



BEDFORD
BOROUGH COUNCIL



Tenancy Strategy 2014-2017

March 2014

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1. Executive Summary

- 1.1 This document is Bedford Borough Council's Tenancy Strategy for the period 2014-17. It was adopted as Policy by the Bedford Borough Council Executive on 12th February 2014.
- 1.2 The Localism Act 2011 introduced Fixed Term Tenancies for social housing including both Local Authority and Housing Association housing.
- 1.3 These tenancies are not mandatory and the change does not affect existing tenancies.
- 1.4 The change will reduce the security of some tenants; the case for the change is that it will increase the efficient use of the housing stock to meet housing needs.
- 1.5 As Bedford has transferred its housing stock to bpha, in Bedford the change will take the form of Housing Associations (Registered Providers) offering Assured Shorthold Tenancies with a minimum period that will normally be at least five years rather than Assured Tenancies for a lifetime.
- 1.6 The regulatory requirement on Registered Providers is that tenancies offered should be "compatible with the purpose of the accommodation, the needs of individual households, the sustainability of the community, and the efficient use of their housing stock."
- 1.7 The Localism Act 2011 placed a statutory duty on Local Authorities to adopt a Tenancy Strategy. This is not binding on Registered Providers who will each have their own Tenancy Policies.
- 1.8 The Tenancy Strategy is guidance to Registered Providers. It seeks to balance the importance of security and the need for sustainable communities against the need to make good use of the housing stock.
- 1.9 The balance that it proposes is that lifetime tenancies should be retained except for properties with four bedrooms or more and for properties with substantial adaptations or designed features for people with disabilities.
- 1.10 The reason for this balance is the general principle that lifetime tenancies give important security to tenants and support sustainable communities. Flexible tenancies should be used where the costs of provision are exceptional and the need to make efficient use of the resource that much greater,
- 1.11 The Tenancy Strategy also sets out the steps that Registered Providers and the Council should take to inform and support tenants who are offered fixed term tenancies.
- 1.12 The Tenancy Strategy reviews a range of relevant background issues and notes in particular the interaction with the Allocations Scheme which is currently under review, the parallel introduction of Affordable Rents, and the benefit changes that affect housing, in particular the size restriction on social sector properties for housing benefit claims.
- 1.13 The Tenancy Strategy provides for an annual review of the strategy.

2. Introduction

- 2.1 This is Bedford Borough Council's Tenancy Strategy for the period 2014-17.
- 2.2 The Localism Act 2011 requires local authorities to produce a Tenancy Strategy. This includes local authorities, like Bedford Borough Council, that are not social housing providers themselves. The Tenancy Strategy relates to the public housing sector, not the private rented sector.
- 2.3 The Localism Act 2011 introduces Flexible Tenancies which may be granted by Local Authorities as a modified form of Secure Tenancy. A Secure Tenancy is open ended and is normally secure for the lifetime of the tenant. A Flexible Tenancy is granted for a limited period which must be for a minimum of two years.
- 2.4 Bedford transferred its housing stock (with a few minor exceptions) to bpha in 1990. The implications for Housing Associations (Registered Providers) are therefore what matters in the Bedford context. Where a Local Authority grants a Secure Tenancy a Housing Association grants an Assured Tenancy. The equivalent of a Flexible Tenancy will be the Assured Shorthold Tenancy which is an already established form of tenancy and provides for a fixed term. The equivalent of a Flexible Tenancy will be the Assured Shorthold Tenancy which is an already established form of tenancy and provides for a fixed term.
- 2.5 Previously Registered Providers were required by regulation when letting social rented housing to 'offer and issue the most secure form of tenancy compatible with the purpose of the housing and the sustainability of the community'. This effectively required providers to grant 'lifetime tenancies' to the vast majority of new tenants in general needs, social rent housing.
- 2.6 The revised regulatory requirement is: "Registered Providers shall offer tenancies or terms of occupation which are compatible with the purpose of the accommodation, the needs of individual households, the sustainability of the community, and the efficient use of their housing stock." (HCA Regulatory Framework). The revised regulatory requirement opens the way for a reduction in the security of some tenancies at future letting in the interests of a more efficient use of the housing stock.
- 2.7 Tenancies are granted by social housing providers and each Registered Provider will have its own tenancy policy within this framework.
- 2.8 The Tenancy Strategy sets out what the Registered Providers of social housing in Bedford Borough should take into account in formulating policies relating to: -
- The kinds of tenancies they grant,
 - The circumstances in which they will grant a tenancy of a particular kind,
 - Where they grant tenancies for a limited term, the lengths of the terms,
 - The circumstances in which they will grant a further tenancy on the coming to an end of an existing tenancy.

- 2.9 This Tenancy Strategy is therefore guidance to be taken into account by Registered Providers of social housing when they grant or renew tenancies in Bedford Borough but Registered Providers are not under a legal or regulatory obligation to conform to the Council's Tenancy Strategy.
- 2.10 In formulating this Tenancy Strategy the Council has taken into account the Council's Housing Strategy, its Homelessness Strategy and its Allocation Scheme.
- 2.11 The Localism Act also introduced changes in the legal requirements placed on local authorities in responding to homelessness and in the management of allocation schemes for social housing. Both the Council's Homelessness Strategy and the Allocation Scheme are subject to review. Changes made may give rise to a requirement to review the Tenancy Strategy.
- 2.12 The Tenancy Strategy also takes into account the requirements of the Equalities Act 2010. An Equality Analysis has been undertaken on this strategy to ensure that equality and diversity have been fully recognised and embedded.
- 2.13 A meeting of the Bedford Housing Partnership was discussed the issues with Registered Providers and consultation took place with bpha before a draft was produced. Stakeholders and Registered Providers have been consulted and appropriate changes have been made to this Tenancy Strategy.
- 2.14 The Tenancy Strategy will be reviewed annually by the Bedford Housing Partnership.



3. Objectives

3.1 Bedford Borough Sustainable Communities Strategy 2009-2021 identifies the key goal of within the 'Growing Borough: Housing and Transport' theme as

"A Borough where the supply and quality of housing and transport is capable of supporting the needs and aspirations of the Borough's population now and in the future"

3.2 The Strategy recognises the need to ensure that there is enough affordable housing to meet the needs of the Borough and to ensure that vulnerable households are supported where appropriate.

3.3 This Tenancy Strategy links to three of the four key themes identified in the Council's Housing Strategy 2012-2017:

- Housing Needs and the Housing Market
- Making Best Use of the Existing Housing Stock
- Homelessness and meeting the needs of vulnerable people

3.4 The Housing Strategy includes the following objective: Develop a robust approach to allocations and tenancies that meets the needs and priorities of the borough and maximises the use of available resources.

