

A Tenancy Strategy for Copeland

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Summary and Recommendation:

Attached as Appendix A is the proposed Copeland Tenancy Strategy following completion of statutory consultation. The Strategic Housing Panel is requested to recommend the Executive to approve the document at their meeting on 13 November 2012 and to forward it to full Council with a recommendation for adoption (after the addition of a List of Contents and an introduction from the Portfolio Holder).

1. INTRODUCTION

- 1.1 The Localism Act, 2011, Part 7, Chapter 2, s150 and s151 places a duty on the Council to publish a Tenancy Strategy. This must set out “the matters to which registered providers 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 length 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.”
- 1.2 The Act also requires the Council to have regard to its housing allocations scheme and its homelessness strategy in preparing or modifying its tenancy strategy. S151(1) of the Act obliges the Council to consult registered social housing providers in its District and give them a reasonable opportunity to respond with comments. The statutory deadline for publication is 15 January 2013, being one year after this section of the legislation came into force.

2. LINKS WITH RELATED ISSUES

- 2.1 The Act covered many aspects of social and affordable housing but for a local authority like Copeland its principal features are:
- a) the tenancy strategy,
 - b) changes to the way in which the Council can discharge its homelessness duties,
 - c) giving local housing authorities more powers to determine who may (or not) be allowed to join housing registers (waiting lists).

- 2.2 In the 2010 Comprehensive Spending Review the government introduced the concept of affordable rent as an alternative to social rent. Registered providers who have since signed newbuild contracts with the Homes & Communities Agency are able to charge affordable rents at up to 80% of market values on new homes for new tenants. With these contracts in place providers can also convert social rents into affordable rents for a proportion of their existing re-lets.
- 2.3 However, it is important to remember that the Localism Act, Part 7, Chapter 2, sections 150 and 151 impose duties only as defined in paragraphs 1.2 and 1.3 of this report. Appendix A is therefore a proposed tenancy strategy for the social housing sector in Copeland, not an overarching response to all the housing implications in the Comprehensive Spending Review and the Localism Act.
- 2.4 Nevertheless, tenancy strategy is linked to how the Council seeks to:
- a) reduce homelessness;
 - b) provide access to social housing via Cumbria Choice, its allocations scheme;
 - c) ensure that providers' homes remain affordable to residents on low incomes.
- 2.5 The related issues referred above are therefore considered within Appendix A but the emphasis remains on the kinds of tenancies that providers grant.
- 2.6 On 14 August 2012 Strategic Housing Panel approved a draft tenancy strategy for consultation. It placed explicit expectations on providers and made recommendations. It also asked them questions to gain the benefit of their experience. Conversations were also held with members of the voluntary sector in addition to the statutory consultees.

3 CONSULTATION RESPONSES

- 3.1 3 out of 6 providers responded to the consultation. They were the largest providers in the District: Home Housing, Two Castles Housing Association and Impact Housing Association.
- 3.2 In paragraphs 3.2 to 3.14 we describe their specific responses to the expectations, recommendations and questions in the consultation draft. Where we have changed the text in the recommended strategy the changes are printed in red.
- 3.3 They were generally supportive of paragraph 5.1 in Appendix A and will normally comply as a matter of business choice. But 2 providers referred to specialised schemes such as Living Over the Shop (LOTS) and Housing Associations as Managing Agents (HAMA). These were promoted by government policy during the 1990s and, while they didn't achieve the national volume hoped for, they exist in some areas and add value to the housing market.

- 3.4 Essentially, providers lease properties from private or business ownership and let them to tenants. Many owners opted for short-term leasing and an insistence on a minimum term of 5 years may lead them to withdraw. We have therefore amended 5.1 in the recommended strategy to provide sufficient flexibility in specific instances like these.
- 3.5 Paragraph 6.2 in Appendix A has been amended to refer to the different rent setting formulae in secure and assured tenancies. In regard to paragraph 7.3 there were some differences in providers' approaches. One uses starter tenancies "as a matter of course now." Neither of the others adopts such a wide approach. One "only uses starter tenancies for complete schemes and only after carefully considering the type of properties and people likely to be rehoused there." The other adopts them in "high-risk areas as a tool to managing and controlling ASB," which in practice may often mean the same. None would base them on individual assessment of a prospective tenant because of the risk of subjectivity or discrimination.
- 3.6 Your officers' comment is that providers are taking a generally responsible approach to the use of starter tenancies and there should be no further need for the Council's strategy to be prescriptive regarding their use. Paragraph 7.3 has been amended.
- 3.7 Paragraph 7.5 in the consultation draft invited providers to share their experience of Family Intervention Tenancies and lessons learned. 2 of 3 providers have positive experience and would be willing to participate. Revenue funding is needed to provide the intensive support required and providers cannot fund it alone but would be willing to work in partnership with the Council and other agencies.
- 3.8 Providers were comfortable with paragraphs 8.1 to 8.4 of the consultation draft. 1 reported that successions of tenancy are included in their assured tenancy agreements and currently exceed government requirements.
- 3.9 Paragraph 10.6 sought providers' views on the factors the Council could take into consideration when determining whether or not to discharge full homelessness duties into the private rented sector. Their replies referred to adequacy of supply, safe and sustainable communities, affordability and support. This question has now been removed from Appendix A. There is a recommendation elsewhere on the agenda of this meeting in the item under Review of Cumbria Choice. It will also be reconsidered in the Homelessness Strategy that the Council must be law publish not later than end July 2013.

