Centres rather than rural areas.

We carried out a survey in January 2019 of our largest RPs in the area (Appendix A). In the South Lakeland area only Home Group Ltd has been using fixed term tenancies and has granted 38 since 2012. Of these only two have not been renewed. SLDC homelessness statistics show below, that there have been no homeless applications following eviction by an RP resulting from the end of a fixed term tenancy.

These figures show that currently there is minimal impact on homeless applications following the ending of fixed terms tenancies by RPs. However, when RPs consider the use of fixed term tenancies, we reiterate our recommendations in Appendix C and that RPs take into account factors contained in Appendix B when considering using and ending fixed terms tenancies. Our recommendations are aimed at maintaining stable communities and protecting rural communities.

Homeless presentations

Year	Homeless applications	Homeless acceptances	Eligible homeless (not in priority need)	Advice and assistance (outcomes recorded)	Advice and assistance (no outcome recorded)	Total presentations
2012/2013	82	27	26	15	29	126
2013/2014	40	15	7	402	51	493
2014/2015	15	4	2	340	32	387
2015/2016	42	26	5	289	18	349
2016/2017	102	22	30	312	15	429
2017/2018	158	47	34	425	22	605
Total	439	141	104	1783	167	2389

SLDC Homelessness Review 2018

Year	Number of Households accessing Council's Homelessness Services	Number of homeless applications received	Number of households whom a full duty is owed
2013/2014	189	43	2
2014/2015	228	31	4
2015/2016	179	33	4
2016/2017	141	22	8
2017/2018	143	27	3
Total	880	156	30

EDC Key Performance Indicator (KPI) Statistics

SLDC's Homelessness Review figures above reflect national increases from 2016. SLDC's Review illustrated that homeless presentations in the South Lakeland area are predominantly due to loss of rented or tied accommodation. This covers all tenures but rent arrears was not an attributable factor. In Eden the highest number of presentations are from single people, aged 25-34. As in South Lakeland, the ending of a private rented tenancy is the most common reason for leaving their last settled accommodation.

SLDC's Homelessness Review showed that since April 2018, out of 100 presentations from tenants (irrespective of whether we owed a duty towards them), 86 were private tenants and 14 were social housing tenants. In Eden during the financial year 2018/2019, 56 presentations were from private rented sector tenants and 16 social housing tenants. A further 39 applications were from people where their family or friends were no longer able to accommodate them.

Further, there was a total of 3,200 households registered on SLDC's Housing Register (Cumbria Choice Based Lettings) at 23 July 2018, of which 844 applicants were in the priority category bands A – C. At this time there were 276 lettings. For Eden there were 1,601 active applicants (as at June 2019) and 230 were classed as being in priority need (bands A-C) and during the period April 2019-June 2019, 64 lettings had been made (as per Cumbria Choice Project Board Reports). These figures demonstrate a significant disparity between availability of low cost housing to rent and those in housing need.

The figures contained in SLDC's Homelessness Review illustrate the importance of ensuring RPs are cautious when using fixed term tenancies and ensure that a considered approach is taken when not renewing a tenancy. This is also the case for Eden as shown in EDC's Homelessness Review. Our key recommendation is that where an RP is considering possession proceedings that a referral is made to the Councils' Housing Options services so that work can be undertaken with the tenant to reduce the risk of homelessness as outlined in each authorities' Homelessness Strategy. This would operate as an early warning system and is currently in place for one of the Council RPs but needs to be extended to all RPs operating in South Lakeland and Eden.

Rent levels and prevailing incomes

The SLDC SHMA 2017 (page 6) shows that 29% of households in the South Lakeland area have an income insufficient to meet social rents without subsidy. The report also illustrates that an annual income of £21,500 would be needed to access a private letting. Eden District Council's District Wide Housing Need Survey (2018) identified that a household income of £20,205 would be required to access social letting accommodation within the Eden District. Additionally, data gathered in 2019 revealed that approximately 9% of households within the Eden area and 6.9% in the SLDC area have an annual income of under £10,000 (CACI Paycheck 2019).