3.5 In accordance with the Housing Strategy an important objective of the Tenancy Strategy is to ensure that housing needs are met and that resources are used in the most effective way to meet those needs. This is consistent with the proposed Allocation Scheme and with the Council's statutory duties to homeless households.

3.6 The Council also recognises that stability is important to individuals and their families and to the wider community. The Housing Strategy also makes clear that the Council is committed to sustainable communities.

3.7 The Tenancy Strategy seeks to balance these different objectives by supporting only limited use of Assured Shorthold Fixed Term Tenancies.

3.8 The new legal framework is more complex and the Council attaches high importance to ensuring that sufficient support and advice is given to tenants affected by changes to the tenancy regime. The Council recognises that this is a need that will primarily be met by Registered Providers as the landlords. The Council also recognises the role that will be played by the Council's Housing Options Service.

3.9 The Council will also work with Registered Providers to encourage tenants to take control of their lives and help them to move into market housing once their situation has improved.

- 3.10 The Council recognises that the introduction of Assured Shorthold Fixed Term Tenancies will require the development of policies and procedures by Registered Providers. Registered Providers hold the assets that they do as a result of substantial public investment over decades. This investment was made to meet housing need and it is important that Registered Providers rise to the challenge of ensuring that the housing stock they hold is used to meet housing need. At the same time Registered Providers will need to ensure that adequate support for tenants is in place.
- 3.11 The Council recognises that policy and practice on Assured Shorthold Fixed Term Tenancies will evolve and is keen to monitor how this will impact on future tenants. Progress will therefore be monitored and the Tenancy Strategy will be reviewed and further developed accordingly.

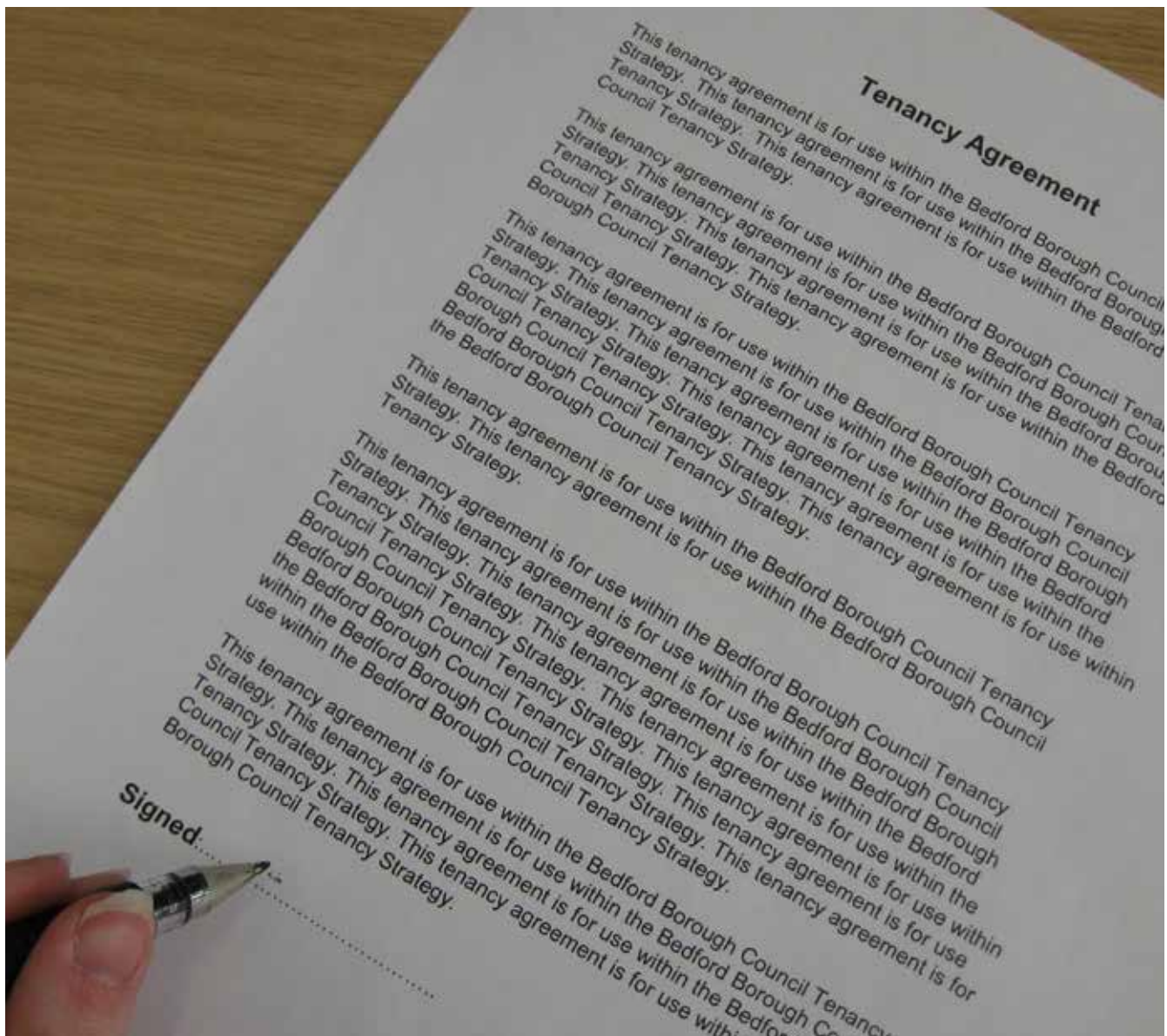


3.12 The HCA Regulatory Framework has parallel requirements relating to allocations. It says:

“Registered providers shall let their homes in a fair, transparent and efficient way. They shall take into account the housing needs and aspirations of tenants and potential tenants. They shall demonstrate how their lettings:

- *Make the best use of available housing*
- *Are compatible with the purpose of the housing*
- *Contribute to local authorities’ strategic housing function and sustainable communities”*

3.13 The Allocations Scheme is currently the subject of separate consultation and is not yet finalised however it considers further issues of tenure and tenancy transfers.



