

Fylde Coast Local Authorities' Tenancy Strategy

April 2013

Contents

<u>1. INTRODUCTION</u>	<u>1</u>
<u>2. AIMS OF THE STRATEGY</u>	<u>2</u>
<u>3. ROLE OF SOCIAL RENTED HOUSING IN THE FYLDE COAST</u>	<u>2</u>
<u>4. POLICY CONTEXT</u>	<u>6</u>
<u>5. DETERMINING THE USE OF FIXED-TERM TENANCIES</u>	<u>7</u>
<u>6. LENGTHS OF FIXED TERM TENANCIES</u>	<u>9</u>
<u>7. THE CIRCUMSTANCES IN WHICH FOLLOW-ON TENANCIES WILL BE GRANTED</u>	<u>9</u>
<u>8. ASSISTANCE AT THE END OF A TENANCY</u>	<u>10</u>
<u>9. USE OF AFFORDABLE RENTS</u>	<u>10</u>
<u>10. DISPOSAL OF SOCIAL RENTED HOUSING STOCK</u>	<u>10</u>
<u>11. IMPACT OF THE TENANCY STRATEGY ON EXISTING TENANTS</u>	<u>11</u>
<u>12. LINKS TO REGISTERED PROVIDERS' TENANCY POLICIES</u>	<u>12</u>
<u>13. MONITORING AND REVIEW OF THE TENANCY STRATEGY</u>	<u>12</u>

1. Introduction

The three local authorities of Blackpool, Fylde, and Wyre are each required by the Localism Act 2012 to produce a Tenancy Strategy. They have decided to set out in a single document a Fylde Coast Tenancy Strategy, continuing the coordinated approach of the Fylde Coast Housing Strategy, and making it simpler for affordable housing providers and the public to understand the approach across the whole area.

The requirement for local authorities to produce a Tenancy Strategy reflects the introduction of new powers for Registered Providers (RPs), including both housing associations offering assured tenancies and local authorities offering secure tenancies, to

offer their tenancies on a fixed term basis rather than indefinitely. This is a significant change in legislation that affects how long tenants of social rented housing can expect to stay in their homes, and the availability of social rented homes to people waiting on the housing register. Strategic housing authorities are required to provide guidance to RPs operating within their area on how they should plan to use these new powers (if at all).

In addition to providing guidance for Registered Providers as they set their policies on the use of fixed-term tenancies, the Fylde Coast Tenancy Strategy also sets out how the local authorities expect RPs to use the power to charge new affordable rents, and what RPs are expected to take into account when considering any sale of their housing stock.

2. Aims of the Strategy

The objectives of this Tenancy Strategy are to ensure:

- Effective use of social rented housing to meet housing needs
- Use of social rented housing that minimises the costs of temporary accommodation and housing people in the (more expensive) private rented sector
- That the use of social rented housing helps meet wider objectives, including stronger communities, more and higher value jobs, and better health.

3. Role of Social Rented Housing in the Fylde Coast

RPs' decisions on the use of fixed-term tenancies and new affordable rents must be informed by an understanding of the role of social rented housing within the Fylde Coast housing market area, and the potential impact of their policies.

The key features of social rented housing in the Fylde Coast area are:

1. The total number of social rented homes in the Fylde Coast area is very low compared with the average for England, and the level of local housing need:

Existing homes by tenure – latest available figures:

	Owner Occupied %	Social Rented%	Private Rented %	Total Number of Homes
Blackpool (HCS 2008)	67	11	22	68,250
Fylde (HCS 2008)	80	6	14	35,700
Wyre (2006)	84	7	9	48,511
England (EHCS 2005)	71	18	11	N/A

The table below shows data from the National Housing and Planning Advice Unit (Feb '10) on the affordability of buying and renting a home for households aged under 40.

