



# Tenancy Strategy

December 2012

## Foreword

'Housing is a scarce asset in this Borough, and the pressure will increase in future. We are already the most populous Borough in Surrey and our population is projected to increase further.

"With 70% of the Borough being Green Belt land and with limited opportunities to redevelop the remaining 30% we are heavily constrained in the numbers of new properties we can build. We are fortunate to live in an accessible and desirable location with successful businesses, but as a result of this people are constantly attracted to the area and compete to live in the houses we already have. The combination of these pressures means that we will never have enough affordable housing for all those who want to live here but who cannot buy or rent privately.

Therefore, more so than ever before, we have to make sure that the limited affordable housing that we do have goes to those who are most in need. There are no easy ways to achieve this, and it will involve difficult, and in some cases, radical decisions.

I welcome the positive contribution that Registered Providers of affordable housing have made to this Borough over many years, and they will be pivotal in achieving a fair distribution of scarce housing in the future. I thank them for their positive input to this Strategy, and urge them to co-ordinate their efforts with each other, and with the Council, to follow through on the objectives outlined in this document.'

**Councilor Julian Ellacott**  
**Executive Member for Housing and Welfare**

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# 1. Introduction, Background and Scope of Strategy

## 1.1. Introduction

The Localism Act 2011 requires local authorities in England to publish a tenancy strategy by 15 January 2013. This new requirement has resulted from various changes to the affordable housing regime introduced by the Government between 2010 and 2012.

## 1.2. Background

In November 2010, the Government published a consultation document "Local decisions: a fairer future for social housing"<sup>1</sup>. This document introduced a number of new ideas principally aimed at making the best use of affordable housing. Changes to tenancies and tenures, management of waiting lists, homelessness duties, and housing finance were all included. The proposals were also aimed at increasing mobility, and reducing both overcrowding and under-occupation.

The Affordable Homes Programme 2011 to 2012 published in early 2011 sought to increase the supply of affordable housing whilst reducing the need for public subsidy in the form of grants to Registered Providers.

In November 2012 the Government published "Laying the Foundations: A National Housing Strategy for England" which, among other issues, sought to rejuvenate the housing market, increase choice for tenants and build on some of the issues already touched on in the above two documents.

The Localism Act 2011 put in place some of the statutory changes arising from the above initiatives.

The major changes to national housing policy relevant to this Tenancy Strategy are:

- Introduction of a new tenure "Affordable Rent" to help meet the shortfall in reductions in public subsidy for housing providers. The Affordable Rent tenure allows some housing providers to charge rents up to 80% of the local Market Rent rather than rents in line with the national rent setting regime (i.e. Target Rents).
- Requiring those providers who obtain public subsidy for new affordable housing to convert some of their existing social rented properties to the new Affordable rent; and to dispose of some existing properties and land.
- Abolition of the need for most affordable rented tenancies to be for life; and
- Introduction of greater flexibility allowing Registered Providers to give minimum 5<sup>2</sup> year fixed term tenancies instead.

Housing need is a significant issue in Reigate and Banstead. At 1 April 2012 there were approx. 3,100 households on the Council's Housing Register (Waiting &

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<sup>1</sup> CLG (2010) *Local decisions: a fairer future for social housing* p.17

<sup>2</sup> The minimum term is 5 years unless there are exceptional circumstances, in which case 2 years is acceptable.

Transfer Lists)<sup>3</sup>, requiring affordable rented housing. Having no housing stock of its own, the Council relies on nominations to Registered Providers to meet housing need. The Council's Strategic Housing Market Assessment highlights a need for a approx. 360<sup>4</sup> additional affordable homes a year. Each year the Council receives approximately 300 nomination requests from Registered Providers for vacant properties.

Further information on the evidence base for the Tenancy Strategy is given in Annex 1.

### **1.3. Scope of the strategy**

The Localism Act requires local authorities to set out in their Tenancy Strategy their policies on a number of matters, principally concerning the recent changes to tenures and tenancies. Registered Providers have to have regard to the local authority Tenancy Strategy when setting and implementing their own policies.

This Tenancy Strategy therefore provides guidance for partners, stakeholders and Registered Providers of social housing operating in the Borough, on the range of issues listed below.