4. Background and Context

- 4.1 Section 4 sets out the background to and the context for the Tenancy Strategy.
- 4.2 The concepts of flexible tenancies and local policies on their use were initially introduced as part of the wider package of social housing reforms set out by the Government in Local Decisions: a fairer future for social housing.
- 4.3 This document identified the inflexible tenure system as a significant impediment to meeting housing needs. Lifetime tenancies take no account of how individuals' and households' circumstances might change over time. Lifetime tenancies mean that heavily subsidised rents continue to be available to households regardless of changes in their ability to pay. Furthermore tenancies can be inherited by family members who are not in housing need. The government does not provide evidence in the paper to quantify the extent to which these circumstances have arisen. Lifetime tenancies do however provide security and stability for the tenant and the need to make the best use of the housing stock needs to be balanced against the tenant's individual circumstances.
- 4.4 Central to this is the approach to "under-occupation". A government paper "Managing under-occupation A guide to good practice in social housing" published in 2001 read as follows:

"Under-occupation of stock is not necessarily a bad thing. The primary concern for authorities must always be to 'ask are we making the very best use of our stock' and to answer that it is necessary to look at the problem in the round, and in the context of wider Government policies on social exclusion and on building mixed and sustainable communities. Some level of under-occupation may be the way to reduce child densities in an area with high numbers of children, if the landlord is confident that this will not compromise their ability to provide homes for people in need or to relieve overcrowding. In some communities, older tenants who are now under-occupying their homes can be a source of much needed stability. In order to make such decisions it is vital that landlords have robust, up to date information about the demand for different types of housing, both from existing and prospective tenants."

- 4.5 The Strategic Housing Market Assessment noted the "key issue of occupancy ratings". It commented:

"There is a trend towards spare rooms being used as office space and study space. Also older people value spare rooms to facilitate support in times of illness rather than prolonged stays in hospital or nursing homes. There is also the question of affordability. Given the plans for housing growth and job growth and the key aim of reducing commuting there is a policy dilemma. Smaller homes tend to be cheaper, however extra space is important to a modern lifestyle."

- 4.6 This observation formed part of setting the scene for the discussion of the general trend towards smaller households and the extent to which it should be reflected in identifying a

requirement for smaller dwellings. Social housing practice has not been to allocate spare rooms for visitors or study. Social housing practice has been to designate the number of persons for which a property is suitable in terms of the number and size of bedrooms in the property and normally to let to that level. Over time the number of occupiers in an individual property may fall below that level. There are exceptions, for example to manage child densities or make use of hard-to-let flats, and nationally these exceptions are a minority of cases but quite common. CORE data for 2009 showed that nearly one third of Housing Association lets and nearly a quarter of Local Authority lets to single person households or couples were two bedroom properties. 3% of lets to single people and couples were three bedroom properties.

4.7 Councils and housing associations have taken various steps to reduce under-occupation. These have included:

- Publicising the need for larger homes and their scarcity.
- Appointing a dedicated under-occupation officer to identify under-occupiers (often older people), visit them to assess what sort of property might suit them, identify a property, visit it with the household and offer practical help with moving, such as help to organise disposal of old items, reconnection of utilities and post redirection.
- Offering cash assistance with moving costs and financial incentives to move
- Allowing under-occupiers to retain one spare bedroom in the new property.
- Identifying moving options as an alternative to Disabled Facilities Grants.

4.8 The government calculated that 400,000 households were under-occupying their social housing by two bedrooms or more (measured against the bedroom standard) and that in every district outside London the number of households under-occupying social rented homes exceeded the number of over-crowded social rented households.

4.9 Figure 1 shows the national distribution of under-occupying and overcrowded social tenants:

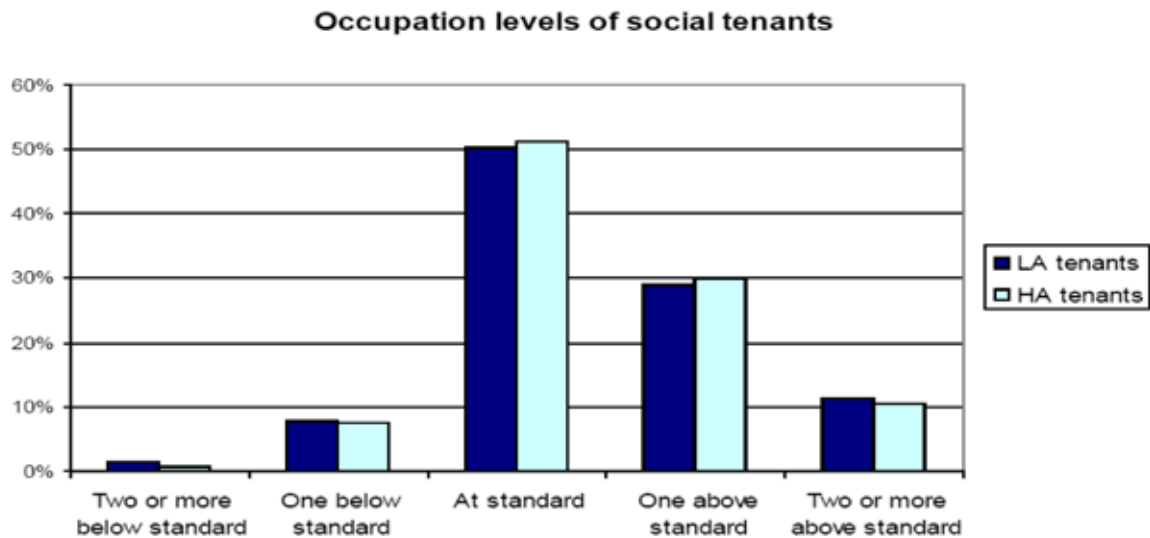


Figure 1 – Occupation Levels of social tenants

Source: Cambridge Centre for Housing and Planning Research “Under-occupation and the new policy framework” December 2011.

- 4.10 The English Housing Survey (2011-12) found that the overall rate of under-occupation based on the bedroom standards but only counting those with 2 surplus bedrooms as under-occupying is 37%. The rate is much higher amongst owner-occupiers (49%) than social renters (10%). The rate of under-occupation in the private rented sector rate is 16%.
- 4.11 The equivalent figures for those with one bedroom over the standard (but not more) are an overall figure of 36.8% with 36% of owner occupiers, 29% of social renters and 36% of private renters having one bedroom over the standard.
- 4.12 There are 4,121,000 local authority, registered provider and other public sector dwellings in England (CLG Live Table 100). The government does not give a source for its figure of over 400,000 but the figure broadly equates to 10.2% of 4.1m which indicates that this is a reasonable figure for those with two bedrooms over the standard.
- 4.13 The changes to the type of tenancy and the introduction of Affordable Rents do not affect existing tenancies. In certain circumstances an Assured Tenant may have a right to a mutual exchange in which an Assured Tenancy is retained. The position for transfers more generally will be considered within the Allocations Scheme. If an existing tenant moves to a different property the rent will be the rent for that property (which may be an affordable rent).
- 4.14 Changes to Housing Benefit will also affect tenants in social housing who will now be subject to the same regulations as private renters. From 1 April 2013 housing benefit will no longer pay for all of the rent of working age claimants if their home has more bedrooms than the

bedroom standard indicates is required for their household. The Housing Benefit payment towards the 'eligible rent' (this excludes service charges) is reduced by 14% for one bedroom over the standard and 25% for two or more bedrooms over the standard. There are no exemptions for disabilities, but an extra bedroom can be allowed if evidence is provided of regular non-residential care or medical reasons why two children cannot share a room. Additional bedrooms can also be allowed to members of the Armed Forces and Foster Carers in certain circumstances.

