

Thurrock Council

Draft Strategic Tenancy Strategy 2012-17

“Thurrock: A place of opportunity, enterprise and excellence, where individuals, communities and businesses flourish”

Strategic Tenancy Strategy 2012-17

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Introduction

This Strategy sets out the requirements of Thurrock Borough Council to provide a Strategic Tenancy Policy within 12 months of the enactment of the Localism Act 2011. This will provide a framework for the future delivery of new affordable homes, local tenancy and allocation policies¹. It will set out the broad objectives to be taken into consideration by individual social landlords in the area regarding their own policies on the grant and re-issue of tenancies. Local authorities will base their strategies on their local circumstances.

The Localism Act 2011 introduces a number of proposals relevant to housing including the introduction of fixed term tenancies with limited security of tenure, changes to the allocation of social housing, laws relating to homelessness and the abolition of housing revenue account subsidy. In particular, it requires local authorities to produce a Tenancy Strategy. This coupled with changes to the welfare system through the Welfare Reform Act 2012 represents the biggest change to social welfare in the last 60 years.

The changes planned are likely to have a significant impact on social landlords and their tenants, with the 'size criteria' element of welfare reform posing a particular challenge for landlords who have working age tenants claiming housing benefit and living in homes which are larger than the legislation states that they need. The main aims of this measure are to:

- Contain growing housing benefit expenditure and help reduce the budget deficit
- Encourage greater mobility within the social rented sector
- Strengthen work incentives among people of working age living in social rented housing
- Make better use of available social housing stock.

The Strategic Tenancy Policy must be consistent with the Council's homeless strategy, allocation scheme and take into account of the tenancy and rent standards.

This strategy has been developed through wide consultation with registered providers, stakeholders, tenants, officers and members to ensure that affordable housing across Thurrock is used as effectively as possible and will provide homes for Thurrock's residents in housing need who are unable to secure a home for themselves in the private sector.

¹ Appendix A links the Strategic Tenancy Policy with the key changes to the Allocation Scheme

Strategic Context



Thurrock lies on the River Thames immediately to the east of London, and is home to some of the most exciting opportunities in the country. Thurrock hosts two international ports which are at the heart of global trade and logistics and is strategically positioned on the M25 and A13 corridors, with excellent transport links west into London, north and east into Essex and south into Kent.

Although much of the Borough is Green Belt (70%), Thurrock provides great opportunities for industrial, commercial and social development. The Borough is a major part of the Thames Gateway area, a development corridor identified by central Government as the area of greatest potential within the country.

Thurrock's housing ambition is to provide good quality housing. We will continue to care for existing homes and offer well designed new homes which support our ambition for our communities to flourish side by side. Our key priorities are:

- Increase affordable housing in the borough by delivering a programme of 200 well designed, affordable homes a year and improve existing housing stock, included sheltered, through best use of all available resources
- Maximise use of current stock (council and private rented) through 'buying bedrooms' scheme and increasing the number of licensed private landlords
- Transform the delivery of services to existing council residents particularly in the areas of repair and eradicating mould growth through stronger clienting skills, knowing the customer better and being more responsive to individual needs

The priorities support the council's ambition for Thurrock to be; '*A place of opportunity, enterprise and excellence, where individuals, communities and businesses flourish*'. This strategy supports and contributes to the Council's priorities and the Community Strategy.

There are significant challenges that we must face if we are to deliver our priorities. In particular; an expanding population, high property prices, and pockets of poor quality housing within Thurrock are contributing to the demand for good quality affordable housing. Affordability is an issue in this difficult market,

we have many residents with wages below the national average and the gap between average house prices and incomes is significant.

Balancing our housing markets to ensure the needs of all residents are met will be a particular challenge. Access to the private rented sector for those on low incomes and benefits has become difficult due to changes to housing benefits that came into effect in April 2011.

Looking at innovative ways of delivering and funding affordable housing schemes will be critical. It will also be important to work with other agencies to identify and meet needs and aspirations of residents with specialist requirements.

We will also ensure we use the challenges and opportunities presented by Housing Revenue Account finance reform to invest in our housing stock, to ensure well maintained homes that contribute to improving energy efficiency and reducing fuel poverty. We will use our land and resources to best effect to improve, reshape and create new homes.

Aims & Objectives of the Strategy

The Strategic Tenancy Policy is intended to provide guidance to Housing Associations operating in the Borough, informing their policies and practices to produce lettings for residents that meet local housing need and improve housing market functioning in the Borough. An overarching policy aim is to ensure social landlords grant tenancies which are compatible with the purpose of the housing, the needs of individual households, the sustainability of the community and the efficient use of their housing stock. Therefore key objectives are:

- To encourage co-operation between landlords and the Local Authority in its strategic housing role
- To work with the Housing Associations and other housing providers to ensure the Local Authority meet its housing objectives and needs
- Target subsidised affordable housing to those most in need in a fair and transparent way
- Ensure residents on social/affordable rent remain in their homes but with rents that better reflects the actual cost of housing and their ability to pay
- Ensure residents on social/affordable rents live in homes that are appropriate to their housing needs
- Encourage mobility between tenures (into unsubsidised housing where appropriate)
- To create a link within tenancy that will support and incentivise work, education and/or training
- To promote cohesion and eliminate discrimination

The Role of Social & Affordable Housing in the Borough

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

Housing is needed to meet the needs of a changing population, including at younger people looking for starter homes who are also seeking to enter the job

market to those entering retirement on reduced pensions but with rising health needs, who perhaps need to downsize.

