

## 1.0 Introduction/Purpose

The Homes and Communities Agency (HCA) Tenancy Standard requires Great Places to publish a Tenancy Strategy. The Strategy is intended to set out how we intend to use the range of options which tenancy reform through the Localism Act has made available to us. The requirement for a Strategy is therefore a regulatory rather than a legal one. The Tenancy Standard contains the following outcome;

*'Registered providers shall issue 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'*

This Strategy outlines how we will achieve this outcome, along with our approach to a range of other tenancy and rent issues arising from the reforms.

This document replaces our earlier Tenancy Strategy approved by Board in 2011. The Strategy has been updated to reflect the requirements of the revised Tenancy and Rent standards contained within the Homes and Community Agency's (HCA) Regulatory Framework 2012, and the direction subsequently provided by our key Local Authority's statutory Tenancy Strategies published in 2013.

The Strategy specifically includes details of the following;

- our continuing approach to the conversions of our existing stock from social rent to affordable rent at relet.
- the type of tenancy agreement Great Places will offer across all our tenure and stock types, ensuring consistency and transparency in our approach with customers (for completeness we have included reference to all tenure types we offer, though only grant funded stock is subject to the HCA's regulatory requirements),
- amended tenancy succession rights,
- how we will tackle tenancy fraud across our stock,
- service delivery proposals to sustain tenants in their own homes and prevent unnecessary evictions.
- how we will work in partnership with, and give 'due regard' to, Local Authorities own Tenancy Strategies, recognising we may have differing objectives in the type of tenancies we may both wish to offer, and that a 'local' approach may not always be consistent. (see Appendix 1 for a summary of how our Tenancy Strategy compares to our key Local Authority's Strategies).

**The overall objective of our Tenancy Strategy is to ensure that we create and maintain sustainable tenancies and communities, in line with our corporate objectives.**

## 2.0 Strategic Context

In November 2010 the Government announced new flexibilities to enable registered providers of social housing to make new homes available on Affordable Rent terms. These new flexibilities are subject to regulatory requirements, and are only available for use by landlords where they have agreed a delivery programme with the HCA for the supply of new social housing.

There are two key features of the Affordable Rent model which are directly relevant to Great Places' approach to the type and use of tenancy agreement we can use;

- New rents (inclusive of any service charges) can be set at up to 80% of local market rents for properties within a local area. This means that we can charge two different rents for a similar property in any given area. We can charge a target rent (Great Places policy is that we set a target rent level at target rent plus 5% tolerance level) for a social rented property. Under the new affordable rent regime, we can also now charge an affordable rent which will be greater than an existing target rent, to a maximum of 80% of market rent levels within a local area. (It should be noted that in some housing markets the affordable rent level may actually be less than target rent, in which case we will not convert the property and will continue to charge the target rent level).
- Where landlords chose to convert stock to affordable rents, they may offer these properties on new flexible, fixed term tenancies as opposed to the current 'tenancy for life' which has existed across the sector.

To continue a supply agreement with the HCA, the Strategy also provides our policy response to;

- our approach to the type of tenancy we will use,
- our strategy for converting vacant properties to affordable rent so we develop subsidy to supplement HCA grant,
- where appropriate the disposal of properties as part of an overall asset management strategy in an area.

### **3.0 Operational Context**

Great Places operates across 36 local authorities, all of whom have now published their own Tenancy Strategies. We work and deliver services to a very diverse resident profile, managing different stock types and delivering services across communities and within a wide range of housing markets. Whilst we continue to experience good demand for the majority of our housing stock, we have a strong presence and focus in some communities experiencing little or shallow demand. In recent years turnover of stock has slightly reduced, particularly in family housing, though we can evidence higher turnover in flatted accommodation, in part as a result of welfare reform changes, and in particular neighbourhoods. Our approach to the conversion of our existing stock and tenancy proposals are framed very clearly within our knowledge of this operational context.

Great Places has consistently provided a broad range of tenures, from supported housing offering very short-term housing, a variety of rented options (from social rent to market rent) through to home ownership opportunities. Our Allocations Policy has

been responsive to local regeneration activities and need, and we have developed our use and development of local lettings policies across our stock to help rebalance communities and support broader regeneration objectives. We will continue to maintain our efforts to provide a broad housing offer, and to enable tenants to move between and within our tenures to support our wider sustainability and regeneration objectives.