The issues that must be contained in a Tenancy Strategy are:

- the kinds of tenancies that Providers should grant (see 5.1)
- the circumstances in which Providers will grant a tenancy of a particular kind (see 5.2)
- where Providers grant tenancies for a fixed term, the lengths of the term (see 5.3), and
- the circumstances in which Providers will grant a further tenancy on the coming to an end of an existing tenancy (see 5.4).<sup>5</sup>

In addition to the above requirements, the Council has chosen to include in this Strategy guidance on the following:

- situations where a fixed term tenancy is not renewed (see 5.5)
- Use of Affordable Rent and Social Rent properties (see 5.6)
- conversions of existing Social Housing to Affordable Rent (see 5.7)
- rent levels for Affordable Rent properties (see 5.8)
- disposals of social housing (see 5.9)
- reducing tenancy fraud (see 5.10)

It is important to note that not all of the recent changes in national affordable housing policy are covered in this Strategy. For example, the flexibility given to local authorities to change the way they manage their housing waiting lists will be the

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<sup>3</sup> This number is likely to reduce substantially once the Council has revised its Housing Register & Allocations Policy.

<sup>4</sup> In addition to the vacancies that arise each year.

<sup>5</sup> Localism Act Part 7 Chapter 2, Social Housing: Tenure Reform:  
[http://www.legislation.gov.uk/ukpga/2011/20/pdfs/ukpga\\_20110020\\_en.pdf](http://www.legislation.gov.uk/ukpga/2011/20/pdfs/ukpga_20110020_en.pdf)

subject of a major revision to the Council's Housing Register and Allocation policy, this is currently anticipated for early to mid-2013.

This Strategy will therefore need to be read in conjunction with that proposed Housing Register and Allocation policy, and also with the documents listed in the "Links" section.

It should also be noted that the requirement for local authorities to publish a tenancy Strategy **followed** the need for many Registered Providers, particularly those that bid for affordable housing in the 2011-15 Programme, to amend their own policies. In particular many Registered Providers had to make decisions on the levels of Affordable Rents, conversion of social rent to Affordable Rent, and disposals, in early 2011 when they were bidding for funding. The requirement for local authorities to publish a Tenancy Strategy only became law in January 2012.

Notwithstanding the above, the Council expects Registered Providers to review their relevant policies within a reasonable time of the publication of this Tenancy Strategy.

## 2. Aims and Objectives

### 2.1 Aims

The Tenancy Strategy is intended to provide guidance to Registered Providers operating in the borough to inform their policies and practices so that lettings meet local housing need, rents are as affordable as possible and to improve effectiveness of affordable rented housing in the borough. It is hoped that local providers of social housing who are not Registered Providers will also have regard to this guidance.

The Tenancy Strategy seeks to:

- ensure that affordable housing meets locally identifiable housing need
- provide guidance and direction to Registered Providers regarding their use of Affordable Rent properties and flexible tenancies
- indicate to existing and prospective tenants what they can expect from a tenancy for an affordable rented property.

### 2.2. Objectives

The Council wants to work with housing Providers to maximise the opportunities created by the new initiatives and policies implemented by the Government, whilst still having regard to important principles concerning the existing use and supply of affordable housing in the borough.

The objectives of this Strategy are to:

- Increase the supply of affordable housing in the Borough.
- Create and or maintain sustainable communities.
- Protect the existing social rented stock, particularly family sized accommodation, whilst balancing the need to develop new affordable housing.
- Make best use of existing affordable housing in terms of size and type of property having regard to the needs of the household, including tackling over and under-occupation.
- Making best use of affordable housing by encouraging households whose income and savings are such that they no longer require social and or Affordable Rented housing to move to other housing sectors.
- Reduce tenancy fraud.
- Meet the needs of those households in the greatest need, including the vulnerable.
- Keep rented properties as affordable as possible.
- Grant tenancies of sufficient length to enable children to grow up in an affordable home – but then recycling properties to others in greater need.

### 3. Links

As mentioned above, this Tenancy Strategy stems from changes to national housing policies and seeks to implement them in a local context. The Strategy therefore links to a number of national and local documents.

#### 3.1 National

Through the recent Government documents referred to above, i.e.:

- **Local decisions: a fairer future for social housing**
- **The Affordable Homes Programme 2011-2012**
- **Laying the Foundations: A National Housing Strategy for England**
- **The Localism Act 2011**

the Government is seeking to:

- increase the number of houses available to buy and rent, including affordable housing
- improve the flexibility of social housing (increasing mobility and choice) and promote homeownership
- protect the vulnerable and disadvantaged by tackling homelessness and support people to stay in their existing homes
- make sure that homes are of high quality and sustainable.<sup>6</sup>

As will be seen from the “Objectives” of this Strategy, the Council supports the broad aims of the Government’s approach.