The definition of affordable housing now includes social rented, affordable rented and intermediate housing, provided to eligible households whose needs are not met by the housing market².

Social Rented Housing	Rented housing owned and managed by Local Authorities (LAs) and registered providers of social housing, for which guideline target rents are determined through the national rent regime ³ .
Affordable Rented Housing	Rented housing provided by social landlords that have the same characteristics as social rented housing except that it is outside the national rent regime, but is subject to other rent controls that require it to be offered to eligible households at a rent of up to 80% of local market rent ⁴ .
Intermediate Affordable housing	Housing provided at prices and rents above those of social rent, but below market prices or rents. This can include shared equity products (e.g. HomeBuy), other low cost homes for sale and intermediate rent, but does not include affordable rented housing.

Affordable Rent and Rented Housing

The Council wants to ensure that rents levels in Thurrock remain affordable for its residents. Housing Associations should offer tenancies that are aligned with Thurrock’s Local Development Framework and Community Strategy. It should be noted that the Strategic Tenancy Policy recognises the differences between the business plans of local Housing associations and the Council's own Housing Business Plan. These different business imperatives may require a different approach in regard to the granting tenancies.

In order for Housing Associations to be able to maximise their development potential, they need to have increased flexibility over their future rental income streams. Most Housing Associations nationally and locally are planning to introduce fixed term, short-hold assured tenancies for new lettings and new builds at what are termed “affordable rents”. These rents, at up to 80% of gross market rents (this will include the service charge for the property, where applicable), are higher than social rents. The fixed-term tenancy enables social landlords to rebase their rent at the end of each fixed tenancy term, thus enabling such rents to keep pace with local housing markets. A periodic tenancy would only allow this when the tenant vacated.

² Planning Policy Statement 3 (PPS3) underpins the delivery of the Government's strategic housing policy objectives. This version was reissued, to provide technical amendments to Annex B: Definitions, to reflect the introduction of Affordable Rent.

³ “Social rented housing is let by registered providers of social housing to households who are eligible for social rented housing.” CLG – Planning Policy Statement 3 – Planning for Housing – Affordable housing definition consultation – summary of responses

⁴ At the time of writing affordable rented homes will be let by registered providers who have entered into a contractual arrangement with the Homes and Communities Agency to deliver affordable homes.

The additional income derived from higher “affordable rents” will be used to fund future housing development programmes by Housing Associations, thus contributing to the Council’s plans for 200 affordable homes per year.

Since April 2012, tenure and rent have become completely separate. Providers are now able to let properties on fixed term tenancies at their own discretion but will still only be able to let properties at affordable rent as part of an agreement with the Homes and Communities Agency or the Greater London Authority⁵.

Therefore, the Council would want to see Housing Associations within Thurrock linking the use of fixed-term assured short hold tenancies to their development plans. The Strategic Tenancy Policy requires Housing Associations to show in their tenancy policies how the use of such tenancies, let at “affordable rents”, will improve the supply of affordable housing within Thurrock.

All affordable rent properties should be advertised through the agreed Thurrock’s choice based lettings system clearly identifying that the property will be let at an ‘affordable rent’.

Housing associations must use a valuation of market rent in accordance with the definition of the International Valuations Standard Committee as adopted by the Royal Institute of Chartered Surveyors to determine the affordable rent and each affordable rent property must be valued individually, taking into account aspects such as its location and size.

Measuring the Affordability of Housing⁶

Gross household incomes should be used to assess affordability. Benefits should be excluded from this as housing benefit is only paid to households who would otherwise be unable to afford their housing and other benefits are often intended to meet specific needs rather than housing costs (e.g. disability living allowances).

Measuring the affordability of home ownership - A household can be considered able to afford to buy a home if it costs 3.5 times the annual gross household income for a single earner household or 2.9 times the gross household income for dual-income households. Housing market partnerships will need to consider that what is affordable may vary. Local circumstances could justify using different figures. Where possible, allowance should be made for access to capital that could be used towards the cost of home ownership.

Measuring the affordability of private renting - A household can be considered able to afford market renting where the rent payable is up to 25% of their gross household income. The ‘Rent Payable’ figure is defined as the entire rent due, even if it is partially or entirely met by housing benefit. Other housing-related costs, such as council tax and utility bills should not be included. As in the case of assessing home ownership, housing market partnerships will need to consider that what is affordable may vary. Local circumstances could justify a figure other than 25% of gross household income being used.

⁵ The rules governing how rents are set for Housing Associations are laid down in the *Regulatory Framework for Social Housing in England 2012 (Annexe A: Rent Standard Guidance)* March 2012.

⁶The following paragraphs have been taken from NHPAU, *Measuring Housing Affordability; A review of data sources 2009*.