- 3.10 Paragraph 12.9 of the consultation draft asked providers to share their CORE (acronym for continuous recording) affordability data with the Council. With hindsight it is better for the Council to obtain data for the whole District from the central research organisation to which all providers send their data. This paragraph has therefore been amended in Appendix A.
- 3.11 Paragraph 13.1 (a) to (g) of the consultation document listed the Council's expectations of providers for affordable rent. None reported specific difficulty with sub-paragraphs (a), (c), (e), (f) or (g). They were silent on (d). However, they will have difficulty with sub-paragraph (b).
- 3.12 In order to develop new homes by agreement with the Homes & Communities Agency, providers were required to sign contracts with the HCA that included the conversion of a proportion of re-lets from social rent to the higher affordable rent of up to 80% of market value. They had to do so before the Council could launch its Tenancy Strategy, otherwise they would have been unable to develop new homes by agreement with the HCA in the national affordable homes programme to 2015. All 3 providers are committed to building new homes in Copeland in the current programme.
- 3.13 While all 3 seek to minimise the impact on tenants, 2 report inability to designate specific geographic locations for including or excluding re-let conversion to the higher rent. However, we specifically expected them to discuss the location of rent conversions in order to mitigate the effect on small, dispersed communities where affordable housing is scarce.
- 3.14 We appreciate that providers are seeking to balance customers' affordability with the financial viability of building new homes. We nevertheless have retained the wording of sub-paragraph (b) as a strategic statement which we hope will be realised in future, particularly in the event of an affordable housing programme going forward from 2015.

4 RESOURCE IMPLICATIONS

- 4.1 There are no financial or staffing implications for the Council arising from this report. The resource implications are borne by providers.

5 RISK MANAGEMENT IMPLICATIONS

- 5.1 The risks associated with this report arise not from the Tenancy Strategy itself but from external factors including the likelihood and impact on: security of tenure; welfare reform and affordability.

- 5.2 The whole presents a risk to the development of stable and sustainable communities in the social housing sector. These are mitigated by the expectations placed on providers by the Tenancy Strategy backed by the Council's enabling role and Housing Options service. In addition, providers have and will continue to develop their own strategies, policies and services to support their customers. Providers and the Council will both work with other partners to support our communities
- 5.3 The impact of failure would unquestionably be high but the likelihood is lower due to the mitigating effect of the services referred to in paragraph 5.2 above plus the Cumbria Choice lettings partnership and the Council's Homelessness Strategy.

COPELAND BOROUGH COUNCIL

A Tenancy Strategy for Copeland 2013- 2015

Tenancy Strategy for Copeland, 2013 – 2015

1. Introduction

- 1.1 Welcome to the first tenancy strategy for Copeland. It is our response to the Localism Act, 2011, Part 7, Chapter 2, s150 and s151.
- 1.2 The Act places a duty on the Council to publish a tenancy strategy, “setting out the matters to which the registered providers 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 length 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.”
- 1.3 The Act also requires the Council to have regard to its housing allocations scheme and its homelessness strategy in preparing or modifying its tenancy strategy.

2 Context

- 2.1 It is important to understand that registered providers must do no more than “have regard” to the Council’s tenancy strategy in formulating their own tenancy policies. Before the Localism Act became law they had already signed contracts with the Homes & Communities Agency (HCA) for the development of new affordable homes and rents up to 2015, which means they already have some plans in place. We would nevertheless ask and expect providers in Copeland to review their own tenancy policies to ensure that, at the very least, those policies complement our strategy.
- 2.2 The tenancy strategy sits beneath and reinforces the Copeland Housing Strategy to 2015, the first objective of which is to facilitate the right housing offer to support economic growth and community sustainability.
- 2.3 It exists in parallel with the Council’s Homelessness Strategy and supports our objectives of preventing homelessness wherever possible, ensuring accommodation is available for those whose homelessness cannot be prevented and enabling support to prevent repeat homelessness.
- 2.4 It operates alongside Cumbria Choice, the Council’s statutory housing allocations scheme. Cumbria Choice is also a partnership between the six housing authorities in the county and the major registered housing providers. The following extract is from the Cumbria Choice overarching policy statement: “The partnership intends the allocations policy to have a positive effect on local communities by increasing tenant satisfaction with their housing, and by contributing to the development of stable communities.” That is also the aim of the tenancy strategy.