#### 3.2 Local

Locally this Strategy should be read in conjunction with:

- The Council’s **Corporate Plan 2011-2015**<sup>7</sup> cites the provision of affordable housing as a key operational priority under the corporate theme of **Self reliant and thriving communities – a clean, green, safe and healthy borough** “Promote the provision of appropriate and affordable housing for local residents, particularly young people and the growing 60+ age”. The **Regeneration – improving and sustaining our communities** theme also notes the needs of local people who lack access to affordable housing, and promotes in the provision of affordable housing in three regeneration areas.
- The **Council’s Submitted Core Strategy 2012** acknowledges the level of housing need in the Borough and sets a target of 100 new affordable homes per year for the foreseeable future.
- The **East Surrey Housing Strategy 2009-13** sets out the strategic direction for housing for Reigate & Banstead Borough Council and the three other East Surrey councils. ‘Creating housing opportunities’ to meet housing need and tackling homelessness, including developing new affordable homes, is one of three key objectives.<sup>8</sup>

<sup>6</sup> Housing priorities listed on CLG website: <http://www.communities.gov.uk/housing/about/>

<sup>7</sup> Reigate & Banstead Borough Council Corporate Plan 2011-2015, p.5-6

<sup>8</sup> East Surrey Housing Strategy 2009-13, *Creating Housing Opportunities* p.23  
[http://www.tandridge.gov.uk/yourcouncil/documents/document\\_display.htm?pk\\_document=2671](http://www.tandridge.gov.uk/yourcouncil/documents/document_display.htm?pk_document=2671)

- The **Homelessness Strategy 2011-2016** outlines the Council's approach and future direction on homelessness. The Council has a statutory duty under Part VII Homelessness Act 1996 to provide suitable accommodation to accepted homeless households. This duty is met through nominations to local Registered Providers and occasionally through 'qualifying offers' of private rented accommodation. Issues relating to homelessness are set out in section 5.
- The **Housing Register and Nominations Policy** sets out eligibility criteria for the Housing Register. Those households on the Housing Register who are eligible for social rented properties will also be eligible for Affordable Rent properties (see 5.6).

**The Housing Register and Nominations Policy is currently under review. We intend to consult on proposed changes to this policy in late 2012, early 2013.**

- The **Surrey Local Investment Plan<sup>9</sup>; Supplementary Guidance** sets out the case for capping Affordable Rents in Surrey as:
  - Market rents in the borough are within the highest 20% in the country, (including London)
  - As property sizes increase, the difference between market rents (and therefore 80% of market rent) and social rents increases significantly
  - Rents, particularly for larger properties, at or close to 80% of market rents may be unaffordable
  - It would be prudent for Affordable Rents to be set below the LHA for the area and have a variable percentage approach, based on property size, using the LHA rate as a guide.

### **3.3 Local Housing Providers**

A list of the Registered Providers, and other Providers with rented affordable housing in the Borough, can be found in Annex 2. The number of properties, specialisms and contact details of these Providers can be found on the Council's website<sup>10</sup>

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<sup>9</sup> Supplementary guidance to Surrey LIP.

<sup>10</sup> [http://www.reigate-banstead.gov.uk/Images/List%20of%20RPs%20with%20rented%20homes%20in%20Reigate%20%26%20Banstead%20-June11-EL-Public%20Doc\\_tcm9-44354.pdf](http://www.reigate-banstead.gov.uk/Images/List%20of%20RPs%20with%20rented%20homes%20in%20Reigate%20%26%20Banstead%20-June11-EL-Public%20Doc_tcm9-44354.pdf).

## **4. Implementation, Monitoring and Review**

### **4.1 Implementation**

Housing Providers in the Borough will be developing, or will already have developed, their own policies on many of the issues highlighted in this Tenancy Strategy. However the Council will expect Registered Providers operating in Reigate and Banstead to review their policies in the light of the guidance in this Strategy and take account of the Guidance when making new or revising policies. It is therefore accepted by the Council that Registered Providers will be at different stages of their policy processes and that changes to policies as a result of the Council's Guidance may take some time.<sup>11</sup>

Following publication of the Tenancy Strategy the Council will write to Registered Providers asking them to formally respond setting out when they will review their relevant policies and how they will have due regard to the Strategy.

### **4.2 Monitoring arrangements**

The Council proposes setting up a group consisting of representatives of Registered Providers and other key stakeholders to monitor and review the effectiveness of this strategy.

Monitoring will need to be long term as some of issues on which Guidance is given will only have an affect over a medium timescale.

Monitoring will take account of each of the issues on which Guidance has been given (see 5.1 to 5.10), and will compare outcomes with the Objectives in 2.2 above.