Housing Costs in Thurrock

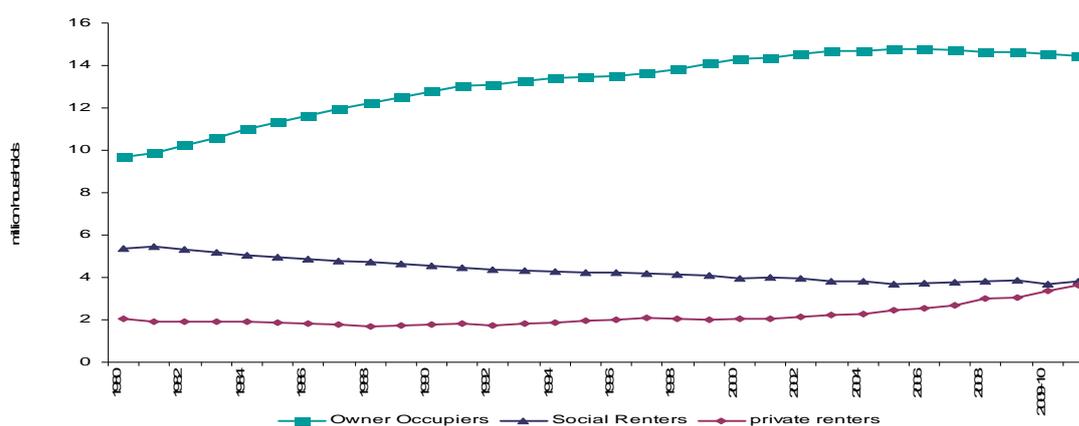
The following table shows the split between different types of tenure with the Borough:

	Number	% of Housing Stock
Privately Owned	52,554	81.4%
Local Authority	10,291	15.9%
Registered Providers	1,730*	2.7%
Total	64,575	100%

*This includes Shared Ownership properties⁷.

In Thurrock in 2001, 72% of the household were owner occupiers, private rented was at 8%, which was lower than the nationally trend (12%). In 2012 owner occupier and private rented now make up over 81% of the stock an increase of 11%. Based on the national trend, we would expect the number of owner occupiers to have also decreased and the number of private rented households to have increased.

Trends in Tenure 1980 to 2010-11⁸



A growth in the proportion of households entering the private rented sector is due to high house prices as households, particularly potential first time buyers are increasingly unable to access home ownership due to affordability and the requirement to provide much higher deposits than in past years. As demand for private rented housing increases, improving standards and the quality of accommodation within the sector has become increasingly important.

The table below shows that social rent levels in Thurrock are consistently below the range of rates for Housing Association properties, affordable rent and private rented with differentials widening as property size increases.

Size of Property	Average LA Social Rent, wkly ⁹	Average RP Rent, wkly ¹⁰	Average 80% Market Rent, wkly	Average Market Rent, wkly

⁷ Source: ELASH 2011/12 (Govt. Statistical Return)

⁸ Sources: 1980 to 2008 ONS Labour Force Survey and 2008-09 onwards English Housing Survey, full household sample

1 Bed	£65	£74	£106	£132
2 Bed	£67	£85	£138	£173
3 Bed	£87	£94	£161	£161
4 Bed	£98	-	£236	£295

The table of the average 80% of market rents above provides an indication of the likely average rents that will be charged under the affordable rent regime. These figures suggest that the introduction of affordable rent will lead to increased housing costs, an increase of £32 for a 1 bed property per week, £53 for a 2 bed and £67 for a 3 bed property.

Summary of Property Prices

Thurrock has seen a significant growth in average house prices since 1999. In 1999 the average house price in Thurrock was £75,225 by 2012 it was £144,805, (almost double the 1999 value). This compares to a national average value of £71,000 in 1999 rising to £161,605 in 2012. This shows that Thurrock prices whilst rising have risen less than the national average. There have been recovery in house prices across the Borough in recent years, but 2012 average prices were still below their peak of 2008.

Average House Prices¹¹

	Average Price (£)	Monthly Change (%)	Annual Change (%)
England & Wales	161,605	-0.3	1.1
East of England	175,821	0.8	2.2
Essex	188,274	-0.1	0.7
Thurrock	144,805	1.1	-0.3

Thurrock has below average house prices than England and Wales and Essex mainly due to the higher levels of terraced housing. However, house prices have risen recently at a higher rate than its national, regional and county counterparts:

Affordability Calculator for Thurrock

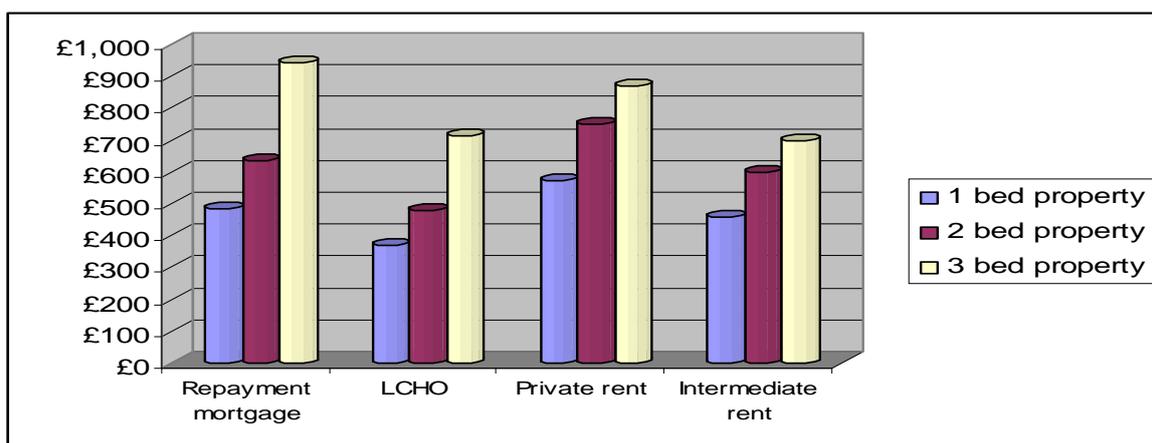
The graph below sets out the average monthly cost by property size of a range of purchase and rental options covering: repayment mortgage, low cost home ownership (LCHO), private rent and intermediate rent. This then enables a comparison to be carried out against average incomes to assess the proportion of income (or borrowing against income) needed to access each option. LCHO is the cheapest tenure for 1 and 2 bed properties and intermediate rent is the cheapest for 3 bed properties¹².

⁹ ELASH – Govt. Housing Statistical Return 2011/12

¹⁰ All other rent figures - Hometrack June 2012

¹¹ Source: HM Land Registry October 2012

¹² Hometrack March 2012



	Average price	Repayment mortgage	LCHO	Private rent	80% affordable rent
1 bed property	£95,000	£486	£368	£572	£458
2 bed property	£123,750	£633	£479	£750	£600
3 bed property	£184,475	£944	£714	£871	£697

Thurrock Council want to ensure affordable rent levels in the Borough remain affordable. We will support affordable rents of up to 80% as long as the actual rent charged is below the housing benefit cap to ensure clients who are eligible for housing benefit will be able to claim the full rental amount.

We understand all housing providers' bids to the Home and Communities Agency for grants to deliver affordable housing programmes are based on 80% open market rents. However, we would request that on setting rents, housing providers should be mindful of the potential impact of the Government's plans to introduce a universal credit system and benefit cap in April 2013 which will limit the amount of benefit available to families to £500 per week.

It likely the impact of this cap will create affordability issues for large families living in larger affordable rent homes. Therefore, in order to ensure mixed and sustainable communities and preserve affordability, the council expects affordable housing providers to avoid setting rent levels that risk households being unable to afford their rent.

Types of Tenancy

The Government has been concerned that there are a number of issues with social housing in terms of meeting housing need. They have noted:

- Social housing is a scarce resource and is not always used as effectively as it could be to meet housing needs;
- Some low-income households, unable to access social housing, are living in more costly accommodation e.g. temporary accommodation (such as an increasing use of expensive B&B in Thurrock) or in the private rented sector;
- The housing benefit bill is significant and continues to rise;

- There are disproportionately high levels of unemployment in the social rented sector and people tend to get “stuck” in social housing and have less mobility in terms of job-seeking;
- Compared to the private rented sector, the social rented sector is not as flexible in meeting needs and demand;
- New homes are desperately needed to meet housing need, but there is much-reduced public subsidy for new social housing, and therefore the existing national stock needs to be targeted more at housing need.

The legislative requirements around the creation of a Strategic Tenancy Policy revolve around the key changes to the existing National Tenancy Standard (set up originally by the TSA). The revised National Tenancy Standard states:

Social Landlords should grant tenancies which are compatible with the purpose of the housing, the needs of individual households, the sustainability of the community and the efficient use of their housing stock.

How Thurrock social landlords meet these broad objectives is shaped by the Borough-wide Strategic Tenancy Policy and the tenancy policy of each social landlord in Thurrock. The Council’s Strategic Tenancy Policy places a requirement on all Thurrock social landlords to publish and maintain a clear and accessible tenancy policy which contains at least the following elements:

- A statement about the kinds of tenancies they will grant;
- Where they are permitted to grant tenancies for a fixed term, the lengths of those terms;
- The broad circumstances in which they will grant a tenancy of a particular kind;
- In the case of a fixed term tenancy, how a tenant or prospective tenant may appeal or complain against the length of the term, including a decision not to grant a secure or assured tenancy;
- The broad circumstances in which tenancies may or may not be reissued at the end of a fixed term in the same or a different property;
- How a tenant may appeal or complain against a notification that the landlord does not propose to grant another tenancy on the expiry of the fixed term of the existing tenancy;
- Provision to take account of the needs of those who are vulnerable, for example by age, disability, or illness, and households with children;
- Advice and assistance, including finding suitable alternative accommodation available to tenants when a decision not to reissue a fixed tenancy is made;
- The circumstances in which a social landlord may choose to grant discretionary succession rights.

The Localism Act has created a new type of tenancy called a flexible tenancy. Housing providers will no longer have to let a tenancy for life, but can let it on a fixed term.