- 2.5 Tenancy strategy must take account of demographic change. The population of Copeland is estimated to be around 70,000. Office of National Statistics projections show an increase to 75,500 by 2033. The number of households is expected to increase by 24% from 31,000 in 2006 to 39,000 in 2031, an average annual increase of 320. There will be a demographic shift with both the number and proportion of older people increasing. Overall, the number of people aged 65 and older is expected to increase by 72% (or 9,500) by 2033 and those aged 75+ are expected to increase dramatically by 193% (or 2,700) by 2033. It will be important for tenancy strategy to encourage stability and sustainability through this period.

3 Fixed Term Tenancies

- 3.1 The Localism Act empowers registered providers to let affordable homes on fixed term assured tenancies, as opposed to the assured tenancies (effectively for life) used hitherto. Government directions to the regulatory body state these should be for a minimum of 5 years in all but exceptional cases, when at least 2 years may be considered.
- 3.2 Behind the government's reason for this change is the definition of "affordable" homes. These are for people whose needs are not met on the open market because of the gap between their incomes and market prices and rents (see the government's definition in their Planning Policy Statement 3, often called PPS3).
- 3.3 The government wishes to promote move-on from affordable homes by people whose circumstances have improved to the extent that they can afford another housing option. The intention is to thereby release affordable housing for those on lower incomes and in greater need. At the end of the fixed term of tenancy, tenants might have one or more of the following options, depending on their circumstances.

To remain in affordable housing either in their present home or another.

To move to the private rented sector and pay market rents.

To buy into home ownership either via low-cost options or in the mainstream market.

- 3.4 When providers decide not to re-issue a tenancy at the end of the fixed term they must give notice of this decision 6 months before the tenancy expires. There are provisions for review and the decision must be carried out in accordance with prescribed procedures. The landlord must also provide advice and assistance to help tenants find suitable alternative homes.
- 3.5 The Act imposes no duty (just a power) on providers to adopt fixed term tenancies.

4 The Council's Approach to Fixed Term Tenancies

- 4.1 We remain committed to the objectives in the Copeland Housing Strategy, Homelessness Strategy and Cumbria Choice allocations scheme. Themes of community stability, sustainability and preventing or relieving homelessness are the threads that connect them.
- 4.2 We wish to prevent fixed term tenancies from undermining stable and sustainable communities where people live in the locations of their choice. The risk of fixed term tenancies is that they could introduce more transience to social housing in which stability of local employment, schooling, family support and other networks (like care for children and vulnerable adults) may be reduced. For example, in 2011/12 20% of households for whom we accepted a full homelessness duty had lost an assured shorthold tenancy in the private rented sector.
- 4.3 We wish to avoid a perverse disincentive in which tenants are without aspiration for self-improvement through fear of losing their homes. It is also important to safeguard the needs of particular groups, for example older people and others who are vulnerable at any age and receive support linked to their homes. The uncertainties implied by fixed term tenancies must not be allowed to undermine their security.
- 4.4 Fixed term tenancies might prove helpful in making the best use of the social housing stock, which is an objective of the Copeland Housing Strategy. If a household composition changes during the fixed term, and they under-occupy a substantial home, they could move at the end of term to a smaller property that matches their needs. Their original home could then be re-let to a household who need the extra space. This will become an acute issue when benefit reform treats a household as under-occupying if they have only one spare bedroom. Nationally, it is estimated that affected tenants could lose an average of £14 per week in benefit.
- 4.5 However, this objective could also be achieved voluntarily without fixed term tenancies but by allocations policy and the adoption of incentives to downsize. Examples include financial assistance with removal, disconnection/reconnection costs and the expense of fitting out new homes.
- 4.6 Homes that have been adapted for disabled occupation are sometimes no longer occupied by a household member who needs them. In these circumstances fixed term tenancies could help secure a move to alternative accommodation and the adaptations could benefit another household with a disabled member. However, this could also be achieved voluntarily and with the incentives described in paragraph 4.5.
- 4.7 For the above reasons the Council is not persuaded that fixed term tenancies add significant value. We also wish to prevent further uncertainties in housing security during the current fragility in the local economy and increasing numbers of homelessness applications.

5 The Council's Expectations of Registered Providers for Fixed Term Tenancies

5.1 We expect:

providers of specialist older people's housing to use lifetime tenancies for this group, especially where they receive support linked to their homes;

vulnerable people of any age who are assessed to need long-term support to receive lifetime tenancies;

providers to assess the needs and options of any potential tenant who would require a major disability adaptation for a household member prior to ensuring the long-term sustainability of the tenancy that is granted;

any providers who are minded to introduce fixed term tenancies for "general needs" customers to consult the Council and offer a sustainable explanation and justification for our consideration;

fixed terms to be for not less than 5 years with a presumption for renewal providing tenants have generally adhered to the obligations of their tenancy: exceptions will be made for specialised schemes like Living Over the Shop or Housing Associations as Managing Agents where the provider is committed to shorter term leases from owners.