With big statutory changes to the 'buy to let' market, such as; the stamp duty increase, the removal of agents charging tenant fees, Fitness for Habitation Act, Energy Efficiency regulations etc these will inevitably push up market rent levels and potentially reduce supply.

The figures in the tables below show that even at the lower quartile figures, households reliant on welfare benefits to assist with rental payments will find themselves having to meet a short fall in payments each month. Welfare benefit payments to help with rents are paid 4 weekly whereas most private letting rents are payable per month. The weekly Local Housing Allowance Levels as at January 2019:

South Lakeland:

Broad Market Area	Shared accommodation	1 bed	2 bed	3 bed	4 bed
Barrow in Furness (includes Ulverston)	£67.10 (£268.10 per 4 weeks)	£78.00 (£312 per 4 weeks)	£92.05 (£368.20 per 4 weeks)	£110.47 (£441.88 per 4 weeks)	£136.93 (£547.72 per 4 weeks)
Kendal	£62.50 (£250 per 4 weeks)	£96.91 (£387.64 per 4 weeks)	£123.58 (£494.32 per 4 weeks)	£145.67 (£582.68 per 4 weeks)	£174.81 (£699.24 per 4 weeks)

Valuation Office Agency

Eden:

(Please note: There are two separate Broad Rental Market Areas in Eden. These are called 'North Cumbria' and 'West Cumbria' which applies to the Threlkeld area)

Broad Market Area	Shared Accommodation	1 bed	2 bed	3 bed	4 bed
North Cumbria	£58.90 (£255.23 per calendar month)	£80.55 (£349.05 per calendar month)	£94.39 (£409.02 per calendar month)	£112.77 (£488.67 per calendar month)	£141.24 (£612.04 per calendar month)
West Cumbria	£65.16 (£282.32 per calendar month)	£79.24 (£343.37 per calendar month)	£92.05 (£398.88 per calendar month)	£104.89 (£454.52 per calendar month)	£134.02 (£580.75 per calendar month)

Eden District Council's website

Lower quartile private rental figures per month (2016 figures):

Area	Room only	1 bed	2 bed	3 bed	All dwellings
South Lakeland (Valuation Office Agency 2017/18)	£301	£460	£575	£650	£550
Cartmel Peninsula	n/a	375	510	656	505
Central Lakes	n/a	450	575	695	565
Dales	n/a	390	470	535	480
Kendal	n/a	455	565	645	510
Kendal Rural	n/a	385	540	600	515
Ulverston & Furness	n/a	370	510	580	490
Eden (Valuation Office Agency 2019)	£368	£380	£477	£550	£477
Per HMA (as identified by EDC's District Wide Housing Need Survey (2018))					
Penrith Urban	n/a	n/a	n/a	n/a	£494
Penrith Rural	n/a	n/a	n/a	n/a	£594
Appleby	n/a	n/a	n/a	n/a	£451
Kirkby Stephen	n/a	n/a	n/a	n/a	£451
Alston	n/a	n/a	n/a	n/a	£377
West of M6	n/a	n/a	n/a	n/a	£524
Lake District National Park	n/a	450	565	670	555
Yorkshire Dales National Park	n/a	395	465	525	480

SLDC's Homelessness Review 2018, Valuation Office Agency and EDC's District Wide Housing Need Survey (2018)

When factoring the percentage of affordable rent levels to be charged on conversion following a re-let, our Strategy requires that RPs take into account affordability and local salary/income levels. Those reliant on welfare benefits to assist paying rent in such rural locations may be unable to get employment sufficient to sustain affordable rents and result in continued reliance on welfare assistance.

Figures shown on page 18 of our 2013 Strategy illustrated that in 20 years we may no longer have social rented homes available. The tables above show the continued need for low cost rented accommodation and the allocation of such homes needs to take into account those on lower incomes whilst sustaining a mixture of residents in the community. However, in terms of using affordable rents, consideration could be given to permitting preference to working households who are able to afford the full 80% affordable rent as suggested in the Government's Housing Strategy, which also ensures a mixture of households in communities.