Source NHPAU	<i>per cent can buy 2008</i>			<i>per cent can afford private rent 2007</i>		
	Under 40 all households	Under 40 Working	Under 40 Family	Under 40 all households	Under 40 Working	Under 40 Family
Blackpool	33.3	39.5	17.2	55.4	63.9	32.1
Fylde	40.8	45.7	22.6	62.8	70.3	48.2
Wyre	38.4	45.1	23.9	58.2	65.8	41.3
England	40.6	45.5	26.1	57.1	64.3	42.7

The numbers of households in receipt of assistance with their housing costs through Housing Benefit are set out below:

HB Recipients (DWP, Oct 2011)

	<i>Number</i>	<i>% of all households</i>
Blackpool	20,110	30.01
Fylde	4,490	12.47
Wyre	6,880	13.23
Fylde Coast	31,480	20.31

There are therefore a significant proportion of households who cannot afford to buy their own home, and who cannot meet the costs of market rents without assistance. The number of households who cannot afford to buy has risen over the last 10 years - although prices have fallen back from their 2007 peak by 15-20%, they are still far higher than 10 years ago, access to mortgages remains more difficult, and real incomes are currently falling.

2. Most social rented housing in the Fylde Coast is owned and managed by six main providers:

Breakdown of social rented properties by small area:

		Blackpool BC / BCH	Regenda	New Fylde	Great Places	Places for People	Muir	TOTAL	
Wyre	<i>General</i>								
		Fleetwood	0	1598	0	58	272	9	1937
	<i>Needs</i>	Thornton - Cleveleys	0	357	0	81	19	0	457
		Poulton	0	236	0	1	0	0	237
		Rural West	0	112	0	16	4	0	132
		Rural East	0	199	0	0	27	0	226
<i>Sheltered</i>		Borough-wide	0	392	0	32	30	0	454
		ALL WYRE	0	2894	0	188	352	9	3443
Fylde									
<i>General Needs</i>		Lytham St Annes PR4 (Kirkham/Freckleton etc)	0	3	535	24	38	0	600
		Staining/Singleton/ru ral north	0	21	633	26	123	2	805
			0	0	54	0	0	0	54

<i>Sheltered</i>	Borough-wide	0	0	678	0	0	0	678
	ALL FYLDE	0	24	1900	50	161	2	2137
Blackpool								
<i>General</i>	FY1 (Inner)	600	46	0	408	139		1193
<i>Needs</i>	FY2 (Bispham)	850	0	0	90	122		1062
	FY3 (Outer North)	1700	14	0	61	4		1779
	FY4 (S.Shore /Outer South)	1150	0	0	221	31		1402
	FY5 (Anchorholme)	150	0	0	0	1		151
<i>Sheltered</i>	Borough-wide	807	0	0	177			984
	ALL BLACKPOOL	5257	60	0	957	297	296	6867
	TOTAL	5257	2978	1900	1195	810	307	12447

A further 400 homes are owned and managed by another 14 housing associations across the Fylde Coast area, many of which are specialist supported housing.

3. The level of social rented housing stock varies by location and size

The table above shows that the social rented housing stock is concentrated in Fleetwood in Wyre, in pockets of St Anne's, Kirkham and Freckleton in Fylde, and in the large estates of Grange Park and Mereside in Blackpool. There is very little social rented housing in most rural areas. This means that there are many areas where there is very little social rented housing available.

The table below shows how the size of the social rented housing stock compares with needs.

Comparison of Size Requirements of Households in Need with Profile of Social Rented Housing Re-lets

Size	Blackpool		Fylde		Wyre	
	<i>Households in Need</i>	<i>Profile of Re-lets</i>	<i>Households in Need</i>	<i>Profile of Re-lets</i>	<i>Households in Need</i>	<i>Profile of Re-lets</i>
Bedsit / 1 Bed	50%	73%	56%	19%	49%	41%
2 Bed	33%	17%	19%	58%	33%	31%
3 Bed	12%	10%	15%	23%	17%	27%
> 3 Bed	6%	<1%	10%	0%	2%	0%
Total	100%	100%	100%	100%	100%	100%

Source: Fylde Coast SHMA 2008

There is a mis-match in Blackpool, with a high proportion of re-lets that are bedsits or 1 bed flats, and very few large family houses. In Fylde, by contrast, there is a lack of 1 bedroom accommodation, although also very few large family houses, while in Wyre the sizes are more in balance.