### **4.3 Review**

The Council will keep the Tenancy Strategy under constant review using the monitoring arrangements outlined above. Review in the early years will be particularly important as many of the issues on which Guidance is given are new; furthermore the current and recent changes to Housing Benefit, Universal Credit, Council Tax, Benefit and Welfare reform will all impact on a significant number of households in housing need.

The Council's Head of Housing is able to make minor changes to the Strategy under delegated powers.

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<sup>11</sup> For new developments at planning stage, compliance with the Council's Tenancy Strategy may be included as a clause in Section 106 agreements.

## 5. Guidance for Housing Providers

### 5.1. Types of tenancy

Given the changes both types of tenure and rent structure, there are now a number of different combinations of tenure and or rent that Registered Providers may give for affordable rented housing.

These will usually be Periodic Assured Tenancies (Lifetime tenancy); Fixed Term Assured Shorthold Tenancies (Fixed Term); in specific circumstances Assured Shorthold Tenancies (usually opened ended, but not lifetime)

So, combining the types of tenancies with the rent structure, RPs can now give:

	“Lifetime tenancy”	Fixed term Tenancy
<b>Social Rent</b>	Periodic Assured Tenancy at Social Rent	Fixed Term Assured Shorthold Tenancy at Social Rent
<b>Affordable Rent</b>	Periodic Assured Tenancy at Affordable Rent	Fixed Term Assured Shorthold Tenancy at Affordable Rent

Most supported housing is currently let on Assured Shorthold Tenancies (not fixed term).

For clarification:

#### **Social Rent**

Social rented housing is rented housing owned and managed by local authorities and Registered Providers or housing associations, for which guideline target rents are determined through the national rent regime (up to now, social rents have typically been set at around 55-60% of the local market rents).

#### **Affordable Rent**

Affordable Rent is a new form of affordable rented housing managed by local Registered Providers who are participating in the Affordable Homes Programme. Affordable Rents should be let at a maximum (rent and all service and management charges) rent of 80% of the local Market Rent (but see section 5.8).

In order to achieve the objectives of making best use of affordable housing in the Borough the Council believes that most affordable rented housing in the Borough, whether Social Rent or Affordable Rent, should be let on fixed term tenancies.

### 5.2. Circumstances in which different types of tenancy should be granted

To achieve its objectives the Council expects the following types of tenancies to be used by Registered Providers for affordable rented housing in the Borough:

	“Lifetime tenancy”	Fixed term Tenancy	Short term tenancy
General Needs Housing (Usually 1,2,3,4+ bed houses, maisonettes and flats)		✓	
Sheltered Housing and housing designated for older people	✓		
Temporary Accommodation			✓
Supported or specialist housing (Learning Disabilities)	✓		
Supported or specialist housing (Mental health; ex-offender, substance abuse etc.)			✓

The matrix above seeks to balance the recycling of rented properties by using fixed term tenancies, whilst giving additional protection to the elderly and people with learning difficulties.

### 5.3. Length of tenancy

The Council welcomes the new flexibility on length of tenancies. As outlined in the East Surrey Housing Strategy 2009-13<sup>12</sup>, making best use of the housing stock is a key priority in Reigate and Banstead: this includes reducing under-occupation and overcrowding. We will work with Registered Providers to tackle under-occupation and overcrowding, and it is anticipated that the use of fixed term tenancies will assist this.

The Council considers that generally:

- For households with no children under 19 years of age:
  - Fixed term tenancies should be for a maximum fixed term of five years.
- For households with children under 19 years of age:
  - Fixed term tenancy with an initial tenancy length long enough to enable the youngest child to grow up in a stable environment (i.e. until the youngest child reaches 19 years of age.); so maximum terms of 5-20 years would be expected.
- For households with members requiring significantly adapted properties or properties for wheelchair users:
  - Fixed terms tenancies of 5-10 years

For supported accommodation (other than for people with learning difficulties), the Council expects to see Assured Shorthold Tenancies or Licence Agreements which reflect the need for short-term or medium term support.

Sheltered and extra care housing should continue to benefit from lifetime tenancies.

<sup>12</sup> East Surrey Housing Strategy 2009-13, p.25

It should be noted that the ending of a fixed term tenancy does not necessarily mean that the tenant will not be offered a new tenancy, but this will depend on the circumstances of each individual household. Tenants could be faced with the following options:

- Remain in their home if the tenancy is renewed
- Move to another social or affordable rented property if eligible
- Move to the private rented sector
- Purchase a property for home ownership
- Move to other more suitable housing

#### **5.4. Circumstances in which fixed term tenancies should be renewed or not renewed**

The Council believes that affordable rented housing should only be available to households in housing need, and with a continuing housing need. Once a household no longer needs affordable housing the household should consider its options outside of the affordable rented sector.

