

## **LONDON BOROUGH OF RICHMOND UPON THAMES**

**CABINET** 4th April 2019  
**REPORT OF:** Councillor L. Jaeger  
**TITLE OF DECISION** Richmond Tenancy Strategy 2019  
**WARDS:** All Wards  
**KEY DECISION?:** YES  
**IF YES, IN FORWARD PLAN?:** YES

**For general release**

### **1. MATTER FOR CONSIDERATION**

- 1.1. The Council is required by the Regulatory Framework for Social Housing in England to publish clear and accessible policies including a Tenancy Strategy.
- 1.2. Richmond upon Thames is a large-scale voluntary transfer authority and no longer carries out a landlord function in relation to social housing. The Council in its strategic housing role is therefore keen to guide its registered provider partners to meet local housing needs and priorities, as outlined in the Tenancy Strategy.
- 1.3. The proposed Tenancy Strategy outlines the Council's position on the type, duration and renewal of tenancies available to registered providers in Richmond upon Thames. It also sets out the Council's policy position on 'Affordable Rent'.
- 1.4. Approval of the draft Strategy will allow a six-week consultation to be undertaken. An Equality Impact and Needs Assessment (EINA) has also been completed as set out in Appendix C. If there are no significant amendments required as a result of the consultation, approval of this Cabinet is also sought to allow the Director of Housing and Regeneration to use delegated authority to adopt the Tenancy Strategy to apply from 24<sup>th</sup> June 2019.
- 1.5. The most significant change proposed in the strategy is to extend the minimum length of 'flexible tenancies' the Council expects registered providers to grant from five to ten years.

### **2. RECOMMENDATIONS**

That Cabinet agree to:

- 2.2. Approve the Richmond Tenancy Strategy for a six-week consultation period; and

- 2.3. Give delegated authority to the Director of Housing and Regeneration to adopt the reviewed Tenancy Strategy if no significant amendments are necessary as a result of the six-week consultation period.

### **3. DETAIL**

- 3.2. A Tenancy Strategy is intended to be used by Local Authorities to help shape the tenancy policies of registered providers working in their Borough. The Localism Act 2011 requires local authorities to provide information that registered providers will have 'regard' to in relation to:
- a) the type of tenancies registered provider's grant;
  - b) the circumstances in which they will grant a tenancy of a particular kind;
  - c) where they grant tenancies for a fixed term the duration of the term; and
  - d) the circumstances in which they will grant a further tenancy on the expiry of a fixed term tenancy.
- 3.3. In January 2013, the current Richmond upon Thames Tenancy Strategy (item number 336) was approved by Cabinet. The expectation was that registered providers would need to 'have regard to' the Tenancy Strategy, think about how it interacts with their business model and aspirations, but may depart from it if they have good reason.
- 3.4. The Localism Act 2011 gave councils (where they are landlords) and registered providers the powers to offer new tenants entering social housing 'flexible tenancies' as well as 'tenancies for life'. Following this, the Housing and Planning Act 2016 included provisions to make this offer of 'flexible tenancies' mandatory for all social housing providers. However, in the Social Housing Green Paper (SHGP), published in August 2018, 'a new deal for social housing', the Government announced that it would not implement the provisions set out in the Housing and Planning Act.
- 3.5. This Council considers that 'flexible tenancies' still represent a useful tool for social landlords to better manage their stock, whilst continuing to provide a reasonable degree of stability (particularly for those who are vulnerable by reason of age, disability or illness, and housing with children). However, the Council considers that longer 'flexible tenancies' will strike the right balance between stock management and security of tenure.
- 3.6. In line with the Government's SHGP, which also recognises the importance of security of tenure in social housing, it is proposed that the Council's stance will be to support the continued use of 'flexible tenancies', but that the minimum length it would expect such tenancies to be offered be increased from five years (as set in its previous Tenancy Strategy) to ten years.

- 3.7. In its Strategy, the Council continues to support the use of shorter tenancies in exceptional circumstances, such as in cases of anti-social behaviour or repeated rent arrears as this allows registered providers the required level of flexibility to manage its tenants. For those applying for sheltered housing, the Council would also expect registered providers to offer 'lifetime tenancies', other than in exceptional circumstances.
- 3.8. In regards to affordable rents, the Council would expect registered providers to ensure that affordable housing rents in Richmond are set with regard to the London Affordable Rent levels approved by the Greater London Authority (GLA) annually<sup>1</sup>.
- 3.9. The Affordable Rent guidance in the previous strategy has been simplified now that the Council supports a move to London Affordable Rent, which is set by the GLA annually. This aligns the Council's strategy with actual practices in the Borough by registered providers.
- 3.10. As the London Affordable Rent levels do not include service charges, the Council expects registered providers to have special regard to the service charges imposed on residents of low income households, always ensuring that these charges are affordable, when considered alongside the weekly rent amount.
- 3.11. Appendix B provides an evidence base supporting the use of London Affordable Rent in the Borough.
- 3.12. This Cabinet is asked to approve the proposed Tenancy Strategy to allow for a six-week consultation where the Council will consider the views of stakeholders, particularly local registered providers, whom it would expect will have 'regard to' this Tenancy Strategy when writing their own policies.
- 3.13. If no significant amendments are required following the consultation, this report seeks delegated authority for the Director of Housing and Regeneration to adopt the Tenancy Strategy from 24<sup>th</sup> June 2019.