6 Current Kinds of Tenancy (2012)

6.1 The three main registered providers in Copeland have given us a breakdown of the number and types of social housing tenancies existing in the Borough in spring 2012. We have excluded leasehold tenures from our analysis because we believe they belong more to the owner-occupied sector. The most numerous types of tenancy are shown below (licences are technically not tenancies but have been included for ease of reference).

Type of tenancy	Quantity
Assured	4977
Secure	620
Starter Tenancies	160
Licences	40
Assured Shorthold	8
Total of main types	5805

- 6.2 Assured tenancies have been the mainstream for new housing association tenants since January 1989, when the reforms in the Housing Act, 1988, took effect. Secure tenancies had been the mainstream since the Housing Act, 1980, and were virtually identical to tenancies created by local authorities from that year. In practice tenants will usually find little difference between secure and assured tenancies, except in the rent setting formula and the right to buy attached to the former.
- 6.3 Starter tenancies are for a 12 month trial period and include provision for guidance to new tenants who may have difficulty understanding and adhering to their tenancy obligations. Tenants have fewer rights than ordinary assured tenants and less protection from eviction. But if their conduct is satisfactory they will progress to a full assured tenancy after 12 months if their landlord has not applied for a court order for eviction.

- 6.4 Licensees have the least protection from eviction. Some licences in the table above may be for residential staff on site at a scheme for the better performance of their duties. Their rights of occupation are granted by their contract of employment and cease when that ends.
- 6.5 Assured shorthold tenancies are the default tenancy for the private rented sector, where they are most often found. Housing associations have a power to create assured shortholds but usually only adopt them in a small number of specialised schemes where move-on to other tenures is part of a package designed around the needs of the customer at the point of entry.

7. Issues Arising from Current Tenancies

- 7.1 Under current legislation assured tenancies will continue as the main type used by housing associations. Secure tenancies are remnants of the pre-1989 period, and will diminish as that generation of tenants leave social housing. There is a right of succession to a secure tenancy for family members but when there is no longer a successor properties will be re-let to new tenants on assured tenancies.
- 7.2 During consultation the Council sought providers views on starter tenancies for new tenants. We are satisfied with the approach being taken by the 3 major providers in the Borough. One uses starter tenancies as a matter of course. Another uses them in high risk areas as a means of reducing anti-social behaviour. The third similarly introduces them in some specific locations only after careful consideration. We commend providers who have decided not to use starter tenancies anywhere following individual assessment of prospective tenants because of the risk of subjective judgement resulting in discrimination.
- 7.3 Some local authorities where the Council has retained ownership and management of its stock have adopted a policy of creating only introductory tenancies (the Council equivalent of starters) for new tenants.
- 7.4 We note there are no current family intervention tenancies in the Borough, where troubled families receive substantial support to encourage them to better manage their tenancy obligations and improve their relationships, including within the community. During consultation we invited providers to share their experience of family intervention tenancies elsewhere and lessons learned. 2 have positive experience and would be willing to introduce them in Copeland. Revenue funding is needed to provide the intensive support required and providers are unwilling to fund it alone but would be willing to work in partnership with the Council and other agencies. This is an issue we intend to examine further during the lifetime of the strategy.

7.6 Licences provide the least security for occupants in the housing sector and they comprise less than 1% of the total forms of tenure in the social housing stock within Copeland. The Council only uses them for temporary accommodation for statutorily homeless persons until they move on, usually to an assured tenancy from a registered provider or an assured shorthold tenancy in the private rented sector (with the household's consent).

7.7 Assured shorthold tenancies have security for the initial length of term, which must not be for less than 6 months but their ongoing security is limited.

8 The Council's Expectations of Providers and Current Tenancies

8.1 The Council expects:

the least use to be made of licenses and only for specific schemes that providers notify to the Council (for example, but not limited to staff occupying accommodation for the better performance of their duties);

assured shorthold tenancies to be used only in specific schemes that are notified to the Council. (Note: the Council only expects to be notified once of the use of assured shortholds and licences for specific schemes. It is unnecessary to inform the Council of each individual letting).

8.2 Where providers do not already publish tenancy policies the Council encourages them to consider doing so and to consult the Council about their content.

8.3 The regulation of social housing has now reverted to the HCA, following the abolition of the Tenant Services Authority. The HCA's regime has been described as "light touch." Providers' Boards are tasked with ensuring self-regulation and should ensure there are processes in place for customers to be consulted, to make representations and complaints. The Council expects these to be promoted prominently, clearly and distributed to all tenants.

8.4 The Localism Act allows for one statutory succession of tenancy to a spouse or civil partner. Historically, some providers may have enabled other household members to succeed. Whether or not they allow other successions at their discretion, changing tenancy agreements are lengthy and consultative legal processes. In all cases, therefore, providers are encouraged to ensure that their tenancy agreements comply with any policies they may have on succession. Similar considerations apply to assignment of tenancy.