It is especially important that effective use is made of those properties in shortest supply compared with demand.

4. Most of the supply of homes to people requiring public assistance with their housing costs comes from the private rented sector.

The table below shows that most Housing Benefit recipients in each borough live in the private rented sector.

HB Recipients by Tenure (DWP, Oct 2011)

	Total	Social rent	PRS
Blackpool	20,110	5,900 (29%)	14,210 (71%)
Fylde	4,490	1,720 (38%)	2,770 (62%)
Wyre	6,880	2,850 (41%)	4,030 (59%)
Fylde Coast	31,480	10,470 (33%)	21,010 (67%)

Much of the demand for social rented homes comes from households who are living in the larger private rented sector. Social rented housing provides homes that are more secure, at lower rents, and often in better condition than many of the homes that are rented in the private sector. This security of tenure is most important to families with children, vulnerable and older people.

5. The private rented market, and the willingness of landlords to let to people in housing need, varies considerably across the Fylde Coast.

In Blackpool, nearly 80% of private lettings are to tenants receiving Housing Benefit, showing that the local market is dominated by this use. The private rented stock has built up largely in response to demand from people on Housing Benefit, with tenants often coming in from other parts of the country. There is a relatively small market outside of tenants on Housing Benefit, and much of the stock is unattractive to more affluent tenants. This suggests that there will continue to be a large supply of privately rented homes available to tenants on Housing Benefit in Blackpool, even if returns are squeezed by benefit reform. Equally, there will continue to be significant demand for social rented housing from private rented tenants who require better quality accommodation.

The situation is similar to Blackpool in Fleetwood in Wyre, but in suburban and rural areas, there is significant competition from more affluent tenants and rents in the private rented sector can be out of reach for tenants on Housing Benefit. In these areas, social rented housing can be the only option for people on low incomes.

Proportion of private rented sector letting to Housing Benefit Claimants

	No. of private rented homes*	No. (and %) of private rented homes occupied by HB claimants	No. of social rented homes	No. (and %) of private rented homes occupied by HB claimants
Blackpool	18,000	14,210 (79%)	7,257	5,900 (81%)
Fylde	7,000	2,770 (40%)	2,271	1,720 (76%)
Wyre	6,000	4,030 (67%)	3,483	2,850 (82%)
Fylde Coast	31,000	21,010 (68%)	13,011	10,470 (80%)

* Estimated – uplifted from House Condition Surveys to reflect regional increases since 2007

6. There are more small households in the Fylde Coast, and more older and disabled households than the average for the North West

The proportion of people aged over 65 years in each of the Fylde Coast authorities is above the North West average of 16%, with Blackpool at 19% and both Fylde and Wyre at

23%. The proportion of households headed by people aged over 65 is as set out below, with ONS projected increases.

% of households with head aged 65 years or older

	2008	2033
Blackpool	28.57%	35.21%
Fylde	36.11%	43.90%
Wyre	36.73%	47.54%

Partly as a result of increasing numbers of older people, ONS projections also predict significant rises in the number of smaller households in each borough.

A significant proportion of social rented homes are let to people with disabilities or limiting long term illnesses. For example, in Blackpool, 38% of Council house lettings in 2009/10 were to people unable to work because of long term illness, and in Fylde, over a third of the social rented housing stock is sheltered housing only let to older people.

In summary, the social rented housing stock in the Fylde Coast is in short supply compared with demand and fulfils a critical role in providing secure and decent quality accommodation for those who can't access accommodation that meets their needs in the private rented sector. There are acute shortages of social rented housing in many locations, especially in rural areas, and shortages of particular types of housing, such as larger family houses.