The follow table provides a summary of tenancies:

Type of Tenancy	By Law before April 2013	Options after April 2013	Comments
Local Authority secure tenancy	✓		A 'lifetime' tenancy for existing tenants
Local Authority new secure tenancy		✓	A 'lifetime' tenancy for new tenants with exceptional circumstances e.g. rehoused in sheltered housing
Flexible tenancy		✓	A rolling 5 year fixed term tenancy subject to review
Introductory tenancy		✓	An introductory tenancy is a one-year trial council tenancy
Assured tenancy (Registered Providers - RPs)	✓		A Housing Association 'secure' tenancy. It is likely that RPs will also provide flexible tenancies after April 2013

The Strategic Tenancy Policy does permit social landlords within Thurrock to make use of fixed-term tenancies, this recognises the different business imperatives and operating environments that exist for Housing Associations and the Council. All social landlords operating in Thurrock are required to have regard to two key strategic objectives when drafting their tenancy policies:

1. To meet the acute, statutory housing needs within the Borough, and
2. To create and support sustainable communities within Thurrock

With regards to issuing tenancies these parameters should be followed:

- Fixed-term Tenancies: Social landlords operating in Thurrock will not create fixed-term tenancies of less than 5 years and that such tenancies will not be used where it is clear that the life-time housing needs of the applicant and/or group of applicants are not going to change, for example, with new tenants of supported housing for the old (sheltered and extra-care housing) or other vulnerable groups with similar life-time needs. Social housing providers are required to include a vulnerable people policy or protocol within their tenancy policy explaining the type of tenancy issued and why. It also must set out how they will safeguard the interests of all vulnerable tenants and avoid unnecessary evictions.
- Fixed-term Tenancies: Where social landlords choose to grant fixed-term tenancies in Thurrock, they are required to state in their tenancy policy how such tenancies, through the application of increased rental incomes from affordable rents, will contribute to an increase in the supply of affordable housing locally. They will also need to state how any potential risks arising from a perceived loss of community by fixed-term tenants will be managed so as to avoid a negative impact on objectives for sustainable communities.
- Probation Tenancies: Where fixed-term tenancies are allowed, they may follow on from probationary (starter) tenancies. Both the Council and Housing Associations have discretion to use probationary tenancies. In the case of the Council, these are called Introductory Tenancies and can last

up to 18 months; for Housing Associations, they are called Starter Tenancies and can also last up to 18 months. Such probationary tenancies are to be used in appropriate situations by each social landlord with the aim of deterring and reducing anti-social behaviour among tenants and to create incentives for new tenants to look after their homes and pay their rent on time.

- Review Criteria for Fixed Term Tenancies - Government reforms require housing providers to formulate policies that will govern the process under which tenancies will either be renewed or terminated at the end of a fixed term. The Council is of the view that in the majority of circumstances, housing providers should seek to renew a tenancy at the end of a fixed-term.

Where a fixed term tenancy is granted the housing provider must review the tenancy six months before it expires. If it is decided, as a result of the tenancy review, that a tenancy will not be renewed, written notice advising the tenant of such should be served. The notice must contain the reasons for the decision and, at the same time, notify the tenant of the right to appeal. We would like housing providers in Thurrock to consider the following factors when reviewing tenancies at the end of a fixed term:

- Income & economic circumstances of the household
- Household composition
- Current accommodation needs
- Scope of alternative housing options
- The conduct of the tenant throughout the fixed term (including breaches of the terms of their tenancy agreement, including but not limited to Anti-Social Behaviour, rent arrears or property management issues)
- Any other relevant or exceptional circumstances e.g. tenant has acquired another property, participating foster parents with children, vulnerable tenants (e.g. mental health issues)

Where the housing provider intends not to renew a tenancy at the end of a fixed term, the affordable housing provider's policies should set out how the tenant can register a complaint or appeal against tenancy decisions. This may be facilitated through existing complaints procedures. Tenants should also be informed of the necessary review procedures for appeals.

Housing Associations must be clear upon the type of tenancies they are offering through the allocation system. Their properties will be offered to all those on the Waiting and Transfer Lists with no discrimination between lists.

- Advice & Assistance – All social landlords should seek to encourage its tenants to take control of their lives by providing support when it is needed at the time of crisis, but will also encourage tenants to prepare for independence once their situation has improved.

Advice pre-tenancy:

- It is the landlord's responsibility to explain and ensure all the terms and conditions of the landlord and the tenant are understood

- Ensure sufficient information is available to applicants to make an informed decision with regards to their housing and economic circumstances

Advice post tenancy:

- If there has been no change in circumstances the tenancy will continue to roll forward
- If there is a change in circumstances then an assessment of all housing options in relation to the change(s) and the appropriate advice will be given

All social landlords should be committed to ensure the decision to terminate a fixed term tenancy does not lead to increases in levels of homelessness. All housing providers should work proactively with any tenant who has been served notice to assist them to explore their options for alternative accommodation, which could include home ownership, low cost home ownership or a more suitable affordable rented home, as well as providing advice on renting in the private rented sector and assistance in identifying and securing a suitable property.