Allocation policy

The Allocation policy was reviewed and published in 2016. This is due to be reviewed again in 2019/2020 following recent changes in legislation outlined in this document. Until this is reviewed the Councils' Recommendations have not changed since the Tenancy Strategy 2013.

Registered Provider development and rent levels

Number of new affordable homes

South Lakeland:

Year	Number of new homes (RP Rental Unit Completions only)
2013/2014	51
2014/2015	155
2015/2016	62
2016/2017	73
2017/2018	81
Total	422

SLDC Stats

Eden:

Year	Number of new homes (All Affordable Tenures)	Approximate Rental Units*
2013/2014	32	22
2014/2015	24	17
2015/2016	52	36
2016/2017	34	24
2017/2018	37	26
Total	179	125

EDC Completion Stats

(*Please note: As stated in EDC's Local Plan the initial preference for the mix of affordable units on developments within the Eden area is for 70% affordable rented units and 30% intermediate units. However, figures shown in this column are approximate as there is flexibility around this and advice will be given on a case by case basis).

The rent reductions mandated in the Welfare Reform and Work Act 2016 (and respective regulations) will come to an end in April 2020. RPs will thereafter be able to increase rent levels in accordance with regulations. The Government also announced a number of measures within their Spring Statement 2019 to assist RPs with funding for development of affordable housing. Whilst this provides some relief to our RP partners in terms of investment in properties and future development, which we support, we request that our RPs are mindful of rent levels increasing out of line with local incomes, particularly in rural areas to ensure rents stay at a level which sustains a mixture of residents in communities.

Our January 2019 survey was used to gauge use of affordable rents. All the main RPs in this area currently charge affordable rents. The results are in the table below.

Housing Stock	Home Group	South Lakes Housing	Castles and Coasts HA	Eden HA	Impact HA	Riverside HA
Total stock in SLDC area:	592	3,152	625 (420 general needs)	63	350 (excluding Shared Ownership and Managing Agent properties)	0
Total Stock in EDC area:	23 Affordable Rent 76 Social Rent 24 Shared Ownership 11 Supported 30 Leasehold (Total: 164)	0	43 Affordable Rent 283 Social Rent 15 Home Ownership 13 RTB 67 Shared Ownership (Total: 421)	97 Affordable Rent 1,536 Social Rent 5 EHA Homeless License 63 Shared Ownership/ Equity (Total: 1,701)	4 Affordable Rent 203 Social Rent 17 Shared Ownership (Total: 224)	62 Social Rent 5 Social Homebuy Shared Ownership 20: Shared Ownership (Total: 87)
Do you charge affordable rents?	yes	yes	yes	yes	yes	yes
Reason for using affordable rents:	Reinvest surplus in building more affordable houses	All new developments are let on affordable rents	Mandatory conversion as part of development agreement/ maximize rental income	Section 106 agreements	Generation of income	
Total number of stock charged at affordable rent compared with social rent charged	Not provided	As at 18 February 2019: Social Rent General Needs 2,658 Social Rents Sheltered 429 Social Rents Total 3,087 (97.9%) Affordable Rents 63 Intermediate Rents 2 Affordable Rents Total 65 (2.1%)	778 Affordable and 5173 social.	10	48/302	
Total number of rent conversions on re-let from social rent to affordable:	0	0	?	0	11	
Of these how many were outside Kendal/Ulverston/ Grange over Sands/ Kirkby Lonsdale/ Milnthorpe/ Windermere/ Ambleside and Sedbergh:	0	NA	172 affordable rents currently let in SLDC area	NA	0	

Whilst the table shows an increase in use of affordable rents, we would request that RPs are mindful of the considerations set out in the Tenancy Strategy Update 2019, ensuring rent levels do not become unaffordable especially in rural areas (Appendix C).