9 Related Issues

9.1 The Localism Act also introduced new Council powers to:

discharge the full homelessness duty into suitable accommodation in the private rented sector without applicants' consent providing that the initial length of tenancy is not less than 12 months:

change the criteria for acceptance onto the housing register (often called waiting list), which in Copeland is Cumbria Choice.

9.2 The government used powers outside of the Localism Act to introduce a new affordable rent product which, for registered providers, is a condition of social housing grant from the Homes & Communities Agency.

9.3 In sections 10, 11 and 12 below we consider each of these related issues in turn.

10 The Homelessness Duty

10.1 It is important to understand that s150 and s151 of the Act make clear the Council's tenancy strategy is directed at registered providers of social housing. It is not aimed at the truly private rented sector. The tenancy strategy must not therefore define the Council's approach to discharging homelessness duties into the private sector.

10.2 The proper document for the Council to present how it will discharge homelessness duties is in its Homelessness Strategy. This must by law be renewed every 5 years. The Council's present Homelessness Strategy is for 2008/2013. We are currently reviewing homelessness in Copeland prior to completing a strategy for 2013/18. This will include the Council's response to the new homelessness power in the Localism Act. However, we feel it appropriate for the tenancy strategy to provide some initial factual information and comment on this issue

10.3 For homeless people the limited security of tenure in the private rented sector causes substantial anxiety. In 2010/11 23% of households for whom the Council accepted a full homelessness duty had been made homeless by the loss of a private sector tenancy. In 2011/12 the proportion was over 20%. In both years only 1 case was for rent arrears.

10.4 The percentage of Cumbria Choice lettings within Copeland that went to statutorily homeless customers in 2011/12 is shown below. Approximately 1 in 7 social rented lettings in the Borough went to homeless households. The average across Cumbria was almost 1 in 8. By national and regional standards this is a relatively modest proportion.

Social Lettings to statutory homeless (Copeland)	Total social lettings (Copeland)	% of total social lettings to statutory homeless (Copeland)
51	354	14.4
Cumbria average to statutory homeless	Cumbria average total social lettings	Cumbria average % of total lettings to statutory homeless
38	311	12.2

10.5 However, our stock surveys in 2006 and 2011 indicate rapid growth in the private rented sector from its baseline in 2006, perhaps due at least partly to the fall in house sales since 2007 following which owners chose to let homes that were not selling. In 2012/13 the social housing stock will be enhanced by the completion of 53 newbuild homes for rent but even if this growth is maintained in the coming years it will still represent an increase of less than 1% per annum.

11 Criteria for Acceptance onto Cumbria Choice

11.1 In summary, the Localism Act empowers the Council to determine who shall be entitled to join the housing register, except for those to whom the law grants "reasonable preference" (they must be retained). The government's perception is that many "open" waiting lists contain people with little or no prospect of obtaining social housing, so the Act gives the Council a power to close the register to those people.

- 11.2. The Cumbria Choice lettings policy is a partnership of all District Councils in the county plus 8 housing providers. It includes a common housing register. Partners completed a policy review in 2012 and decided not to exclude any more people from the scheme.

12 The Affordable Rent Product

- 12.1 In the 2010 Comprehensive Spending Review the government announced its concept of affordable rent as an alternative to social rent. Subsequently, registered providers who have agreed development contracts with the Homes & Communities Agency (HCA) are able to charge affordable rents, which can be up to 80% of market rents on new homes for new tenants from the beginning of the tenancy. With these contracts in place providers can also introduce affordable rents to a proportion of their existing re-lets.
- 12.2 The intention is to generate additional rental stream contributions towards the capital costs of development, which will reduce the publicly funded grant required from the HCA. The government thereby want to “stretch” finite public funds across a larger number of affordable homes.
- 12.3 Social rent has been until now the mainstream for housing associations and local authorities that retained their stock. This is subject to guideline target rents determined by the national rent regime. They are usually significantly lower than market rents and, therefore, also lower than the new affordable rent. But there are substantial variations. In some “low value” markets the difference between market rent, affordable rent and social rent will be small. In “high value” markets it will be much greater.
- 12.4 One of the risks in the government’s approach is that providers may concentrate their developments in high value areas where the additional revenues generated from affordable rents make a significant contribution to their development finance. This can operate to the detriment of lower value areas where the housing market is depressed and conditions may be poor, particularly in areas of West Cumbria where the Housing Market Renewal Programme operated from 2008 to 2011 but has now ceased. If development is skewed towards high value areas the decline in lower value areas like Copeland may be accelerated.
- 12.5 In July 2012 the Housing Minister met providers and MPs from the northwest region to examine these variations and determine a response. There is no outcome at present but DCLG have confirmed that ministers are considering how to respond to the concerns expressed.
- 12.6 People on low incomes moving into the new affordable rent tenancies have hitherto been eligible for housing benefit, which bridged the gap between social and affordable rents. But the forthcoming reduction in benefit for tenants deemed to be under- occupying their homes, and the introduction of capped Universal Credit to replace housing benefit, are profound challenges to local authorities, providers and (above all) their most disadvantaged customers.
- 12.7 In paragraph 2.1 we recognised that providers have already signed contracts with the HCA for the development of new homes at the higher affordable rent. We nevertheless have expectations of socially responsible providers during the current Affordable Housing Programme, which runs to 2015.