- Succession - The Localism Act has stated that there is no automatic right of succession regarding secure tenancies granted after April 1 2012, except in those cases that concern spouses & civil partners. The Strategic Policy permits one right of succession from one spouse to another (a couple either married or in a civil partnership). It should be noted that S86A. (5) of the Housing Act 1985 states that “*a person who was living with the tenant as the tenant’s wife or husband is to be treated as the tenant’s spouse*”. It also makes the same provision for someone living with the tenant as the tenant’s civil partner; such a person should be treated as the legal civil partner. Thus, succession applies to those who might be considered to be living in “common-law” relationships.

All successions to a flexible tenancy should only be for the remainder of the life of that tenancy, and should be subject to a full review as set out in the appropriate housing provider’s tenancy policy.

	By law before 1 April 2012	By law after 1 April 2012	Not by law
Spouses and civil partners	✓	✓	
Couples living together		✓	
Other close relatives who have lived with the tenant for more than a year prior to death	✓		
Carers			✓
Someone listed on the tenancy agreement who is not a close family member			✓

People who would have had a legal right to inherit the tenancy if a succession had not already taken place			✓
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The Strategic Tenancy Policy ensures the Council and other social landlords operating in the Borough can determine its own exceptions policy with regards to succession. This can allow the Council (and other social landlords) the option of allowing other family members to succeed in appropriate circumstances, such a policy will be aligned with the Allocation Scheme.

Mobility in Affordable Housing

The Council wants to ensure that the introduction of the new housing reforms does not restrict the mobility of existing tenants living in the social rented sector, particularly where an existing household is presently under or over-occupying their property.

To enable mobility and encourage stock turnover, the council expects that social rented tenants should be enabled to retain their existing security of tenure if they choose to transfer to an alternative property.

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

Option Analysis of Types of Tenancies for Future Thurrock Tenants

The Council has to provide a strategic framework for the future delivery of new affordable homes, local tenancy and allocation policies for all social landlords in its locality. However the Council also needs to consider what this means for its own tenants and future tenants. A number of important issues have been identified.

- *Provision of Fixed Term Tenancies?* – The key issue to consider is; how does the Council meet acute, statutory housing need in the Borough, when new builds will not be sufficient. The Council’s approved Housing Strategy has estimated that 439 additional homes are needed in Thurrock until 2021 in order to meet housing need¹³. The use of fixed-term tenancies for certain groups of new Council tenants (those of working age (18-61) and not classed as vulnerable) could help with meeting acute housing needs.

The assumed beneficial effect of fixed-term tenancies on housing supply would operate each time a fixed-term tenancy comes to an end. As fixed-term tenancies come to an end, a proportion of them would not be renewed, and therefore the supply of additional housing from existing stock

¹³ Thames Gateway South Essex Housing Sub Region Strategic Housing Market Assessment Update 2010.

would be made available to help with the acute housing demands and make the best use of our housing stock.

However, The Council also has to try to balance this requirement with the need to support sustainable communities. By making use of fixed-term tenancies, there is a risk that endeavours to achieve and maintain sustainable communities within Thurrock could be undermined. This might manifest itself in communities that feel they have less of a stake in the place where they live. This could lead to a lower level of concern for the environment and housing by such communities. Lower levels of sustainable communities could create environments for crime, vandalism and anti-social behaviour to prosper. All of these destructive forces would have a serious, detrimental impact on any social landlords and the Council.

It is possible to meet both objectives (housing needs and sustainable communities) by adopting an alternative course of action to make the best use of existing stock. Rather than making use of legal powers through fixed-term tenancies, the Council is focusing on the use of incentives for tenants in order to make the best use of its existing stock and reduce under-occupation. The Council will offer a number of incentive schemes to including, a monetary award and assistance schemes, whereby tenants are assisted with all the practicalities of moving.

- Qualification for Fixed-term Tenancy: If the Council were to adopt fixed-term tenancies, who would qualify for the new fixed-term tenancy and who would qualify for the new type of secure tenancy? What criteria would the Council use to exempt people from the fixed-term tenancy? Should the criteria just be age-based (say pension credit age of 61) or should other criteria be used, such as relevant vulnerabilities, such as learning difficulties, etc? Should place be used as a criterion instead of or as well as people's circumstances, for example, all new tenancies in high-rise flats.
- Reviews of Fixed-term Tenancies: If the Council were to introduce such tenancies for its own tenants, it would be required to follow the government review scheme which sets out how reviews should be conducted.

The Government scheme broadly states that if the decision is to decline to renew the tenancy, the tenant is required to request a review in writing within 21 days of the first notice. The first notice must be served not less than 6 months before the end of the fixed term. The tenant is entitled to request an oral hearing and the review must be conducted by someone senior in the Council to the maker of the original decision and not involved in that decision.