The housing requirements of households also change over time, for example the number of bedrooms required, adaptations for disabilities or wheelchair use etc. Once a household no longer requires the accommodation they are in they should be encouraged to move to more suitable accommodation.

The Council also expects tenants of affordable rented housing to comply with their tenancy conditions, payment of rent, and not to cause problems to neighbours or in the wider area.

Recycling affordable housing for use by other households in need must also be balanced with any specific needs or vulnerabilities of the existing tenants; and whether the local area has a particularly transient population.

The Council therefore expects Registered Providers to consider not renewing fixed term tenancies if the household are no longer in need, could accommodate themselves in the private sector, could purchase through assisted home ownership, no longer need the accommodation provided or have not conducted their tenancy in a proper manner. There are no hard and fast rules, and each tenant coming to the end of a fixed term tenancy will need to be assessed on their own merits, but the Council would expect Registered Providers to take into account the following issues as a minimum when deciding whether to renew a fixed term tenancy.

- Does the Household still require affordable rented housing?
  - Does the tenant own a second home?
  - Is the household's income or savings now in excess of the maximum level allowed for the Housing Register?
- Is the property still required by the tenant, having regard to the size of property and size of household?

- If the property is fully adapted, or has major adaptations, does the household still include a wheelchair user or require the adaptations?
- Has the tenant conducted his and or her tenancy in an acceptable fashion, including:
  - payment of rent and service charges
  - adhering to policies prohibiting subletting
  - engaging in the review process
- Is there a demand for the property that the household is currently occupying (for example, would it be difficult to let if vacated)?
- Has the tenant or members of their household been involved in anti-social or criminal behaviour?
- If the tenant is vulnerable and receives support locally, what is the potential impact of moving away from established support networks?
- Would it be reasonable to refuse to renew? Would it be appropriate and proportionate? What level of hardship would result in not renewing the tenancy?
- Would the household be considered statutorily homeless if the tenancy was not renewed?
- Are there other more suitable properties available?

Subject to the above, if a household still needs the accommodation that it currently occupies, and has maintained their tenancy in a good manner, the Council would expect a new fixed term tenancy to be granted.

### **5.5 Where a fixed term tenancy is not renewed**

When a decision is made not to renew a tenancy, the Registered Provider must serve, six months before the end of the fixed term, a 'minded to' notice on the tenant advising that the tenancy is unlikely to be renewed.<sup>13</sup> In such cases, Registered Providers must notify the Council's Housing Options team in writing **prior** to serving notice<sup>14</sup>, so that the Council is able to input any relevant information into the decision making process and is aware at any potential tenancies ending at an early stage.

Where a decision is made not to renew a tenancy the tenant should be informed of the full reasons, in writing, within a week of the decision being made.

For any tenant who faces eviction by either a private or social landlord, the Housing Options team can offer housing advice. However, in cases where the eviction is the result of an RP's decision not to renew a fixed term tenancy, the Registered Provider must provide advice and assistance to the tenant, together with outlining their options for alternative housing, and appropriate help in finding alternative accommodation. It would also be good practice to provide a casework approach to help the household into suitable alternative accommodation

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<sup>13</sup> CLG (2010) *Local decisions: a fairer future for social housing* p.26

<sup>14</sup> A formal procedure for informing the Council that a fixed term tenancy will not be renewed will be developed shortly.

The Council would also expect Registered Providers to provide the same advice and assistance to any tenant giving up their tenancy, not just when fixed term tenancies are not renewed.

Where a household still meet the criteria for affordable rented housing, but their tenancy is to be ended because the property they occupy no longer matches their needs, the Council would expect the Registered Provider to assist the household to join the Council's Transfer List to find a more suitable property, or if one is not available, to liaise with the Council and other Registered Providers in the area to achieve a transfer.

## **5.6 Use of Affordable Rent and Social Rent properties**

The new policy and funding framework makes it clear that Affordable Rent properties should be allocated through the Council's existing allocation and nomination arrangements to the same groups of people that are currently housed in social rented housing. The Affordable Rent tenure is not for a new client group and must be available to those in greatest need.<sup>15</sup>

The Council therefore expects that all households on the Waiting and Transfer lists will be eligible for Affordable Rent properties and that Affordable Rent properties will be advertised via Choice Based Lettings (Home Choice). There should be no distinction between new-build and "conversion" properties (see 5.7 below). The Council may, as it does now, want to agree local lettings policies for some new developments or specific schemes.

For any given property, the decision as to whether a Social Rent or Affordable Rent property is granted will take into account the type of property, i.e.