Market rents vary significantly from some very low value locations in parts of Blackpool and Fleetwood, to very high value locations, especially in the rural areas. While areas with high market rents provide an opportunity for RPs to charge new affordable rents and create a strong revenue stream to fund new development, these are also the areas where housing that is accessible to people reliant on Housing Benefit is in the shortest supply.

4. Policy Context

The Fylde Coast Housing Strategy 2009-2013 and Fylde Coast Local Investment Plan 2011 set out the priorities for housing provision and housing investment in the area.

The objectives of the Housing Strategy are summarised as follows:

Quantity - Providing appropriate numbers of the right kinds of high quality new homes

In particular, we need to:

- support the local economy and meet long term demand for housing as household numbers rise by increasing rates of new building
- provide more of the affordable homes that are in the highest demand
- maintain a sustainable community life in rural settlements by providing affordable housing for local residents and workers who would otherwise be priced out

Quality - Raising the quality of the overall housing offer to support growth in the Fylde Coast economy

In particular, we need to:

- reduce in-migration of people with chaotic life styles by reducing the numbers of poor quality private rented homes in inner Blackpool

- enhance the residential offer in inner Blackpool and Fleetwood, with a wider range of house types and increased owner occupation
- reduce concentrations of deprivation on large social housing estates by improving the neighbourhood environments, re-developing unpopular housing stock, and diversifying tenures
- raise the quality of the private rented sector
- improve housing conditions for people who are vulnerable because they are older or on low incomes, tackle fuel poverty and reduce domestic carbon emissions

People - Helping people to access the accommodation and support that they need to lead stable and prosperous lives

In particular, we need to:

- provide new opportunities for people at risk of homelessness, and those without work, to make a positive contribution to the local community
- meet the changing requirements of older people and those requiring long term care through the provision of the right mix of specialist accommodation, adaptations, and support

The most extensive example of re-development of the social rented housing stock is in Blackpool, with the planned demolition of nearly 500 flats at Queens Park, and replacement with around 200 new homes. Along with a number of smaller re-development schemes, there will be a need to re-house several hundred households already in the social rented sector over the next 5 years in Blackpool.

The target for the delivery of new affordable homes in each local authority area is 100 homes in Blackpool and 60 homes in each of Fylde and Wyre each year (a total of 220 each year). The HCA Affordable Homes Programme grant funding allocation for the Fylde Coast for the three years from 2012-2015 envisages the completion of a total of 588 homes (averaging 196 each year).

The allocations schemes of the three local authorities are made up of a Consistent Assessment Policy and local authority-specific Area Lettings Plans. These policies came into effect in May 2012 with the launch of the My Home Choice Fylde Coast CBL system. The Consistent Assessment Policy prioritises applicants into 6 bands (A-F), with bands A-D covering households with a range of housing needs and a local connection. Band E is for applicants without a specific housing need, but with a local connection and in paid or voluntary work, and Band F is for other applicants without a specific housing need and/or with no local connection. The Area Lettings Plans set out who the local authorities expect to be prioritised in social housing lettings. Amendments are proposed to these policies, subject to consultation in December 2012, alongside consultation on this Tenancy Strategy.

The local authorities' Homelessness Strategies set out how homelessness will be prevented through a wide range of intervention and housing options.

5. Determining the use of fixed-term tenancies

The Government's over-arching aim in introducing fixed-term tenancies is to help enable better use of affordable housing by restricting occupation to people who couldn't meet their housing needs themselves. They could particularly be used to help:

- address under-occupation of larger homes
- ensure that major adaptations are used by people who most need them
- ensure that homes are only occupied by tenants whose incomes remain too low to meet their housing needs in the market
- encourage (especially young) people to raise their incomes and use affordable housing as a stepping stone to other accommodation

However, these approaches need to be balanced with potentially conflicting aims of:

- providing stability for tenants
- continuing to meet genuine housing needs
- encouraging balanced communities with a range of households and incomes on social housing estates

It is expected that each Registered Provider will establish its own Tenancy Policy that sets out if and how fixed-term tenancies will be used, including:

- the kinds of tenancies that they grant and the circumstances in which they will grant particular kinds of tenancies
- where they grant tenancies for a certain term, the lengths of the terms
- the circumstances in which they will grant a further tenancy at the end of the term of an existing tenancy

In setting the detail of its Tenancy Policy from area to area, each RP should take into account:

1. The current mix of households in particular localities where the RP holds stock. Where there are concentrations of deprivation, it would not be appropriate to move tenants out of their homes because their incomes have increased.
2. The need and demand for housing in particular localities. Where need and demand are high, it is likely to be more appropriate to use fixed term tenancies than in areas with relatively low demand.
3. Targets for lettings set out in each local authority Area Lettings Plan

RPs are expected to consult with the Fylde Coast local authorities in establishing their tenancy policies.

Taking into account the role of social rented housing in the Fylde Coast housing market and the wider strategic context, the Fylde Coast local authorities would normally expect that new lettings of the following accommodation types will continue to be lifetime tenancies:

- Homes let to older persons
- Specialist supported housing (that isn't intended as temporary or short term accommodation)

It may be appropriate to focus on introducing fixed-term tenancies for the following accommodation:

- Large family homes where they are in short supply
- Properties with significant adaptations for use by physically disabled people
- Social rented homes in rural areas

RPs are expected to consult with the Fylde Coast local authorities where in exceptional circumstances they wish to take a different approach from that outlined in this section.

6. Lengths of fixed term tenancies

CLG's direction to the Social Housing Regulator states that fixed term tenancies can only be for less than five years in exceptional circumstances and must always be for at least two years.

In the Fylde Coast, the expectation is that where fixed-term tenancies are used, they will always be for at least five years, with discretion for the RP to let for longer periods where this is appropriate to the circumstances of the household or property.

The reasons for this approach are:

- to give tenants reasonable stability to establish themselves and their families in education and employment
- to allow a reasonable period for tenants to engage in the local community
- to keep the resources involved in reviewing tenancies at economic levels

The length of term of the tenancy should be clearly identified when each property is advertised prior to letting.

7. The circumstances in which follow-on tenancies will be granted

The local authorities expect that fixed term tenancies will usually be renewed where:

- The household includes children under 18 years of age
- The household includes a disabled person who is making use of the adaptations where there are major adaptations to the home,
- The occupant receives some form of housing support or is recognised as being vulnerable

Fixed term tenancies will not usually be renewed where:

- The household is significantly under-occupying the property
- The property is highly adapted for someone with a disability but no person with a disability is now resident there
- Where it is identified the property is inappropriate for an individual's needs, i.e. they are not coping in the property or they need more support than is currently being provided.

8. Assistance at the end of a tenancy

The local authorities expect that advice and support will be given to all households whose tenancies are not renewed at the end of a fixed term.

In particular, households who are required to move because they are under-occupying or not using disabled adaptations will be assisted to find another suitable home.

9. Use of Affordable Rents

A key feature of the Government's programme for the delivery of new affordable homes grant funded through the Homes and Communities Agency (HCA) in 2011-15 is the expectation that developing Registered Providers will charge affordable rents at up to 80% of market rents. These affordable rents, which are typically higher than social rents, are to be charged for new affordable homes completed under the 2011-15 programme and for a proportion of existing homes when they are re-let, creating a surplus for re-investment.

The Fylde Coast local authorities expect that RPs should only convert existing homes from social rents to new affordable rents where:

- Some new development is being brought forward by the RP within the borough. This ensures a link between the raising of rents to fund new development and the benefits of additional affordable housing.
- The accommodation is relatively desirable, so that prospective tenants are willing to pay a premium over social rents. In principle, RPs' highest rents should be charged for the most attractive accommodation.
- Affordable rents do not exceed Fylde Coast LHA levels - while Housing Benefit payments for affordable housing are not currently restricted to LHA levels, this rule of thumb acts as a marker that affordable rents aren't excessively high, and that the affordable rents are likely to be met by Housing Benefit in the long term. It helps ensure that RPs do not focus on raising rents on homes in very expensive localities, where affordable rents at 80% of market rents could be too expensive for local people on modest incomes
- The RP's approach to charging affordable rents is clear and is made available to the public

Affordable rents should be clearly identified when each property is advertised prior to letting so that prospective tenants can make informed choices.