It can be seen that if the Council were to introduce fixed-term tenancies, it would have to set up a system of reviews. The Council has let the following number of general needs properties to residents over the last 3 years:

2009/10	746	}	
2010/11	765	}	Average letting per year = 660

It is estimated that the Council would have to review the following number of tenancies:

Year	Number of reviews per annum	Number of reviews per month	Complex Reviews 10%*
2013/14 – Base year	-	-	-
2018/19 – Years 5-9	660	55	6
2023/24 – Years 10-14	1320	110	11
2028/29 – Years 15-19	1980	165	17
2033/34 – Years 20-24	2640	220	22
2038-39 – Year 25-29	3300	275	27

*It is expected the majority of the reviews will be straight forward as many residents circumstances will not have changed substantially, however it is estimated that 10% of reviews will be require detailed case-work, likely including multi-agency resources from Housing teams, Adult Social Care, Mental Health teams, ASB team, police, health agencies etc. Additional staff would be required as the number of review increase every five years.

The costs of resourcing such a system, including dealing with complaints and potential referrals to the Local Government Ombudsman, are difficult to estimate at this point, but are likely to be extraordinarily high. Therefore it is likely any perceived benefits of granting fixed-term tenancies would be outweighed through the costs of resourcing a new fixed-term tenancy review system, hence does not represent good value for money

- New Secure Tenancies after 1 April 2012. All Council tenants who were granted a tenancy before 1 April 2012 have their statutory rights as secure tenants protected, even when they move home within the Council or Housing Association sector. However, tenants granted a secure tenancy after 1 April 2012 is only entitled by statute to one succession to either a married or civil partner.

However, by virtue of the Localism Act, which substituted a new succession clause in the Housing Acts (Housing Act 1985 S. 86A), Councils can create new succession rights, provided that there is no spouse or civil partner eligible to succeed on the death of the original tenant and an express term has been inserted into the tenancy agreement providing for a person other than a spouse or civil partner to succeed.

The Council Tenancy Policy proposes that all new Thurrock Council secure tenancies let from the implementation date of 1 April 2013 will include a further right of succession as follows:-

1. To a capable, adult child (biological offspring, step-child or adopted child), who has been living in the home for at least 2 years before the death of the parent who was the tenant, whether the deceased tenant was a successor or the original tenant.

2. To a capable¹⁴ adult sibling who has been living in the home for at least 5 years before the death of the original tenant.

Rents, Disposals and Conversions

- Rents - The type of rents and methods of calculation are set down in the Homes and Communities Agency (HCA) National Rent Standard for social landlords (applies to Housing Associations only). The rents that the Council charges are outside this regime and are governed by the guidance on social rents issued by the CLG – Formula Rents.

However, both the Council and Housing Associations will be able to charge what are called *Affordable Rents* on new build properties (Housing Associations can also do this on new lets of existing stock). An Affordable Rent is one that is generally up to 80% of the local market rent. In most areas, including Thurrock, this is panning out at about 60%.

The average affordable rent for a 3 bed house in Thurrock is therefore about £124.61 per week. The Strategic Policy permits social landlords to design their own schemes for affordable rent tenancies that best fit with the needs of their Business Plans and the local housing market.

- Disposals - The Council, in general terms would not wish to see the disposal of stock, however in certain circumstances this may be justified, provided it allows for future re-investment in the locality. Where a Housing Association has minimal housing units within the Borough we would encourage the transfer of this stock to another Housing Association who is active and/or who has considerable stock within the area to encourage a good housing management service is provided to its tenants.

If a housing provider in Thurrock would like to sell a social housing property, this would be considered as a disposal. For this purpose Social Housing is defined as:

- Low cost rental accommodation
- Low cost home ownership

We will support disposals to the open market subject to the agreement of the HCA, where the provider has completed a full options appraisal and can demonstrate a clear benefit to increasing the overall affordable housing stock provision in Thurrock and/or the sub region.

The effects of disposals on housing markets will need to be monitored by the Local Authority.

- Conversions - Affordable housing providers should take a responsible view when determining the size, type and location of the stock they plan to convert to the affordable rent tenure. Ensuring a sustainable mix of rented tenures across housing providers stock will allow an element of choice of

¹⁴ Capable, adult is someone 18 and over, and who has capacity within the terms of the Mental Capacity Act. A child between 16 and 18 may be supported by Social Services, and the tenancy placed in trust until they are 18.

tenure type for both existing transferring and new tenants. A responsible approach should also be applied when planning the conversion of both existing stock and the retrospective conversion of schemes funded under the National Affordable Housing Programme 2008-2011 to be converted from social rent to affordable rent on completion.

The Council also wants to avoid scenarios where particular localities experience a disproportionately high level of conversions, thus limiting the opportunities available for existing social rented tenants to transfer to areas of their choice without losing the option of transferring to an alternative social rent tenancy with a traditional rent level (target rent). Housing providers should also be mindful of the impact of conversions upon the tenure profile and overall sustainability of the communities within which they operate

It is expected that a Housing Association will charge an affordable rent for new build properties and that any 'headroom' made will be reinvested in the Borough. Decisions on the conversion of existing stock to Affordable Rent should be determined by the Council and Housing Association based on up to date housing market information including affordability, local housing needs, neighbourhood level issues and the requirements for Housing Associations to generate revenue for re-investment for affordable housing within the locality. Life time tenancies and those subject to Local Authority stock transfers should be safeguarded. Ensuring homes remain affordable will remain a key policy objective for the Council.