- 4.15 In June 2012 the Government issued a consultation document on a new 'Pay to Stay' initiative which would require tenants whose income exceeds a certain level to pay a higher rent if they wish to remain in social housing.
- 4.16 The Council recognises that making best use of the existing stock can only be part of the answer to meeting housing needs. The Housing Strategy sets out the Council's commitment to the provision of new homes including new affordable homes. Reductions in public spending have included reductions in grant levels available for the national affordable housing programme. Registered Providers are using other resources to support the development of new housing including recycled capital grants, the development of market housing to cross-subsidise affordable housing, selective disposals of existing stock and the higher income stream from affordable rents.
- 4.17 The Council is also aware of the importance of bringing empty homes back into use and has agreed an Empty Homes Strategy.

Bedford Profile/Housing Market

- 4.18 Bedford Borough Council is a Unitary Authority and (with a small number of exceptions) does not hold any housing stock due to the transfer of almost all the stock to bpha in 1990. The Council has retained its Strategic and Operational Housing functions which includes housing options, housing strategy and policy.
- 4.19 In 2001 the borough's population was 148,100 formed into 59,600 households. The mid-year estimate for 2011 indicates that the population has increased to 157,840. The distribution of household types is close to the national average with slightly more couples and couples with children and slightly fewer pensioners.
- 4.20 There are currently over 11,000 dwellings owned by Registered Providers in Bedford Borough, which make up approximately 17% of the Borough's total housing stock. The great majority are let at social rents with a small number now let at Affordable Rents. The homes are spread across 19 Registered Providers. BPHA hold over 70% of the stock. Seven Registered Providers each hold between 100 and 1,000 affordable rented homes in Bedford. 11 Registered Providers each have fewer than 100 homes in Bedford.
- 4.21 Many Registered Providers have only a small proportion of their total rented stock in Bedford. In most cases Registered Providers will hold stock across a number of Local Authorities and will have the challenge of taking account of the Tenancy Strategies of all Councils involved

while developing a coherent Tenancy Policy for their organisation. Whilst this difficulty is recognised, Registered Providers should have regard to the Council's Tenancy Strategy.

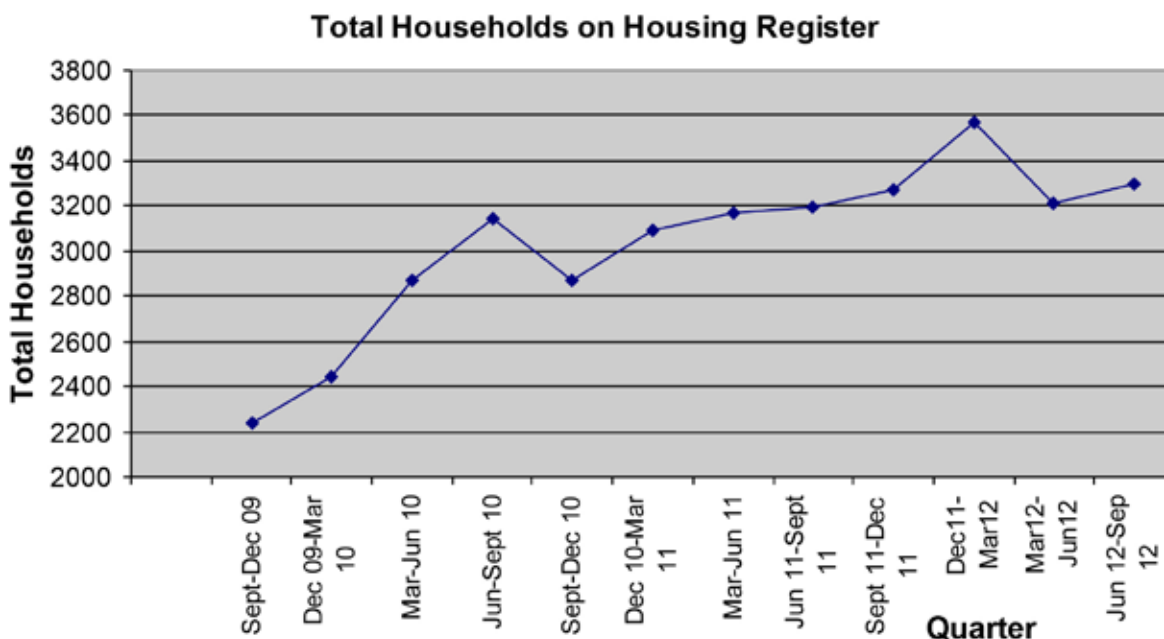
- 4.22 In line with its corporate strategic priorities and objectives within the Housing and Homelessness Strategies, the Council is keen to encourage the delivery of new affordable housing to meet local housing needs. The Housing Strategy 2012 reaffirmed the target of 200 affordable homes per year (this includes all affordable tenures including low cost home ownership).
- 4.23 In recent years the Council has exceeded its target. The process of introducing the new Affordable Housing Programme 2011-2015 based on Affordable Rent created delays to the programme but programme agreements with Registered Providers are now in place. Affordable housing starts were reduced to a very low level during the time that it took for the government to determine the 2011 – 2015 Affordable Housing Programme. The process of introducing the new 'Affordable Rent' system has created a gap in housing supply. The Council is working with Registered Providers and the Homes and Communities Agency under the new system to deliver new housing within the 2011-2015 Affordable Housing Programme. The programme is now established but most of the delivery of new homes will occur towards the end of the 2011-2015 period.
- 4.24 Affordable Rent was introduced in the 2010 Comprehensive Spending Review as an alternative to social rent and is the basis of the 2011-15 Affordable Housing Programme. The additional rental income it will generate will be used to fund new development due to the reduction in the grant subsidy provided by the Homes and Communities Agency (HCA). This will also be combined with selective disposals of existing stock where this enables a Registered Provider to increase the programme of new homes. It is important that these disposals are only agreed to enable the provision of additional affordable housing in Bedford.
- 4.25 The substantial reductions in grant support for new housing combine with pressures on the viability of market housing developments to create substantial downward pressures on the supply of new affordable housing. The Council is reliant upon Registered Providers developing effective asset management strategies and using their resources effectively to provide new affordable housing.
- 4.26 The Private Rented Sector is increasing in importance but affordability remains a key issue. The Strategic Housing Market Assessment will consider broader issues relating to the role of the private rented sector, rents and affordability. The Council is also operating an extended scheme for licensing Houses in Multiple Occupation to improve standards. The role of the Private Rented Sector will be considered further in the Strategic Housing Market Assessment. The Council operates a limited Tenancy Deposit Guarantee Scheme. The Council has the option to discharge its homeless duty in the Private Rented Sector subject to certain conditions. The Homelessness Strategy will also set out the Council's approach to this issue more fully.