## **4.0 Tenancy Statement**

Great Places recognises that social housing is a scarce resource and that we have a responsibility to manage our stock effectively. Whilst Great Places is committed to the principle of tenure security, we also recognise that our processes need to ensure flexibility to ensure our tenants and future customers have choice and accessibility when making housing choices. Great Places will adopt the following key principles which will underpin our tenancy offer for new and existing tenants;

### *4.1. Tenure Security*

We cherish the principle of security of tenure, and see strong social, financial and administrative reasons to continue to offer an assured tenancy to all our new tenants whether this is a social or affordable rent. We will therefore provide an assured tenancy to all new social and affordable rent tenancies (conversions and newly built affordable rent developments). We will continue to use different occupancy agreements for supported and new tenure properties, which reflect both the nature of this stock, management and customer needs. The type of agreements we will use across our stock is highlighted in Appendix 2.

Existing tenants of Great Places or another Registered Provider already enjoy security of tenure through an assured tenancy. Great Places will ensure that existing tenants retain this protection and will retain security of tenure through any transfer to or within Great Places stock, or through any assignment or mutual exchange.

Great Places does recognise however that there may be occasions where the use of a flexible tenancy is appropriate, for example to support efforts to maximise best use of specially adapted stock, deal with local housing management circumstances, or for asset management reasons pending a future disposal. We also recognise that our Local Authority partners may request that we use a flexible tenancy to support their own local objectives. Whilst we do not envisage using this flexibility often, we will retain the option to offer a fixed term tenancy where we consider it is appropriate and reasonable to do so, though this is not our policy norm.

### *4.2 Tenure Choice*

Great Places will ensure that the principle of choice is at the heart of our offer to existing and new tenants. We will ensure existing tenants are made aware of their housing choices as their circumstances change, and how they can move within and between tenures. We will work closely with our local authority partners to develop fairness and transparency in the application and allocation processes for both our social and affordable tenancies, so that applicants are clearly aware of the differences, pricing and the wider tenure options provided through Great Places and

Review date: December 2014

our local authority partners. All offers of accommodation will make it clear the tenancy type and rent status that the property is being offered on. Customers will have recourse to our complaints procedures should they wish to complain about the type of tenancy, rent type and charge they have been offered.

#### *4.3 Tenure Mobility*

We will promote mobility for existing tenants to move within and between tenures to recognise that as circumstances change we need to provide greater opportunities for households to move. We recognise that household choices to move will be driven by a number of competing and inter-related factors, which could include seeking employment opportunities, provide care and support to family members, in response to changes in economic circumstances, affordability issues impacted by broader welfare benefit reforms, or to address issues of under-occupancy or overcrowding. We have developed a revised allocations policy which will give greater priority for existing tenants to move, we have set up new software to manage transfers and established targets for rehousing transfer applicants. This revised approach includes enhancing the scale of our existing downsizing initiative, and promotion of mutual exchange initiatives within and beyond our own stock through the use of national mobility schemes.

We have also developed a Tenure Change Policy which will target and allow existing tenants to purchase their own properties, or to step on to the home ownership ladder with Plumlife as their circumstances change, which generates internal subsidy and frees up much needed social housing for others.

#### *4.4 Tenancy Charges*

All new tenants will be charged either a social rent or an affordable rent depending upon whether the property is new build, and whether a relet property is included in our affordable rent conversion plan. Both these rents will be set in accordance with the direction and formulae provided by the HCA's Rent Standard

To safeguard affordability and promote sustainability Great Places will introduce an affordable rent cap which will restrict the charge differential between a social and affordable rent for a similar property. We will also undertake a regular process of revaluing our affordable rent stock so that affordable rent levels at the start of a tenancy are re-based to be reflective of any rental price changes within local housing markets.