10. Disposal of Social Rented Housing Stock

Another option for RPs to raise funds for new development is to dispose of some existing social rented housing stock. As affordable housing is in short supply, disposal is only likely to be acceptable where:

- The homes to be disposed of do not meet a current high demand from people in housing need
- The homes are in very poor condition and renovation would be uneconomic
- Sales will not lead to uses by purchasers that would be contrary to wider strategic objectives
- Receipts from sales will be re-cycled within the local authority area to deliver more affordable housing in accordance with local priorities

RPs who own social rented homes in the Fylde Coast area are expected to consult with the relevant local authority before selling off any of their social rented housing stock.

Note that these conditions apply to voluntary disposals to third parties and not sales to existing tenants with statutory rights through the Right to Buy or Right to Acquire.

11. Impact of the Tenancy Strategy on Existing Tenants

Fixed term tenancies and affordable rents will only be introduced when new tenancies are granted. However, some new lettings are made to existing tenants who are transferring from other homes, so it is important to be clear how transferring tenants will be affected.

CLG's Direction to the Social Housing Regulator makes it clear that existing social tenants (as at April 2012) will be granted new tenancies of no less security of tenure when choosing to transfer to alternative social housing properties. This includes moving to properties that would normally be let to new tenants on the basis of fixed term tenancies. This helps to avoid the creation of barriers to appropriate mobility for existing tenants.

The Direction to the Social Housing Regulator does, however, exclude RPs from having to maintain equivalent security of tenure in cases where existing tenants choose to move to homes let at a new affordable rent and these homes are let on the basis of fixed term tenancies. In the Fylde Coast, we would expect that even where existing social housing tenants choose to move to homes let at new affordable rents, they continue to be offered equivalent security of tenure wherever possible.

Security of tenure for individual tenants will be preserved in mutual exchanges if at least one of the tenancies started prior to April 2012, but in cases where both tenancies started after April 2012, there is a risk that tenants with periodic (i.e not fixed term) tenancies will lose security of tenure if they exchange with someone with a fixed term tenancy. In the Fylde Coast, we expect that where existing social housing tenants with periodic tenancies choose to mutually exchange with someone with a fixed term tenancy, their security of tenure will be preserved wherever possible.

Existing tenants who choose to transfer to a property that is being let at an affordable rent will be required to pay the affordable rent. This is because existing tenants have a choice of potential alternative homes, including homes let at affordable rents and homes let at social or target rents. RPs charge affordable rents to provide an income stream to fund new housing development, and need to be sure that when planning new development they will receive affordable rents as they have planned, regardless of who chooses to move into the home.

12. Links to Registered Providers' Tenancy Policies

The Tenancy Policies of the principal housing providers operating in the Fylde Coast area can be found using the following links:

(Links to be inserted when Tenancy Policies have been completed)

13. Monitoring and Review of the Tenancy Strategy

This document has been subject to consultation with partner RPs and with the public. It has been designed to assist with the delivery of the aims and objectives of the wider housing strategy in the Fylde Coast, in the context of the introduction of the Localism Act in April 2012.

Most of the impact of the use of fixed-term tenancies will take some time to be felt - it will be at least 5 years before any tenancies come to an end - although there may be some short term effects of prospective tenants making different decisions when offered fixed rather than lifetime tenancies. The introduction of affordable rents will have a more immediate impact, and it is important to monitor how and where RPs are using affordable rents and the impact on people in housing need. This will be monitored through regular reports from the Fylde Coast My Home Choice system, which will be used for all lettings by the principal RP landlords in the area.

Any significant revisions to this document are likely to be the result of changes to housing strategy within the Fylde Coast or changes to national legislation. In either case proposed revisions will be subject to further consultation.