Housing Need

4.27 There were 3,296 households on the Housing Register at 1st October 2012.

4.28 Figure 2 shows the trend of the total number of households on the Housing Register from September 2009. Re-registration took place in 2009 in preparation for the implementation of Choice Based Lettings through Bedfordshire Homefinder.

Figure 2 – Total number of Households on the Housing Register



4.29 Applicants are placed in bands according to housing need. The banding scheme is under review. The current scheme is:

- Band 1: Urgent moves
- Band 2: Statutory re-housing duties, under-occupying households and management transfers
- Band 3: Registered Provider priority transfers & Housing Need assessed with cumulative needs
- Band 4: Non priority

4.30 Table 1 shows the breakdown of households on the Housing Register and their assessed Band/Needs. It can be seen that 77 households are in Band 2 and considered to have a high housing need. 1054 households (32%) are in Band 4 and considered to have no housing need or have had their priority reduced. Band 4 includes households that are living outside the Borough, are owner occupiers or have been given a penalty (for example for rent arrears). Approximately two thirds of households on the Housing Register are in Band 3. Overall there are 2242 households on the Housing Register in housing need.

- 4.31 The Council has introduced a quota system to manage the allocations process: 30% of allocations will go to homeless households, 30% will go to transfers and 30% will go to the housing register. 10% will be available for cross-border allocations. Further changes to the allocations scheme have been the subject of consultation however the document is still to be finalised. In the short term households downsizing as a result of benefit changes will put pressure on smaller units, particularly two bedroom units.

Table 1: Total Households on the Housing Register at 1st October 2012, by band

Band	Total number of households		Percentage of households
1		0	0.0%
2		77	2.3%
3/8 needs	5		
3/7 needs	7		
3/6 needs	56		
3/5 needs	138		
3/4 needs	132		
3/3 needs	364		
3/2 needs	880		
3/1 needs	583		
Total Band 3		2165	65.7%
4		1054	32.0%
TOTAL		3296	100%

- 4.32 Households who were the subject of a formal decision under homelessness legislation rose from 337 in 2011/12 to 353 in 2012/13. The number of households where intervention by the Housing Options Team prevented homelessness decreased from 331 in 2011/12 to 207 in 2012/13. (Table 2)
- 4.33 The Localism Act 2011 allows the Council to discharge its duty to homeless households in the private rented sector without the consent of the applicant provided that arrangements can be made with a private sector landlord to offer suitable accommodation for a minimum term of one year.

Table 2: Homelessness: preventions and decisions 2012/13

	Q1	Q2	Q3	Q4	2012/13 Total	2011/12 Comparison
Number of Preventions						
- Remaining	13	15	18	22	68	125
- Alternative Accommodation	19	20	37	59	135	204
- Relieved	1	1	1	1	4	2
Total	33	36	56	82	207	331
Number of Homelessness Decisions						
- Accepted	55	54	70	63	242	211
- Intentional	5	12	5	9	31	35
- Non priority	3	4	3	5	15	14
- Not homeless or TWH	19	11	12	22	64	75
- Ineligible	1	0	0	0	1	2
Total	83	81	90	99	353	337

- 4.34 The Council has published its Policy to Discharge Homelessness Duties through the Private Rented Sector. Changes to Housing Benefit have reduced the attractiveness of tenants dependent upon benefits to private sector landlords. The private rented sector is very buoyant and it is not certain to what extent it will be possible to secure suitable lettings for homeless households. The Council will use this resource and will still need to make the best possible use of the existing stock. There are other changes that have been introduced by the government including welfare reform and the ability of Local Authorities to discharge their homelessness duty in the private rented sector which will be considered further in the Homelessness Strategy

Rents and Affordability

- 4.35 Subject to a Programme Agreement that a Registered Provider participating in the Affordable Housing Programme makes with the Homes and Communities Agency, Registered Providers will let properties that fall within that agreement at Affordable Rents which they will set at up to 80% of the gross market rent (including service charge). The local market and Local Housing Allowance should be taken into account when setting affordable rents. The market rent used as the basis for the Affordable Rent calculation is certified by an RICS surveyor.
- 4.36 Annual rent increases are capped at CPI +1% for the duration of a tenancy. Once the tenancy ends and a new one is granted (even if it is granted to the same person), the rent is 'rebased' against the market rent. Therefore, if 'lifetime' tenancies are used in conjunction with affordable rent, opportunities to 'reset' the rent to 80% of market rent are likely to arise less frequently.
- 4.37 Median earnings in Bedford are above median earnings for England but lower than those for the East of England (Table 3).

Table 3: Gross Median Weekly Earnings

	Bedford	East	England
Full-time workers	£517.4	£531.0	£512.7
Male full-time workers	£572.3	£580.4	£553.3
Female full-time workers	£479.7	£461.1	£453.0

Source: ONS annual survey of hours and earnings 2012

Table 4: Gross Median Annual Earnings

	Bedford	East	England
Full-time workers	£27,008	£27,718	£26,763
Male full-time workers	£29,874	£30,297	£28,882
Female full-time workers	£25,040	£24,069	£23,647

Source: ONS annual survey of hours and earnings 2012

- 4.38 It should be noted that median earnings are not median household incomes.
- 4.39 Average household incomes for the East of England in 2007/08 (latest available data) were £700 per week or £36,540 pa.
- 4.40 Within the Borough, there are huge disparities between wards in income levels. Average gross weekly household income in 2007/08 in Bromham ward (£1,110) was more than twice the level in Harpur (£530), Kingsbrook (£540) and Queens Park (£540) wards.
- 4.41 Table 5 shows a comparison of Affordable Rent and Social Rent based on estimates of typical rents provided by Registered Providers.

Table 5: Comparison of estimated typical social rents with estimated typical Affordable Rents

	Estimated typical weekly Social Rent exc. Service Charge	Estimated typical weekly Affordable Rent exc. Service Charge	Estimated typical weekly Affordable Rent inc. Service Charge
1 bed flat	£75	£82	£96
2 bed flat	£85	£92	£109
2 bed house	£94	£119	£124
3 bed house	£107	£139	£143
4 bed house	£119	£156	£161
5 bed house	£125	£173	£178

Source: Bedford BC based on data provided by Registered Providers.