- 12.8 In particular we would recommend providers to examine Copeland's Strategic Housing Market Assessment, 2011. This includes substantial recent data on housing needs by size, tenure and type of accommodation required and the incomes of people in need of affordable housing. The data is available across Copeland's housing market areas, all towns in the Borough and small rural settlements. It is available on request. We expect providers to take local income data into account when setting their affordable rents between current social levels and up to 80% of market levels. See paragraph 13.1(f) below.
- 12.9 During consultation the Council asked providers to share with us their CORE (acronym for continuous recording) data on affordability. On further consideration it is better to obtain this and wider data for the whole Borough from the central research agency to which all providers send it.

13 The Council's Expectations of Registered Providers on Affordable Rents

13.1 We expect:

- a) all providers to offer affected tenants and new customers, who have successfully bid for homes under the allocations policy, advice on what the changes to rents and benefits means for them:
- b) conversions of re-lets from social to affordable rent to be limited to contracts signed with the HCA and the agreed numbers to be notified to the Council to enable effective monitoring: providers to discuss the location of rent conversions with the Council, to ensure they are limited to areas where there is a greater supply of re-lets and do not adversely affect small communities:
- c) where re-lets situated in Copeland are converted from social to affordable rent , there must be a presumption in favour of reinvestment in the Borough:
- d) no conversion of re-lets from social to affordable rent to be made on properties subject to s106 planning agreements (if any):
- e) all providers to notify the Council of their methodology for setting affordable rents in Copeland. Although 80% of market rents is the maximum value there should be no presumption of charging that level automatically without regard to local incomes:
- f) to favour rent setting methods where these include the most viable, socially responsible and inclusive ratio of local rents to incomes:
- g) that rents for larger 3 and 4 bedroom homes will remain within Local Housing Allowance limits to ensure future affordability in light of welfare benefit reform.

Appendix A

Glossary

Affordable Housing: homes at rents or prices within reach of people who cannot afford open market housing because of the relationship between local market costs and their incomes. This includes the facility to retain as affordable housing in perpetuity or, if not, the ability to recycle capital receipts into the provision of new affordable homes. For the full definition see the government's Planning Policy Statement 3 (often called PPS3).

Affordable Rent: rents charged by registered providers of social housing at up to 80% of the rent that would be charged if the property were let in the open market.

Aggregated Housing Need: The quantity of housing required for households who are unable to access suitable housing without financial assistance.

Comprehensive Spending Review: the government's review of national public sector spending on planned expenditure over the medium term. Reviews recur every 3 years. The next is due in autumn 2013.

CORE: an acronym for continuous recording of data used by registered providers.

Cumbria Choice: the housing register (sometimes called waiting list) and allocations policy of Copeland Borough Council and each of the other 5 local housing authorities in Cumbria. The Council transferred its housing stock to a registered provider in 2004 but all major providers of social housing in Copeland adhere to the Council's allocations policy.

Fixed Term Tenancy: a tenancy with a fixed start and finish date. Sometimes called a flexible tenancy because at the end of the term it can be renewed or terminated. Government directions to the social housing regulatory body state that terms should normally be for at least 5 years.

Homes & Communities Agency: the housing and regeneration agency for England, responsible for allocating grant funding to providers for developing new affordable housing. It is also responsible for regulating registered providers. It is a non-departmental public body sponsored at arm's length by the government's Department for Communities & Local Government.

Homelessness Duty: a local housing authority owes the "main" or "full" homelessness duty when it decides that a homeless household is eligible for assistance, falls within a specified priority need group and is unintentionally homeless. When this duty is owed, the authority must ensure that suitable accommodation becomes available for the household to occupy.

Local Housing Allowance: the current (as at 2012) form of housing benefit paid to people with low incomes who are tenants in the private rented sector.

Market Rent: the rental income that a property would most likely be charged if it were let on the open market.

Reasonable preference categories: particular groups who must be given a degree of priority on housing registers (means waiting lists) for social housing. These groups are defined by central government under powers in the Housing Act, 1996, as amended by the Homelessness Act, 2002.

Registered Providers: organisations that provide affordable housing to those in need. They will all be registered with the Homes & Communities Agency and, typically but not exclusively, they are housing associations.