The impact of Right to Buy, the fact that there has not been any significant change in local incomes and the potential reduction in the private rented sector, reaffirms the need to safeguard the number of social rented properties particularly in rural areas. Therefore our Strategy continues to seek to influence future conversions of rents to affordable rents in order to safeguard low cost and social rented homes for future generations. As such our recommendations for our RPs continue to be the same as the Tenancy Strategy 2013 (Appendix C).

‘Voluntary Right to buy’

The pilot projects are due to be completed in 2020. Until we know the outcome of these pilots and how it may impact countryside, we need to ensure communities are sustainable and continue to have low cost rented housing particularly in rural areas. Our recommendation continues to be that RPs protect rural homes and ensure the voluntary right to buy does not occur in those areas.

Registered Provider policy decisions regarding use of flexible tenancies

Following our survey in January 2019 (Appendix A) only Home Group had been using fixed term tenancies, to make best use of housing stock. South Lakes Housing intends to use them from February 2019 onwards but only in exceptional circumstances, such as part of regeneration or disposals. Both RPs use or intend to use 5 year terms.

Home Group has granted 38 in the area since 2012, with only one being outside the key areas. Of those only 2 have not been renewed and there were due to error and tenant moved to be nearer work/school.

Eden Housing Association intends to use fixed term tenancies from April 2019 to make best use of stock using a 12 month starter tenancy followed by an assured tenancy.

There are no current intentions for Castles and Coasts Housing Association or Impact Housing Association to use fixed term tenancies.

We would encourage the continued use of ‘life time’ tenancies in line with the Strategy and central Government’s current thinking in order to sustain communities particularly in rural areas. Where RPs consider using fixed term tenancies, decisions must be made taking our Strategy into account with reference to our recommendations in Appendix C and Appendix B which sets out the circumstances whereby an RP could consider ending a fixed term.

Monitoring

The Tenancy Strategy will continue to be monitored regularly ensuring it takes into account any changes impacting on tenancies. It is expected that RPs will be consulted when the Tenancy Strategy is next reviewed in 2024.

References

Laying the Foundations: a Housing Strategy for England 2011

Fixing Our Broken Housing Market 2017 White Paper

SLDC Strategic Housing Market Assessment (SHMA) 2017

SLDC Housing Strategy published 2013

Cumbria Housing Statement 2017

Localism Act 2011

Homelessness Reduction Act 2017

Housing and Planning Act 2016

The Tenancy Standard

The Rent Standard (reclassified in Economic Standard)

Parliamentary Bulletin:

<https://researchbriefings.parliament.uk/ResearchBriefing/Summary/CBP-8229>

SLDC Homelessness Review 2018

SLDC Homelessness Strategy 2019-2024

EDC District Wide Housing Need Survey 2018

EDC Homelessness Review

Cumbria Choice Project Board Reports

EDC Completion Statistics

EDC Key Performance Indicator Statistics

Valuation Office Agency

Appendix A – 2019 SLDC Survey of local RPs

Appendix B – Ending Fixed Term Tenancies - Recommendations

Appendix C – Tenancy Strategy Recommendations updated 2019

Glossary

Flexible/fixed term tenancies: tenancies with a defined fixed term eg: 12 months or 5 years.

Personalised Plan: an agreement between the Local Authority and the homeless applicant setting out steps both parties are required to take to ensure accommodation is secured and/or retained.

Assured Shorthold tenancy: a form of assured tenancy with a minimum security of tenure of 6 months.

Lower quartile: a quartile is a quarter of a set of numbers for instance and the lower quartile is the list of numbers in the lowest quarter.

Local Housing Allowance: for private renters, this rate is the figure used to calculate Housing Benefit entitlement or Universal Credit element for payment of rent.

Rural Areas: areas outside of the Key Service Centres of Kendal, Ulverston, Grange over Sands, Kirkby Lonsdale, Sedbergh, Windermere and Ambleside.