- 4.42 Table 6 shows the average Local Housing Allowance for Bedford Borough at 2013-14. It can be seen that the average social rent and affordable rent is currently lower than the Local Housing Allowance level which is based on 30th percentile market rents.

Table 6: Local Housing Allowance in Bedford Borough 2013/14

	Weekly	Monthly
Shared	63.50	275.17
1Bedroom	98.08	425.01
2Bedroom	126.92	549.99
3Bedroom	153.30	664.30
4Bedroom	199.04	862.51

- 4.43 It is difficult to measure affordability of housing costs. As noted in the Housing Strategy, CLG guidance for Strategic Housing Market Assessments issued in 2007 suggested that households should not spend more than a quarter of their gross income on housing. Affordability calculators used in the private rented sector generally base their calculation on 40% of gross income being used for rent. The Mayor of London's standard definition of affordability is 35% of gross income.
- 4.44 On the basis of the current estimated Affordable Rents only the rents for 5 bedroom properties will exceed 33% of median earnings for Bedford. However, 3 bedroom properties and above will exceed 25% of median earnings.
- 4.45 Table 7 shows estimated Affordable Rents compared to the income required to meet that rent based on 25% and 33% of income being used to pay the rent.

Table 7: Estimated Income required to pay estimated

	Estimated typical weekly Affordable Rent inc. Service Charge	Estimated typical annual Affordable Rent inc. Service Charge	Income required based on 25% annual earnings	Income required based on 33% annual earnings
1 bed flat	£96	5,006	20,023	15,169
2 bed flat	£109	5,684	22,734	17,223
2 bed house	£124	6,466	25,863	19,593
3 bed house	£143	7,456	29,826	22,595
4 bed house	£161	8,395	33,580	25,439
5 bed house	£178	9,281	37,126	28,126

Source: Registered Providers' estimates of Affordable Rents

4.46 The current estimated Affordable Rents fall below Local Housing Allowance levels. If market rents increase faster than earnings and Affordable Rents move up accordingly this could put pressure on household budgets in the affordable housing sector as in the private rented sector. Local Housing Allowance rates should generally move in line with the movement of market rents but tenants dependent upon benefits will be affected by other changes in the benefits system.

4.47 The Homelessness Code of Guidance for Local Authorities July 2006 sets out how Councils should consider affordability when assessing homelessness applications. It says (Para 17.40):

In considering an applicant's residual income after meeting the costs of the accommodation, the Secretary of State recommends that housing authorities regard accommodation as not being affordable if the applicant would be left with a residual income which would be less than the level of income support or income-based jobseekers allowance that is applicable in respect of the applicant, or would be applicable if he or she was entitled to claim such benefit. This amount will vary from case to case, according to the circumstances and composition of the applicant's household.

4.48 The rent levels applicable to individual properties will be advertised through Bedfordshire Homefinder and will be known to applicants when they bid for properties. It is the Council's view that when offering new tenancies to applicants, Registered Providers should consider whether the housing costs (rent and service charge) are affordable for the applicant. For example, is the applicant on housing benefit? If so, does this cover all of their housing costs? If not, then can they afford the top up? All these important issues should be covered prior to tenancy sign-up to ensure that households are not set up to fail. Registered Providers will need to ensure that they have the necessary systems in place to provide the level of support required.



Welfare Reform

- 4.49 The current process of Welfare Reform is the most comprehensive restructure of the benefits system in the last 30 years. The Welfare Reform Act 2012 sets out a whole new system.
- 4.50 Central to this is the introduction of a Universal Credit to replace Income Support, Job Seekers Allowance, Employment Support Allowance, Working and Child Tax Credit and Housing Benefit
- 4.51 This, combined with the requirement to try to reduce the rate of increase in the Welfare benefit budget has brought about a number of changes to the benefits relating to housing costs:-

From 2011:

- The 5-bedroom rate for Local Housing Allowance (LHA) is abolished and the maximum LHA rate is now for 4 bedrooms.
- LHA rates have been set to reflect the 30th percentile of private rents rather than the 50th.
- LHA rates capped – no direct impact in Bedford, but more expensive areas become unaffordable to benefit claimants.

From January 2012:

- The age at which people are restricted to the single room (shared accommodation) rate in LHA is increased from 25 to 35.

From 2013:

- LHA rates will be reviewed by either the local market rates or CPI which ever is the lower
 - The total amount of income benefits, including Housing Benefit, awarded to workless households will be capped at £500 per week for households with children and £350 per week for single adults or couples). This will impact only on working age households who are not in work.
 - The household size criteria in the social rented sector will be brought into line with that currently used to award local housing allowance to private rented sector tenants.
 - Council Tax Benefit to abolished.
- 4.52 The cumulative impact of the benefit changes is hard to ascertain but the impact on some tenants could be significant. The impact will include the secondary impact of households forced out of higher value areas, particularly London. The changes add to the pressure on the Council and on Registered Providers to make the most effective use possible of the available housing stock. This will be considered further in the Homelessness Strategy.
- 4.53 The government has given a commitment to increase funding to Local Authorities for Discretionary Housing Payments (DHPs). Nationally it is due to increase from £60 million in 2012/13 to £155 million in 2013/14. The amount available for DHPs in Bedford in 2013-14 is £349,100.

- 4.54 In March 2013 over 1,250 Housing Benefit claims in Bedford were due to be affected by the “Size Restriction on Social Sector Properties” (also known as the “Bedroom Tax”). Following a communication campaign of the options available, this number has been reduced to 1,033. Of these 138 have applied for Discretionary Housing Payment (DHP) to help with their shortfall, 85 of which have been successful. Many of the awards of extra funding have been for limited periods to enable the claimant to either move or budget to afford the shortfall. Each DHP decision letter details what steps the claimant should be taking; be it to restructure their finances and seek budgeting advice to be able to afford to pay their shortfall or to apply for smaller accommodation, where they will not be subject to the restriction. The Bedfordshire “Homefinder” house swap website now has 39 members who have listed the restriction as their reason for registering.
- 4.55 Pilots of Universal Credit took place from April 2013. The scheme is to be rolled out nationally over a period to 2017 at least initially through extending the existing pilot schemes. This commenced in October 2013.