The following principles set out how we will determine the charge which will apply to a specific tenancy;

- Existing social rented tenants will be charged at or near target rent level and there will be no change to their rent other than the annual rent increase.
- New tenants taking up an existing property to be relet and which is not included in our conversion plan will be charged at the target rent level and will be subject to an annual rent increase.
- New tenants taking up an existing property to be relet and which is included in our conversion plan will be charged at an affordable rent level which will be

inclusive of any service charges. To promote affordability, we will introduce a cap to restrict the price differential between target rent and the affordable rent for an equivalent property in any given area. The implementation of this cap will result in Great Places potentially not maximising the potential additional income from affordable rents on all our conversions, as the affordable rent we charge will not always be at 80% of local market rents levels.

- We will implement an additional charge regime for new build properties developed through the Affordable Rent programme. New tenants moving in to one of our new build properties will be charged an affordable rent level up to our rent cap level described above. We will then also charge an additional premium to take into account that the property is a new build, which will increase according to the size of the property (2 bedroom £5, 3 bedroom £10, 4 bedroom and above £15). This additional premium will only be charged where the affordable rent with premium remained within the 80% of market rent level, and also within Local Housing Allowance levels for a property within a given area.

## **5.0 Conversion Plan**

Great Places has undertaken a careful and detailed sensitivity analysis in order to determine which of our existing properties should be included within our conversion plan. Detailed work has been undertaken to value the rent potential of all our social rented stock, and to calculate the rent differential between affordable and target rent by property type across all the neighbourhoods. This 'financial' information by property type and neighbourhood has then been mapped against a detailed analysis of our tenancy turnover rates in order to generate a potential level of affordable rent subsidy to support our proposed development programme with the HCA.

Following this initial work Housing Services teams have also reviewed properties which may be converted, and we have revised the list taking into consideration local demand and competitor issues. We will continue to discuss our conversion plan within Housing Services teams to ensure conversions reflect local housing management issues and our competitor behaviour, and we will continue regular dialogue with individual local authorities so that they are aware of our conversion activities.

Our conversion plan will be closely monitored to scrutinise management performance for affordable rent tenancies. We will regularly review performance on rent collection rates, relet times, tenancy turnover, termination reasons, former tenant arrears, demand and refusal information compared to our social rented stock. We will also regularly review the conversion plan in the context of changing market rent valuation levels and movement in target rents. Our conversion plan will therefore remain dynamic, and we may need to move some properties in and out of the conversion plan over time reflecting changing external factors.

Our Finance Department will ensure that an up to date conversion plan with social and affordable rent charges is always made available to Housing Services staff to ensure we continue to relet all our empty properties at the correct rent levels.

## **6.0 Allocations**

Our Allocations Policy details our approach to both the allocation of future social rented and affordable rented properties. We will agree with our local authority partners how we market our affordable rent properties, but expect this to be using the existing allocations arrangements (choice based lettings systems) within each local authority area, and that we will continue to provide reasonable preference to those in the greatest housing need. We may seek to renegotiate our nominations agreements in order to reflect that we are now allocating new affordable rent tenancies.

We will agree both a local lettings policy for nominations to new developments, and a broader lettings plan for conversions to affordable rent. It is our aim to ensure that whilst we continue to meet housing need, we mitigate the financial risk of higher affordable rents and the establishment of 'benefit ghettos' by ensuring a sustainable mix of household type, size and income levels.

All offers of an affordable rent property will be subject to a detailed pre-tenancy affordability assessment. This will consider current income and debt levels and review anticipated household expenditure so that customers are clear of the running costs of the new home and the rent contribution from the new Universal Credit payment. We will deploy the resources of our Financial Inclusion Team to support all affordable rent tenants from the commencement of their tenancy in order to ensure that they get the best possible targeted support and advice to sustain their tenancy. We will reserve the right to refuse to offer a property to an applicant where we consider the affordability assessment indicates that the property is not affordable. They will be advised of options to secure a more affordable property, and where to obtain money, budgeting and employment support. We do not envisage numbers to be many, but we will monitor refusals for trends.

## **7.0. Overcrowding/Underoccupancy**

To allow existing tenants flexibility to respond to changes in their circumstances/household size, our Allocations Policy will award an equivalent level of priority to tenants who are either overcrowded or underoccupying their accommodation. We believe this will become increasingly important as tenants look to maximise choice, and wider welfare benefit changes impact on household income and affordability levels.