#### **4. FINANCIAL IMPLICATIONS**

- 4.1. When the Tenancy Strategy was last reviewed in January 2013 it was recognised that the introduction of 5-year fixed term tenancies would enable registered providers to make better use of their existing stock which may have resulted in additional churn, and therefore increased nomination rights for the Council, which in turn could have potentially reduced the costs to the Council of housing households in temporary accommodation. It should therefore be acknowledged that increasing the tenancy term from an initial five years to a 10-year term might slow down the churn rate and therefore increase the Council's reliance on temporary accommodation as the number of nomination rights reduce. In reality though most tenants that were on an initial 5-year fixed term

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<sup>1</sup> At the time of the strategy amendment, the latest London Affordable Rent levels set by the GLA were available at: <https://www.london.gov.uk/what-we-do/housing-and-land/homes-londoners/homes-londoners-affordable-homes-programme-2016-21>

tenancy would have had their tenancy extended so the perceived benefit of fixed term tenancies hasn't really materialised.

- 4.2. The Council had previously adopted Guideline Rents for Affordable Rent properties recognising the fact that Affordable Rents charged at 80% of market rents were, on the whole, unaffordable to those reliant on welfare benefits. The move to the London Affordable Rent levels, which are lower than the existing Guideline Rents, may therefore have a negative impact on viability of new development schemes that are to provide affordable housing due to the long-term reduction in rental income. However, registered providers charging London Affordable Rent levels also have access to associated external grant funding which is a significant benefit to scheme viability so may compensate for the loss of rental income in the long run.
- 4.3. As a non stock holding Borough, the Council (in its strategic housing role) can only provide guidance to registered providers who must have 'due regard' to this Strategy but decisions on rent levels ultimately lie with the registered providers themselves. Potentially lower rent levels will provide a longer-term financial benefit to the Council as it encourages transfers and could reduce reliance on other Council services, especially if children and more vulnerable households are involved.
- 4.4. This cost of preparing the strategy and necessary consultation will be met from within existing approved revenue budgets.

## **5. PROCUREMENT IMPLICATIONS**

- 5.1. The Council does not foresee any procurement implications as a result of this Tenancy Strategy.

## **6. LEGAL IMPLICATIONS**

- 6.1. The Localism Act 2011 requires all Local Authorities to provide information that registered providers will have 'regard' to in relation to a) the type of tenancies registered providers grant, b) the circumstances in which they will grant a tenancy of a particular kind, c) where they grant tenancies for a fixed term the duration of the term and d) the circumstances in which they will grant a further tenancy on the expiry of a fixed term tenancy.
- 6.2. The Localism Act requires a local authority to consult with registered providers with properties in the Borough in developing a Tenancy Strategy as well as the GLA. There is a legal requirement to send a draft copy of the strategy to all registered providers in the Borough and the GLA. This can take place as part of the consultation process if the draft Strategy is approved by this Cabinet.

## **7. CONSULTATION AND ENGAGEMENT**

- 7.1. Approval of the draft Strategy will allow a six-week consultation to be undertaken. If there are no significant amendments required as a result of the

consultation, approval of this Cabinet is also sought to allow the Director of Housing and Regeneration to use delegated authority to adopt the Tenancy Strategy to apply from 24<sup>th</sup> June 2019.

## **8. WIDER CORPORATE IMPLICATIONS**

### **8.1 POLICY IMPLICATIONS / CONSIDERATIONS**

The Tenancy Strategy is required to be in conformity to both the Council's Allocation Scheme (2017) and the Richmond Housing and Homelessness Strategy (2018-2023).

### **8.2 RISK CONSIDERATIONS**

Registered providers must have 'due regard' to our Tenancy Strategy. However, some registered providers have stock in a large number of local authorities and ensuring compliance with different Local Authorities' strategies is perhaps an unrealistic expectation, especially if those strategies are overly prescriptive.

By ensuring this revised Strategy is more concise than its predecessor on matters relating to tenancy length and affordable rent, the Council's principle expectations on these policy matters (namely that 'flexible tenancies' be offered for a minimum period of ten years and registered providers have regard to the LAR levels set by the GLA) are easier for local registered providers to adhere to.

### **8.3 EQUALITY IMPACT CONSIDERATIONS**

An EINA has been completed, see [Appendix C](#). The EINA found there was no expected negative impact on people belonging to any of the protected characteristics. The EINA found that extending the minimum length of FFT tenancies from five to ten years would (if implemented by registered providers) provide more security of tenure to all new social housing tenants, particularly single parents, people aged 18-34 and people with a disability. The move to LAR (if used by registered providers) would likely be beneficial to all new tenants to social housing, in particular single parents, pregnant clients and people with a disability.

### **8.4 ENVIRONMENTAL CONSIDERATIONS**

The Council does not foresee any wider corporate implications with regard to environmental considerations.

### **8.5 DIGITAL IMPACT ASSESSMENT/CONSIDERATIONS**

The strategy will align itself with Richmond Council's Digital Richmond strategy 'Digital Customer' pillar by using online consultation forms featured on Richmond Council's website to engage and consult with partners and residents.

## **9. BACKGROUND INFORMATION:**

9.1. None

## **10. BACKGROUND PAPERS**

10.1. None

## **11. APPENDICES**

Appendix A - Richmond upon Thames Council Tenancy Strategy

Appendix B - London Affordable Rent Evidence Base

Appendix C - Equality Impact Needs Assessment (EINA)

## **12. CONTACTS**

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