Allocation Scheme

- 4.56 The Council expects all Affordable Rent properties and Social Rent properties to be offered through the Bedfordshire Homefinder Choice Based Lettings scheme.
- 4.57 The Council is reviewing its Allocation Scheme in the light of the changes created by the Localism Act 2011. The Allocations Scheme has been out to consultation but is yet to be finalised. The purpose of the revisions will be to give greater weight to local connection and to secure a better balance between allocations to statutory homeless applicants, priority transfers, and the housing register. Under these proposals:
- 4.58 Applications will be accepted from households with a local connection who:
- Currently reside in Bedford Borough and have done so continuously for the previous 3 years
 - Currently reside in Bedford Borough and have been in continuous permanent employment within Bedford Borough for the previous 12 months
- 4.59 Low paid workers will be given priority based on net income below, this will be considered further in the Homelessness Strategy:
- Families – benefit cap plus £20 p.w.
 - Singles – benefit cap plus £10 p.w.
- 4.60 Quotas will be introduced as part of local lettings policy and included in the new policy. The quotas from April 2013 have been:
- 30% Homeless
 - 30% Transfers
 - 30% Waiting list
 - 10% cross border

- 4.61 A further amendment is proposed to remove the 10% of allocations that are currently available for cross-border movements as part of the Homefinder Choice Based Lettings scheme operated jointly with Central Bedfordshire and Luton. When this is introduced under the new allocation scheme the other quotas will be amended accordingly. In place of this quota reciprocal arrangements will operate with partners with a tolerance of plus or minus ten nominations.
- 4.62 Applicants with no housing need will not be registered.
- 4.63 The banding system used in the Allocation Scheme will be changed to provide more bands and remove “needs” from within the general needs priority band.
- 4.64 The effect of the changes will be that homeless households will be given reasonable preference through quotas which will ensure a reasonable balance between categories of applicant while ensuring a sufficient supply of lettings to homeless applicants and those who need to move because they are under-occupying and their housing benefit has been restricted.

Mobility

- 4.65 The Council recognises the need for mobility within the affordable housing sector. Enabling tenants to be able to move can help them secure better employment and be close to family networks. It can also help with the supply of affordable housing by ‘freeing up’ properties for others.
- 4.66 The mutual exchange module on Bedfordshire Homefinder encourages tenants to move to alternative accommodation as their circumstances change.
- 4.67 Registered Providers may use individual incentives to reduce under-occupancy



- 4.68 Following the Localism Act non-priority transfers will not be managed through the Allocation Scheme.
- 4.69 The occupation criteria are likely to produce a demand for transfers from benefit-dependent households under-occupying their properties.
- 4.70 Registered Providers will need to consider how they approach the management of arrears and seeking possession orders for households affected by the benefit changes who need a transfer. Tenants in arrears are not currently eligible for transfers. It is important that Registered Providers discuss their approach to this with the Council.

Complaints by Tenants

- 4.71 Registered Providers are required by the Housing Act 1996 to ensure that all their housing activities are covered by one or more approved schemes which provide for a housing ombudsman.
- 4.72 The Localism Act 2011 provides that a complaint to a housing ombudsman under an approved scheme is not duly made until it has been made by a designated person (with the written consent of the complainant or the complainant's representative).
- 4.73 A designated person is
- a member of the House of Commons,
 - a member of the local housing authority for the district in which the property concerned is located, or
 - a designated tenant panel for the social landlord.
- 4.74 It is a regulatory requirement that Registered Providers support the formation and activities of tenant panels. The decision to create a tenant panel will be taken by the tenants involved. It is for Registered Providers to agree with their tenants the mechanism by which tenant panels will be recognised (or de-recognised) as a designated person.
- 4.75 In addition to a role in complaints Tenant Panels may also contribute to decision making, shaping services and scrutinising and monitoring landlord services.
- 4.76 Each Registered Provider will need to consider how to approach the possible conflict of role for members of a Tenant Panel acting as a designated person if that member is also involved with the corporate governance of the Registered Provider.
- 4.77 The Council will explore through the Bedford Housing Partnership the preferred model for creating Tenant Panels in Bedford.

- 4.78 The Registered Provider's own complaints procedure should be exhausted before the designated person refers the complaint to the housing ombudsman. There is nothing to stop the designated person being actively involved in seeking to resolve the situation and suggest improvements to a Registered Provider's policies and practice prior to a referral to the housing ombudsman should that be required. However, this involvement may not include adjudicating on the complaint. Members of Parliament and Councillors have a role in representing their constituents. In the case of a tenant panel it would be difficult for members of the panel to approach the case with a fresh view as a designated person if they had been involved as an adjudicator at an earlier stage.
- 4.79 The designated person does not have powers other than to refer a complaint to the housing ombudsman but the views of designated persons should be given weight by Registered Providers.
- 4.80 The Council will work with Registered Providers through the Bedford Housing Partnership to achieve an agreed approach to designated persons, tenant panels and complaints handling.
- 4.81 Designated persons will need to be aware of data protection and legal indemnity issues in carrying out their roles.



5. Tenancy Strategy

- 5.1 The Council acknowledges that the decision to use fixed term tenancies, and the length of these tenancies, lies with the Registered Provider. Registered Providers are strongly encouraged to consult with the council on their proposed tenancy policies before these are adopted and issued.
- 5.2 Bedford Borough Council is committed to meeting the housing needs of residents, to providing new affordable housing, to bringing empty homes back into use and to working effectively to prevent homelessness. Alongside this the Housing Strategy 2012-2017 identifies making best use of the existing housing stock as a key theme and priority. The Council recognises the importance of making best use of what is a scarce resource and ensuring social housing is available for those who most need it and supports some use of flexible and Assured Shorthold Fixed Term tenancies as an important way of achieving this.
- 5.3 The Council's approach is to balance the need to make best use of the stock against the need of individuals and their families for stability and to support sustainable communities. Therefore there are limitations to the circumstances in which flexible and Assured Shorthold Fixed Term tenancies are appropriate, the terms of those tenancies need to be carefully considered and the support available to tenants needs to be in place.
- 5.4 The Localism Act sets a minimum of two years for fixed term tenancies. The government anticipates that 5 years will be the norm with 2 years being offered in exceptional circumstances. This may apply if, for example, a household has had rent arrears or antisocial behaviour. However, most Registered Providers in Bedford offer Starter Tenancies for a 12 month period and would continue to adopt this approach prior to granting a 5 year Assured Shorthold Fixed Term Tenancy. The Council suggests that five years should, therefore, be the minimum period for a fixed term tenancy.
- 5.5 The Council is keen to encourage security and stability in the social housing sector to allow people to feel part of their community. The minimum length of five years will help to achieve this. The impact of flexible and Assured Shorthold Fixed Term Tenancies should be reviewed to consider whether excessive movement in local populations has been a problem in any particular locality. Local lettings policies may be considered where appropriate.
- 5.6 The Council recognises that there is a need to consider the impact of Assured Shorthold Fixed Term Tenancies as they are introduced and that Registered Providers may not immediately have the policies, procedures and systems, including IT systems, and staff to implement Assured Shorthold Fixed Term Tenancies across the whole of their stock.
- 5.7 Tenancies could be considered as suitable for Assured Shorthold Fixed Term Tenancies rather than lifetime tenancies either for reasons related to the nature of the dwelling or for reasons related to the circumstances of the household.