Existing Great Places tenants wishing to transfer or undertake a mutual exchange will be afforded the same security of tenure and rent status at their new property so that neither reduced security of tenure or changing rent status act as any disincentive to facilitating their move. Tenants undertaking a mutual exchange will always be charged their current social or affordable rent level at their new properties, whether their new property is included in our conversion plan or not.

Our customer information software allows us to collect and maintain data for each tenant's household size, economic status and property type. This will enable us to undertake targeted campaigns for example to link any downsizing initiatives we develop to those working age households underoccupying their property by one or more bedrooms and who are in rent arrears. This information will also enable us to

target those working age households in advance of the implementation of Universal Credit.

## **8.0 Affordability**

Great Places is committed to ensuring that we continue to meet the housing needs or those in greatest need. Our proposals for the development of an Affordable Rent programme recognise that whilst subsidy needs to be generated from charging a higher rent, this additional rent has to be within the means of those on welfare benefits or lower income levels.

We have adopted several principles to ensure that affordability is a key consideration. New affordable rents will be capped at an agreed level above social rents, and we will only charge the additional new property premiums where the affordable rent level will remain within Local Housing Allowance rents. This policy will also ensure that all our affordable rent charges remain eligible for housing benefit.

We will also develop a number of other service measures to ensure that we align our financial inclusion and support services to maximise household incomes and promote tenancy sustainability. We will work with our partner local authorities to ensure affordability is promoted during the allocations process, and ensure a broad and sustainable household mix is achieved across our affordable rent properties. Through customer profiling information, we will also undertake specific campaigns, for example to review utility costs and billing arrangements, to reduce household bills. We will also map our conversion list against planned asset management improvements, for example linking future thermal efficiency programmes to those properties included in our conversion plan. We will also target the activities and resources of our Social Investment team, linking tenants with local training and employment opportunities, and enabling tenants to maximise household income levels.

We will adopt robust income management practices to the management of all our tenancies. Clearly higher rent levels on affordable rent tenancies present a higher risk to our rent collection, so we will build upon our rent arrears performance reporting to enable early warning signs to be detected in our affordable rent stock, and responded to by our housing management teams. We recognise that some tenant's incomes will change, and that we will need to support tenants with increasing debt, which could include considering a transfer on affordability grounds. We will revise our management transfer procedure in order that we can respond appropriately and fairly to any requests to move on grounds of affordability. This will include linking any former tenant arrears repayments as a condition of their current tenancy and which can be enforceable through legal action.

## **9.0 Tenancy Sustainment**

To promote sustainability of our affordable rent tenancies we will continue to commit resources into the delivery of our Financial Inclusion Strategy and Tenancy Support Services. We are in the process of reviewing these services to ensure we best support customers where their needs are greatest. We now have a dedicated Financial Support Coordinator based within each regional team, with referral

mechanisms from tenants and front-line staff and with strong local partnerships in place. We will ensure all Financial Inclusion and Tenancy Support staff resources are targeted to meet both tenants and the organisation's needs, aligning regional and central resources where these are needed most and to support specific local requirements. These staff will support income management activities locally, working with tenants with specific rent arrears and debt issues, developing individual solutions for example assisting tenants to make applications for Discretionary Housing Payments and referring to our employment services.

## **10.0 Tenancy Fraud**

To ensure the use of our stock is being maximised, we have developed a Tenancy Fraud Policy which includes a number of checks to ensure we let and manage tenancies responsibly. These checks include identity checks at application and at sign up stages, our software system allows us to record the details of all household members, and we will check this information periodically during contact with our CAT team or during home visits with staff. We will train staff to identify and respond to incidents of suspected tenancy fraud, and will work with our local authority partners to take action where we identify misuse of our stock.

## **11.0 Succession Rights**

All Great Places tenants will retain the right to succession which is set out in their tenancy agreement. Assured tenants have the right to succession to a partner who is residing at the property at the time of death, so long as there was no previous succession. We are not offering any additional discretionary succession rights to those contained in the tenancy agreement.

We recognise however, that there may be cases in which a vulnerable household member and/or partner is left in the property and to which there is no further right of succession. We will work sensitively with remaining household members in order to find a solution, which could include a transfer to more suitable accommodation, liaising with support agencies in cases of vulnerability and providing homelessness advice and assistance.