Section 106 Agreement: legally binding agreements made under Section 106 of the Town & Country Planning Act, 1990. These are used to enhance the benefits of development, enabling proposals to go ahead when otherwise they might have been refused planning permission. They can include an obligation for a developer to deliver an element of affordable housing.

Social Rent: rents for social housing for which guideline target rents are determined through the National Rent Regime. They are almost always significantly lower than market rents.

Strategic Housing Market Assessment (SHMA): An assessment of the characteristics of housing markets in a defined area (often that of a local housing authority). These include, but are not limited to, housing needs within the area. They are subject to guidance from central government on their methodology and are often used to support local housing and planning policies.

Tenancy Policy: a registered provider's policy that defines how the provider will decide the types of tenancy they grant tenants or offer to prospective customers.

Tenant Services Authority: the agency that was formerly tasked with regulating social housing providers. It was abolished in 2012 and its functions have been transferred to a specialist division of the Homes & Communities Agency

Welfare Reform Act: This received the Royal Assent on 8 March 2012. Its headline, but not its only, feature is the introduction of a single, inclusive, Universal Credit to replace many diverse former benefit payments (like Housing Benefit). Although government intends to introduce it in April 2013 it is likely to be subject to transitional arrangements as it rolls out incrementally.

Appendix C: Summary of social or affordable housing need in Copeland

The following is included because it is a relevant and material consideration for the tenure, number and type of new homes required for people who cannot afford to resolve their needs on the open market because of the relationship between market costs and their incomes.

The information below is summarised from the Copeland Strategic Housing Market Assessment, 2010 (SHMA). It is still up to date 2 years later but providers are advised to use further research on local incomes before they set affordable rents at up to 80% of market values. The Council would like to discuss the incomes revealed in providers' CORE data. For this reason, local income data from 2010 is excluded from this summary. The following is an extract from the SHMA. The annual shortfall covers the period from 2010 to 2015.

"Across Copeland, there are 1670 existing households currently in housing need and of these, 920 cannot afford open market solutions to address their need. Additionally, there is an annual requirement from 237 newly-forming households and existing households falling into need who cannot afford open market housing. When this need is compared with the available supply of affordable housing (254 each year to new tenants – note, this does not include existing tenants transferring), the result is an overall annual shortfall of 168 affordable dwellings."

The SHMA further suggests a tenure split of up to 60% social rented housing and up to 40% intermediate tenure homes (including but not limited to shared ownership and rented homes with rents higher than social rents but lower than market rents). The SHMA was written before the government launched its new concept of affordable rent and introduced the Welfare Reform Act.

The SHMA also identifies an annual shortfall of 70 affordable homes (within the 168) in rural parishes within Copeland, including the Lake District National Park Authority (LDNPA) planning area.

Annual need for additional affordable housing, 2010 to 2015

Area	General Needs	Older People	Total
Whitehaven housing market area: including: Cleator Moor, Egremont, Whitehaven Town, Whitehaven Rural.	79	33	112
West Lakes housing market area: including Copeland & LDNPA planning areas	31	3	34
Millom	21	1	22
Total	131	37	168

The shortfall, or additional need, breaks down per annum to:

104 smaller 1 or 2 bedroom homes

27 larger 3+ bedroom homes

37 homes for older people

The SHMA recommended that the Council, through its Local Development Framework, seeks 15 -25% affordable homes across the aggregate of development sites, subject to economic viability. The site threshold for the inclusion of affordable homes was recommended to be set at 15 or more dwellings.

The SHMA found too little move-on accommodation from supported housing for vulnerable young people and a lack of floating support, though the latter provision has increased since the SHMA was completed in 2010. It also found a need to diversify the range of housing options for older people, including a need for more extra care sheltered housing.

The Council's concern is to prevent tenure reform in social housing from undermining the stability and longevity that vulnerable people, their families and carers need to ensure sustainable communities.

Appendix D Housing Applications and Lettings (including homelessness)

The following tables show applications and allocations (lettings) made under Cumbria Choice, the Council's statutory allocations scheme. It is a banded scheme from A to E, with A being the highest priority band. The scheme went live on 11 May 2011.

Table 1: Applications registered on snapshot day in April 2012

Band	Nos of applications	% of total
A	64	3.1
B	33	1.6
C	626	30.4
D	618	30.00
D+	497	24.1
E	221	10.7
Total	2059*	99.9

*This may be overstated and a more representative snapshot would be around 1800

Table 2: All allocations (lettings) from 11 May 2011 to 31 March 2012 by band

A	B	C	D	D+	E	Total
72	31	176	33	38	4	354
20.3%	8.8%	49.7%	9.3%	10.7%	1.1%	100%

**Table 3: Allocations (lettings) to Statutorily Homeless People
(11 May 2011 to 31 March 2012)**

Lettings to Homeless Applicants	All Lettings	Homeless as % of total lettings
51	354	14.41

In paragraph 5.1 on page 4 of this document we placed expectations on providers to grant lifetime tenancies for people with enduring vulnerability and who are likely to need long term support to sustain safe, independent living.