- 5.8 It is suggested that Registered Providers should only adopt 5 year Assured Shorthold Fixed Term Tenancies for:
- 4 bedroom properties and larger.
 - Properties with significant adaptations for people with disabilities or designed to be suitable for people with disabilities.
- 5.9 In both the above cases significant additional public resources have been committed to delivering a dwelling that meets a particular need and it is important that this resource is targeted at those households that do need it. A recent survey of the majority of Registered Providers operating within the Borough showed that their housing stock included 303 four bed and 37 five bed dwellings. Adapted properties amounted to 768 dwellings in the Borough.
- 5.10 There will be issues to be considered in future reviews:
- Homeless households are often at a period of crisis in their lives which does not necessarily reflect their long-term housing needs and the resources available to them. It may be appropriate to consider Assured Shorthold Fixed Term Tenancies for this group.
 - Under-occupation of family homes is not a problem limited to 4 bedroom plus dwellings and may need to be considered further.
 - Dwellings in rural areas may need to be given particular consideration as there are particular problems securing housing supply in the rural area.
 - Single non working households under 35 are limited to occupying single rooms in the private sector and therefore demand for social rented accommodation has increased for this group.
- 5.11 If an Assured Shorthold Fixed Term Tenancy is issued, the Council expects that a full review will be undertaken at least six months prior to the end of the tenancy period, respecting that if the tenancy involves a vulnerable person there needs to be a sensitivity to the timing of the review and regard to the impact it may have on the tenant. It is accepted that more tenancies are likely to be renewed than ended as the majority of social housing tenants circumstances are unlikely to change considerably over time.
- 5.12 The following is what the Council will expect Registered Providers to offer to tenants before they issue an Assured Shorthold Fixed Term Tenancy, during the tenancy, and prior to the end of an Assured Shorthold Fixed Term Tenancy:

Prior to tenancy

- Timely information and advice services to help people understand their housing options which should include, where appropriate, opportunities to move within and outside the social and affordable rent sectors e.g., into market rent or home ownership (including low cost).
- Clear criteria against which the decision to re-issue the tenancy at point of review will be made.

During tenancy

- Tenancy support, for example help with financial planning and money management advice
- Referral to external support agencies where required
- Periodic reviews to monitor any change in circumstances

Prior to end of the Assured Shorthold Fixed Term period

- A clear and transparent review process which is understood by the tenant at the time of tenancy sign up.
- Information sharing between registered providers and the council when the decision not to reissue a tenancy has been taken, provided 6 months before the tenancy ends, so as to prevent homelessness.
- To make tenants aware that advice agencies may be able to support tenants in the tenancy review process.



- 5.13 Towards the end of an Assured Shorthold Fixed Term Tenancy, there are a number of courses of action which providers can take. These need to be fully explained to the tenant:
- To re-issued a new Assured Shorthold Fixed Term Tenancy; or
 - For the tenant to remain in the property but on new terms; or
 - To assist the tenant to find alternative (and more suitable) accommodation; or
 - Not offer any other form of tenancy
- 5.14 There are a number of situations where it would not be generally appropriate to re-issue a further Assured Shorthold Fixed Term Tenancy. These include where:
- The property is adapted and no-one residing at the property requires the adaptations
 - The property is under-occupied
 - The property is over-crowded
 - The financial circumstances of the tenant have changed to such an extent that other housing options would be more appropriate.
 - Breaches of tenancy or tenancy fraud are identified during the Assured Shorthold Fixed Term Tenancy review process.
 - The tenant and/or their advocate do not engage in the Assured Shorthold Fixed Term Tenancy review process
 - The tenant comes into legal ownership of another home or property
 - The tenant's behaviour during the fixed term of the tenancy has been unacceptable to the extent that they would not be accepted onto the council's housing register – for example sustained and documented anti-social behaviour.
 - There is a strong need for the tenant to move to another location, for example to take up employment.
- 5.15 This list is not exhaustive, and there may be other circumstances where the re-issue of a tenancy would not be appropriate.
- 5.16 Where an Assured Shorthold Fixed Term Tenancy is coming to an end and a notice has been served, the council expects providers to ensure that tenants receive housing options advice; either provided directly or by the council's housing options team. This will ensure that they are aware of the different housing options available to them given their particular circumstances and can access appropriate support. It is best practice for Registered Providers to be proactive in providing advice to tenants including money management.
- 5.17 Any decision to not renew an Assured Shorthold Fixed Term Tenancy should take full account of the likelihood of re-housing. If Registered Providers are not transferring a tenant to another property within their own stock, then there should be full consultation with the council's housing options team to ascertain whether suitable properties are available, what the likely re-housing time is, and other relevant factors.

- 5.18 It is important that there is active engagement with tenants well before their Assured Shorthold Fixed Term Tenancy is due to come to an end. There is a need to support tenants through the transition of changes to their tenancies and the reform of the benefits system.
- 5.19 Where Registered Providers introduce Assured Shorthold Fixed Term Tenancies as a general practice there are some specific groups for which the type of tenancy they are granted will have more of an impact. For the following groups special consideration would be beneficial and guidance is offered accordingly;
- **Families with children of school age or younger:** Security and stability during a child's education is critical. Families also rely on nearby friends and relatives to provide care for their children. If at the end of the term there are still children of school age or younger in the household, there should be a strong presumption in favour of renewing the tenancy, provided the property is not over crowded or under-occupied.
 - **Households with a disabled member or member with special needs:** Assured Shorthold Fixed Term Tenancies should be used where this will enable the best use of adapted and specially designed stock. In certain circumstances, where the applicant is on their own and has a life long condition, a longer-term tenancy may be appropriate. Where a household is likely to have only a short term need for an adapted or specially designed property, consideration could be given to providing a tenancy term that is shorter than five years. In all cases tenancies must be for a minimum of two years, at the end of which the review would take into account whether the household still has a need for the specific adaptation.
 - **Older people over the age of 60:** There should be lifetime tenancies for older people living in sheltered housing (accommodation designated specifically for older people) and a minimum of a five year Assured Shorthold Fixed Term Tenancy for older people living in general needs accommodation. In deciding on the use of Assured Shorthold Fixed Term Tenancies for this household group, or for accommodation that is specific to older people e.g. sheltered housing, Registered Providers should consider health and wellbeing, the role of friends and relatives in enabling independence, and the possibility that insecurity of tenure may add to someone's worries about their future.

Notes

Finding out more

If you would like further copies or information about us and our services, please telephone or write to us at our address below.

Për Informacion

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Za Informacije

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Informacja

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ਜਾਣਕਾਰੀ ਲਈ

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