- is new-build housing being provided?  
or
- has the property become available for re-letting (i.e. is it existing social housing being converted to Affordable Rent – see 5.7. below)?

A Registered Provider's policy on the specific circumstances in which either a social rent or Affordable Rent will be charged should be clearly explained in the RP's tenancy policy.

Further information on the allocation of properties is given in the Council's Housing Register and Allocations Policy.

## **5.7. Conversions of existing social housing to Affordable Rent**

The Affordable Homes Programme<sup>16</sup> requires Registered Providers to raise additional resources for new affordable housing by converting some existing social

<sup>15</sup> Ministerial statement *Localism Bill and social housing*, 9 December 2010: <http://www.communities.gov.uk/statements/newsroom/localismbillsocialhousing>

<sup>16</sup> HCA 2011-15 Affordable Homes Programme Framework: <http://www.homesandcommunities.co.uk/sites/default/files/our-work/affordable-homes-framework.pdf>

housing into Affordable Rent – i.e. increasing rents up to 80% of market rent. Conversion can only take place when a property becomes void for re-letting.

The existing stock of social rented housing is a valuable resource. Any conversion to Affordable Rent diminishes the social rented stock and makes the resulting units less affordable. A balance must be struck between encouraging Registered Providers to participate in the new framework for providing affordable housing, whilst safeguarding the existing stock of social rented housing.

The Council considers that:

- Converting 25% of social rented relets to Affordable Rent is reasonable, provided that the rents of the Affordable Rent properties are no more, and ideally lower, than the Local Housing Allowance<sup>17</sup>.
- Given the rent issues highlighted above, it is expected that the conversion rate for family sized homes, particularly houses, will be lower than of smaller units.
- Conversion of properties from social rent to Affordable Rent must be evenly spread throughout the borough so all areas retain a good stock of social rented housing.
- Older persons housing and supported housing should generally continue as social rented housing.

The Council will continue to encourage the development of new-build social rented properties in Reigate and Banstead alongside new development under the Affordable Rent model. It is however acknowledged that additional sources of funding may be required to develop social rented housing.

### **5.8. Rent levels for Affordable Rent properties**

Whilst the Council wishes to keep affordable rented housing as affordable as possible, it accepts that, given the new Affordable Homes Programme, that the development of new properties for Affordable Rent, and conversion of existing social housing to Affordable Rent, is inevitable.

The Council will work with Registered Providers using the Affordable Rent model, with the expectation that rents are kept affordable for households in housing need. The Council considers that in order for Affordable Rent properties (both new-build and “conversions”) to be affordable, rents (including service and management charges) should not exceed the Local Housing Allowance (LHA). Even then, it should be noted that the LHA rates in Reigate and Banstead fall within the top 10% of LHA rates when benchmarked nationally.<sup>18</sup>

This approach is in line with the Government’s position and that of the Homes and Communities Agency, i.e.:

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<sup>17</sup> Local Housing Allowance (LHA) rates determine the amount of rent which can be met with Housing Benefit for tenants who rent from a private landlord. LHA is based on the size of household and the area in which a person lives.

<sup>18</sup> Reigate & Banstead spans two LHA areas: ‘Outer South’ and ‘Crawley and Reigate’.

- “Affordable Rent tenants will always benefit from sub-market rents, and Housing Benefit will still support those who are unable to pay.”<sup>19</sup>, and
- that it may be appropriate “to set rents at less than 80% of gross local market rents...where a rent at 80% of market rent would exceed the relevant Local Housing Allowance (LHA) cap or place the rent close to the cap.”

Ideally Affordable Rents in the Borough should be set below LHA on a sliding scale depending on the size and type of property.

The current LHA rates for the Borough and a suggested sliding scale for lower rent caps is given in Annex 3.

## 5.9 Disposals of social housing

Registered Providers have always been able to dispose of properties or land for a number of reasons. The new Affordable Housing Programme makes disposals more likely as Registered Providers are required to fund part of their programme through disposal of assets.

Whilst excepting that some disposals are inevitable the Council wishes to be fully involved in any decisions to disposal of existing affordable housing or land and property that could be used for affordable housing.

The Council is likely to resist disposals of affordable housing or land and property in the Borough unless it is clearly demonstrated:

- that the disposal will result in additional affordable housing in the borough (e.g. through reinvestment); and
  - the Council receives nominations rights to replace those lost; and
    - the property no longer meets a priority housing need or has reached the end of its useful life
- or
- the property requires significant investment which would not represent good value for money and the majority of the proceeds would be reinvested in the Borough

Prior to the beginning of each financial year the Council would anticipate that Registered Providers would consult the Council and agree their programme of planned and potential disposals for the year ahead together with proposals for reinvesting the proceeds.