## **12.0 Tenure Change**

In order to make best use of our housing stock, and to ensure additional subsidy income from property disposals, we have developed a Tenure Change Policy. This policy aims to promote alternate tenures to those tenants looking to exercise this flexibility and choice. We will develop and promote a range of options, including specific campaigns to target either sales or disposals to certain client groups, and to diversify tenure in certain neighbourhoods.

This policy also links to our approach to property disposals, where for asset management reasons and to generate subsidy for our development programme, Great Places will choose to dispose of stock. This may be because this stock is no longer sustainable to manage or maintain, or where for asset management or financial reasons, targeted sales generates additional receipts to subsidise the delivery of our new affordable rent development programme.

### **13.0 Communication**

The policy implications of the development and delivery of our tenancy proposals will require sensitive and careful communication within and outside Great Places. We may need to advise a local authority for example that we are refusing a nomination on affordability grounds. We may also need to explain to our own tenants why their rents are significantly different for a similar property.

We have developed and will continue to deliver a communications plan which will cover our strategy to deliver key messages to our staff, local authority partners and stakeholders, existing tenants and future applicants. We will use appropriate media to manage key messages, and will review the communications plan where we encounter difficulties or sensitivities.

### **14.0 Monitoring & reporting**

We have developed a reporting framework to ensure that we will closely monitor a range of performance requirements arising from this Strategy.

We produce a range of specific housing management information for our affordable rent stock, which is reviewed by an Affordable Rent Working Group. This includes demand information, relet times, refusals, conversion activities against our conversion plan, rent collection performance, tenancy turnover, average length of tenancy, household income and household size. We will benchmark housing management performance information against our social rented stock. We will also ensure we continue to comply with the reporting requirements of the CORE data collection for affordable rent properties. Where requested we will continue to provide the quarterly Affordable Rent monitoring information to our Local Authority partners, and meet with them to discuss trends in conversions and rent levels across their areas.

We will also report and monitor closely the financial implications of our conversion activity, ensuring conversion rates, housing management performance and changing rent levels are reviewed in the context of our business plan for new developments. This will include regularly reviewing our disposal activities to ensure sales activity is in line with anticipated receipts from property sales.

### **15.0 Equality and Diversity**

We will undertake a regular equality and diversity impact assessment to ensure that the operational requirements of this Strategy do not discriminate against any of the protected characteristics within the Equality Act.

## APPENDIX 1.

### How our tenancy offer compares to the direction provided in our key Local Authorities Tenancy Strategies

Lifetime Tenancy	Flexible Tenancy
<b>Oldham</b>	
Support lifetime and permanent tenancies as preference Keen to ensure that Affordable Rent tenancies are subject to an affordability check	If the RP wishes to use flexible they support minimum 5 year term Would support use on heavily adapted, larger stock or in shared housing
<b>Manchester</b>	
A clear preference that landlords continue to use secure and assured tenancies for social and affordable rented stock across the city.	Acknowledgement that if landlords choose to use flexible tenancies, these need to meet the management regime stated in the HCA's Tenancy Standard
<b>Sheffield</b>	
Our preference is for RPs to grant lifetime tenancies when letting affordable rent properties. We expect RPs not to re-let properties with four bedrooms or more at affordable rents, especially in areas with high average market rents, and if RPs let these properties at affordable rent, we expect that affordable rent to be set at a level no higher than the Local Housing Allowance rate for that area. We expect RPs not to convert properties to affordable rents in areas where there is already a scarcity of social housing.	There is a very strong strategic policy direction around lifetime homes and little appetite for flexible tenancies use
<b>Salford</b>	
The Council supports the use of life time tenancies in the first instance.  The Council encourages Registered Providers to offer lifetime tenancies for older people in designated or specialist housing.	The Council advocates that; where used fixed-term tenancies should normally be offered for a minimum period of five years, including any probationary period. The Council is of the opinion that the minimum fixed-term of two years should only be used in exceptional circumstances, as this is unlikely to encourage a household to invest in their home and community. Two year tenancies should only be issued where there is a short-term risk that the tenant may no longer require the property within a relatively short time frame of commencing occupancy.