Housing Management

The Council wants to ensure any new build housing is of a high quality and design which contributes to the sustainability of its neighbourhoods. The Council will work in partnership with social housing landlords to ensure the provision of quality housing management standards across the Borough. This will include the implementation of, where appropriate joint policies and protocols and shared good practice.

Risks

With the implementation or change to any policy and/or services there will be an element of risk. This Strategic Tenancy Policy has been produced to ensure flexibility and through joint working and consultation with our partners, particularly other housing providers' potential risks should be minimised.

Equalities

There will be a separate Equalities Impact Assessment for this Strategic Tenancy Policy.

An Equality Impact Assessment involves assessing the likely or actual effects of policies or services on people in respect of at least disability, gender, age and racial equality. It helps to make sure the needs of all groups are taken into account when a service or new policy is developed and implemented or when a

change is made to the current policy or service. The main purpose of an equality impact assessment is to pre-empt the possibility that a proposed policy could affect some groups unfavourably.

Monitoring

This would include trends relating to housing need, homelessness, reviewing effectiveness of allocation policy, rent levels across all tenure, number of new homes built including affordability and monitoring of receipts of Universal Credit against a household's overall ability to maintain a tenancy.

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

Appendix A - Changes to the Allocations Scheme

We are currently required by law to operate 'open' waiting lists, which mean almost anyone is eligible to register for social housing on a local authority waiting list, regardless of whether or not they are in housing need. Our waiting list continues to grow with a 17% increase in applicants between 2010/11 and 2011/12. The administration of this service becomes increasingly time consuming with more applications, enquiries and reviews.

The Localism Act 2011 has introduced new freedoms which allow us to set the rules determining which categories of applicants qualify to be considered for social housing, but rules determining which applicants receive priority for social housing would continue to be set centrally via the statutory 'reasonable preference' categories.

There are 2716 households on the Housing Waiting List as at 31st March 2012 (in addition, there are 2036 households on the transfer list). The numbers of households in each band are as follows:

	Housing Register	Transfer List
Gold	5	47*
Silver	97	115
Bronze	2614	1874
Total	2716	2036

*Most of these tenants are under-occupying

With only 653 lettings made in the 2011/12, it is clear that the Borough supply of affordable housing can not provide a solution for all these people.

Therefore, we have undertaken a full review of our Allocations Scheme in light of the Localism Act will be made in 2012 to enable us to take advantage of these new freedoms and improve the way we allocate affordable housing. The key changes to the Allocations Scheme are;

- The waiting list will no longer be open to everyone - only those who meet certain criteria would be eligible. Criteria include a local connection test, financial assessment and behaviour assessment
- 25% of all properties will be available for current tenants wishing to transfer but with no housing need (priority)
- The other 75% of properties will be for non-Council tenants and Council tenants with a housing need (priority)
- 15% of all properties (in both categories above) will only be for working households – this does not include housing for the elderly
- There will be an extra priority for former members of the armed forces who already have a housing need (priority)
- The number of bands will be increased from three to five
- Management moves will be achieved through the direct offer of an alternative property rather than bidding for properties advertised – this will still be on a "like-for-like" basis

- Properties with adaptations will only be available to applicants needing those adaptations – even where there is no one on the waiting list or if this means allowing an under-occupation of the property
- Current tenants will receive a high priority for down-sizing. The more bedrooms relinquished, the higher the priority
- Other incentive schemes will be developed to encourage down-sizing – it is envisaged this will involve a dedicated officer to assist with the moving arrangements and/or a financial incentive
- Overcrowding will be measured using the bedroom standard rather than the outdated “Statutory overcrowding” standard
- Sub-letting – If an applicant or a member of the household is found guilty of sub-letting (via court action) they will not qualify for the Housing register for 2 years
- Priority will be awarded to prospective fosterers or adopters subject to a recommendation form Social Care colleagues
- Applicants who are found to be homeless and in priority need by the Council may have this duty discharged to the private rented sector

Appendix B – Housing supply in the sub region

Housing Stock

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

Source: HSSA 2010/11

Appendix D – Housing demand / prices / earnings in the sub region

TGSE Housing Register by LA

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

Source: Hometrack / CoRE

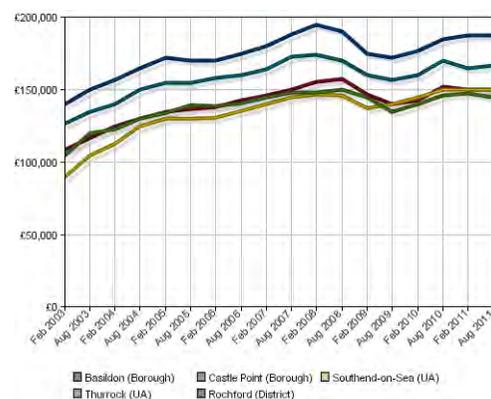
Household Composition - General Needs

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

Net annual housing Need – SHMA Update 2010

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

Lower Quartile Price– Overall



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

Lower Quartile House Prices and cost of renting

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

Source: Hometrack (November 2011)

Household earnings (September 2011)

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

Source: Hometrack / CACI