## 5.10. Tenancy fraud

The government has made clear its commitment to reducing tenancy fraud and the unlawful sub-letting of social housing<sup>20</sup>; the Council fully endorses this approach, and is also intending enhancing its approach to fraudulent applications for the Housing Register. The Council therefore expects Registered Providers to develop a strategy

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<sup>19</sup> CLG (2010) *Local decisions: a fairer future for social housing* p.17

<sup>20</sup> Ministerial statement on tenancy fraud, 16 December 2010:  
<http://www.communities.gov.uk/news/corporate/1799888>

for actively preventing tenancy fraud in their own properties. Such a strategy might include:

- photographing tenants when they first sign up for their tenancy
- conducting regular formal checks on tenancies
- Encouraging residents to report suspected fraud in their neighbourhood.
- Combining tenancy reviews (for fixed term tenancies) with a robust tenancy audit programme
- Liaising with the Council on potential fraudulent applications for housing, Housing Benefit or Council Tax Benefit.
- Evicting tenants who are guilty of housing related fraud.

## 6. Managing Homelessness

It is worth noting that the Localism Act gives local authorities greater flexibility to discharge homeless duties into the private rented sector without requiring the applicant's agreement<sup>21</sup>. This duty may also be discharged into an Affordable Rent tenancy and or a fixed term tenancy.

- The Council will make use of available options, including private rented tenancies and Affordable Rent tenancies, where appropriate, when bringing a homelessness duty to an end.
- Due to the new flexibility on length of tenure, the government proposes that a duty be placed on Registered Providers to offer advice and assistance to households when a fixed term Affordable Rent tenancy comes to an end and is not renewed.

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<sup>21</sup> CLG (2011) *Laying the Foundations: A Housing Strategy for England* p.23 para. 21.

## 7. Information for housing applicants and tenants

Full details of the application and allocation process for affordable homes in the Borough can be found in the Council's Housing Register and Allocation Policy, however, in the context of this document it is worth noting that:

- Affordable Rent properties will be advertised via HomeChoice, our Choice Based Lettings system, in exactly the same way as social rented properties. Applicants should note the following:
  - Housing Register applicants are responsible for ensuring they can afford the properties they bid for. Applicants will need to carefully check the rents for properties in which they are interested before deciding whether to bid.
  - Housing Register applicants must check the length of the tenancy being offered when making bids on Home Choice properties.
  - The Housing Register team will advertise the information they receive about vacancies from Registered Providers on HomeChoice. For more detailed information about the rents, tenure length and other terms and or conditions relating to an Affordable Rent vacancy, applicants should contact the Registered Provider that owns the property.
- Registered Providers will explain in their own tenancy policies the process for requesting a review of the decision not to renew a fixed term tenancy.
- Registered Providers must offer advice and assistance to households when a fixed term Affordable Rent tenancy comes to an end and is not renewed.
- The Council's Housing Options team can provide advice to households to help them to stay in the home they have or to help them find a new home, if they are facing homelessness. Applicants can contact the Housing Options team by email at [housing.advice@reigate-banstead.gov.uk](mailto:housing.advice@reigate-banstead.gov.uk) or by telephone on 01737 276790.
- For further information on the Affordable Rent model, visit The Homes and Communities Agency website at:  
<http://www.homesandcommunities.co.uk/ourwork/affordable-rent>

## **8. Equality Impact**

An Equality Impact Assessment (EIA) has been undertaken on this Tenancy Strategy. The EIA can be found on the Council's website.

The Stage One assessment concluded that there were no negative impacts on target groups, and in some cases there will be a positive impact. It was also noted "The strategy exists to promote equality, by ensuring that different households are granted tenancy lengths appropriate to their needs, to keep social housing affordable and to ensure that the best use is made of scarce rented affordable housing".

## Annex 1 - Evidence Base used for the Tenancy Strategy

The information in this Annex is a brief summary of the main contextual and detailed data used as an evidence base for the Tenancy Strategy. Further information is available in the sources listed at the end of the Annex.

### Overview of the Borough

Reigate and Banstead is one of eleven Boroughs and or Districts in Surrey. The Borough stretches from the edge of London in the north to West Sussex in the south, much of the southern border is shared with Gatwick Airport.

The population is the largest in Surrey at approximately 138,000, the Borough has also seen the highest population growth in Surrey since 2001.

There are four main settlement areas, Reigate and Redhill in the Centre, Horley in the south, and Banstead in the north, however there are many other smaller areas of population, many on the outskirts of the larger areas.