<b><i>Bolton</i></b>	
Council preference is for lifetime tenancies	<p>Envisage fixed term tenancies only being used in 'exceptional circumstances'. The Strategy refers to specific circumstances when fixed tenancies could be used being;</p> <ul style="list-style-type: none"> <li>• Adapted stock</li> <li>• Family accommodation</li> <li>• Linked to Regeneration Schemes</li> <li>• Areas of High Demand</li> </ul>
<b><i>Lancashire</i></b>	
<p>All LAs have developed a sub-regional Tenancy Strategy  The Lancashire Tenancy Strategy strongly in favour of lifetime tenancies  Older people's accommodation - would expect a lifetime tenancy.  In addition the following client groups should not be offered fixed tenancies as this would cause unnecessary uncertainty which would not be conducive to the wellbeing of such vulnerable client groups.</p> <ul style="list-style-type: none"> <li>• People with Learning Disabilities or Difficulties</li> <li>• People with Mental Health Problems</li> <li>• People with Physical Disabilities or Sensory Impairments</li> </ul>	<p>RPs should use these depending on local context and in order to maximise best use of stock and help to meet the housing needs in their area.  Should be for a minimum of 5 years  Ask to see a business case for shorter periods than 5 years</p>
<b><i>Bury</i></b>	
Lifetime tenancies is preference, including for older people	<p>Would support limited use of flexible tenancies. Suggest adapted stock  The Council is proposing that tenancies of adapted properties last as long as the person for whom the adaptation was intended needs it and continues to live in the property.</p>
<b>Fylde Coast (Blackpool, Wyre and Fylde)</b>	
<p>Sub-regional strategy developed by the 3 LAs  Clear preference given for the continued use of lifetime permanent tenancies  Make it clear they will not support fixed term in sheltered housing or supported accommodation</p>	<p>Acknowledge that landlords can use fixed term tenancies so long as the minimum fixed term used should be 5 years, and not the 2 years allowed by the legislation in exceptional circumstances.  •If fixed term tenancies are used, they should be renewed at the end of the term if there are children living there, and if</p>

**APPENDIX 2.**

The following table details our occupancy agreements by tenure and property type;

<b>Tenancy Type</b>	<b>Will be offered to</b>
Licence agreement	<ul style="list-style-type: none"> <li>• Customers in rooms/flats in short-term supported accommodation</li> <li>• Customers renting garages or car parking spaces</li> <li>• Customers being decanted during major works to their homes</li> </ul>
Assured Shorthold Tenancy (AST) 6 months fixed term to maximum 5 years. In some cases becoming periodic AST after the fixed term has expired.	<ul style="list-style-type: none"> <li>• Customers living in intermediate/market rented/RTHB properties</li> <li>• Customers living in supported housing resettlement/move-on schemes</li> <li>• Customers whose properties have been purchased via the Mortgage Rescue Scheme</li> <li>• Customers living in keyworker properties</li> <li>• Customers with limited leave to remain in the UK, but with rights to access social housing and welfare benefits</li> </ul>
Starter tenancy (Assured Shorthold Tenancy) 12 months This will be converted into a full Assured Tenancy if the Starter Tenancy is conducted satisfactorily	<ul style="list-style-type: none"> <li>• Customers who have not held an Assured or Secure Tenancy with another Registered Provider immediately before moving into the vacant property.</li> </ul>
Assured Tenancy	<ul style="list-style-type: none"> <li>• Customers with an existing Assured tenancy (either Great Places or with another Registered Provider) who transfer/move in to a vacant property</li> </ul>
Secure Tenancy	<ul style="list-style-type: none"> <li>• Customers that have been a continuous tenant of Great Places since before 15<sup>th</sup> January 1989.</li> </ul>
Assured tenancy with preserved rights	<ul style="list-style-type: none"> <li>• Customers that were previous tenants of a local authority whose home transferred to Great Places via stock transfer were asked to sign an assured tenancy agreement with preserved rights as housing associations cannot issue a new secure tenancy. This allows customers to retain the Right to Buy and some additional tenancy rights.</li> </ul>

<b>Strategy Approval Date:</b>	July 2011
<b>Equality Impact Assessment Date:</b>	July 2011
<b>Strategy Review Date:</b>	December 2014
<b>Lead Team:</b>	Housing Services
<b>Level of Authorisation Required:</b>	Board