In 2011/12, 38 homeless households for whom the Council accepted a full housing duty were assessed to be statutorily vulnerable. They comprised almost 34% of the total homeless households for whom we accepted responsibility. Almost all of the rest had dependent children or a pregnant woman in the household.

The major causes of vulnerability were: old age; physical disability; mental illness; learning disability; homeless due to violence, including domestic violence. We wish to prevent fixed term tenancies from undermining the continuing safety and stability that these people need.

Appendix E Summary of expectations, questions and recommendations put to providers during consultation on this strategy

Paragraph 5.1. We expect:

Providers of specialist older people's housing to use lifetime tenancies for this group, especially where they receive support linked to their homes:
vulnerable people of any age who are assessed to need long term support to receive lifetime tenancies;
providers to assess the needs and options of any potential tenant who would require a major disability adaptation for a household member prior to ensuring the long term sustainability of the tenancy that is granted;
any providers who are minded to introduce fixed term tenancies for "general needs" customers to consult the Council and offer a sustainable explanation and justification for our consideration;
fixed terms to be for not less than 5 years with a presumption for renewal providing tenants have generally adhered to the obligations of their tenancy.

Paragraph 7.3.

Do you think starter tenancies should only be used in cases where the property being let is in a neighbourhood with a recent history of anti-social behaviour or threats to community safety that the provider intends to overcome? Should starter tenancies also be used where the provider has assessed a prospective tenant as less likely to comply with his/her obligations without guidance? Alternatively, should starter tenancies be introduced for all new tenants or just those below state retirement or another specific age?

Paragraph 7.5.

Please describe your experience of the use of family intervention tenancies elsewhere and any lessons you have learned. Do they have a role in social housing within Copeland and, if so, what or where might that be?

Paragraphs 8.1 to 8.4

The Council expects:

the least use to be made of licences and only for specific schemes that providers notify to the Council (for example but not limited to staff occupying accommodation for the better performance of their duties);

assured shorthold tenancies to be used only in specific schemes that are notified to the Council.

(Note: the Council only expects to be notified once of the use of assured shorthold tenancies and licences for specific schemes. It is unnecessary to inform the Council of each individual letting).

Where providers do not already publish tenancy policies the Council encourages them to do so and to consult the Council about their content.

The regulation of social housing has now reverted to the HCA following abolition of the Tenant Services Authority. The HCA's regime has been described as "light touch." Providers Boards are tasked with ensuring self-regulation and should ensure there are processes in place for customers to be consulted, to make representations and complaints. The Council expects these to be promoted prominently, clearly and distributed to all tenants.

The Localism Act allows for one statutory succession of tenancy to a spouse or civil partner. Historically, some providers may have allowed other household members to succeed. Whether or not they allow other successions at their discretion, changing tenancy agreements are lengthy and consultative processes. In all cases, therefore, providers are encouraged to ensure that their tenancy agreements comply with any policies they may have on succession. Similar considerations apply to assignment of tenancy.

Paragraph 10.6

What factors would you ask the Council to take into consideration when determining whether (or not) to discharge full homelessness duties into the private rented sector?

Paragraph 12.8

In particular we would recommend providers to examine Copeland's Strategic Housing Market Assessment, 2010. This includes substantial recent data on housing needs by size, tenure and type of accommodation required and the incomes of people in need of affordable housing. The data is available across Copeland's housing market areas, all towns in the Borough and small rural settlements. It is available on request. We expect providers to take local income data into account when setting their affordable rents between current social levels and up to 80% of market rents. See paragraph 13.1(f) below.

Paragraph 12.9.

We would ask providers to share their CORE data on affordability with the Council in order to better inform our final published tenancy strategy.

Paragraph 13.1. We expect:

- a) all providers to offer affected tenants and new customers, who have successfully bid for homes under the allocations policy, advice on what the changes to rents and benefits means for them:
- b) conversions of re-lets from social to affordable rent to be limited to contracts signed with the HCA and the agreed numbers to be notified to the Council forthwith to enable effective monitoring: providers to discuss the location of rent conversions with the Council, to ensure they are limited to areas where there is a greater supply of re-lets and do not adversely affect small communities:
- c) where re-lets situated in Copeland are converted from social to affordable rent, there must be a presumption in favour of reinvestment in the Borough:
- d) no conversion of re-lets from social to affordable rent to be made on properties subject to Section 106 planning agreements (if any):

- e) all providers to notify the Council of their methodology for setting affordable rents in Copeland. Although 80% of market rents is the maximum value there should be no presumption of charging that level automatically without regard to local incomes:
- f) to favour rent setting methods where these include the most viable, socially responsible and inclusive ratio of local rents to incomes:
- g) that rents for larger 3 and 4 bedroom homes will remain within Local Housing Allowance limits to ensure future affordability in light of welfare benefit reform.