Over 70% of the Borough is designated as Green Belt and parts are also Areas of Outstanding Natural Beauty and a Special Area of Conservation.

### The local housing market area

A Strategic Housing Market Assessment (SHMA) was carried out in 2008, this identified the east Surrey Market Area as comprising the Borough, plus four other Surrey local authority areas, Elmbridge Borough Council, Epsom and Ewell Borough Council, Mole Valley District Council and Tandridge District Council. The Market Area is characterised by high levels of owner-occupation, high property values, high market rents, and a relatively low affordable housing stock.

	Owner-occupied	Private Rented	Social rented	Shared Ownership / Equity	Other
<b>Reigate &amp; Banstead</b>	78	7	12	1	2
<b>South East</b>	73	11	14	1	1
<b>England</b>	68	12	19	1	1

Figures have been rounded so may not add up 100%

An update of the SHMA was carried out just for the Reigate and Banstead area in 2012, and in the same year the Council also updated its Affordable Housing Viability Assessment.

### Population

The Borough's population is growing, and aging significantly, and this is projected to continue into the future:

	2008	2011	2016	2021	2026	2033	Change
Population	133,400	138,000	146,100	154,200	161,800	171,100	
Change		+4,600	+8,100	+8,100	+7,600	+9,300	+37,700
% Change		+4.4%	+5.9%	+5.5%	+4.9%	+5.7%	+28.3%

Age	2008	2011	2016	2021	2026	2033	Change	Change
0 -19	31,800	32,600	34,100	36,000	37,600	38,600	+6,800	+21.4%
20-29	14,200	14,800	15,500	15,100	14,800	16,000	+1,800	+12.7%
30-44	31,100	31,100	31,600	33,500	34,900	34,600	+3,500	+11.2
45-64	34,900	37,000	39,000	41,400	42,900	43,700	+8,800	+25.2%
65+	21,300	22,500	26,000	28,500	31,900	38,000	+16,700	+78.4%
<b>Total</b>	<b>133,400</b>	<b>138,000</b>	<b>146,100</b>	<b>154,200</b>	<b>161,800</b>	<b>171,100</b>	<b>+37,700</b>	<b>+28.3%</b>

The tables show that the population is projected to increase by 28% (to 171,100) by 2033<sup>22</sup>; with the 65+ age group increasing by 78%, and within that group the 85+ are projected to rise by 145% during the same period.

In terms of ethnicity, the Borough's population is slightly less diverse than England as a whole, but slightly more diverse than the South East. Just over 10% of the population is non-white; of this non-white population the largest groups are Indian, Black African, Pakistani and Black Caribbean; those four groups make up nearly 60% of the non-white population

### **Cost of housing**

#### Property Prices

Surrey has some of the highest property prices outside of London, and whilst Reigate and Banstead is not the most expensive area in Surrey, its property prices are still higher than the South East region and significantly above the national average.

Entry levels for prices of properties are as follows:

	1 Bed Flat	2 Bed flat	2 Bed Terraced	2 bed S/D	3 Bed Terraced	3 Bed S/D
<b>Banstead</b>	149,000	185,000	224,000	269,950	235,000	310,000
<b>Reigate</b>	150,000	199,950	229,950	239,950	299,000	269,950
<b>Redhill</b>	124,950	162,000	189,950	230,000	195,000	235,000
<b>Horley</b>	120,000	149,950	179,950	210,000	220,000	230,000
<b>Borough</b>	129,950	165,000	190,000	230,000	219,950	249,950

#### Market Rents

As with property prices, the Borough has some of the highest market rents outside London, the borough is ranked within the top 20% most expensive in terms of Broad Rental Market Areas (BMRA) in the county

Average market rents are as follows (£ pcm):

	1 Bed Flat	2 Bed flat	2 Bed Terraced	2 bed S/D	3 Bed Terraced	3 Bed S/D
Banstead	756	1,040	1,095	1,323	-	1,350
Reigate	724	938	1,050	1,583	-	1,415
Redhill	685	890	932	1,350	905	1,250
Horley	643	815	863	933	868	1,163
<b>Borough</b>	<b>690</b>	<b>944</b>	<b>926</b>	<b>1,205</b>	<b>884</b>	<b>1,276</b>

### **Housing need**

#### SHMA

The SHMA identified a need for over 800 affordable homes a year, which, taking account of re-lets and re-sales gives a net annual need of just over 360 homes based on dealing with the backlog by 2027. This is roughly equivalent to two thirds

<sup>22</sup> From 2008.

of the total new homes built in the Borough each year. The Council has therefore adopted a target in its submitted Core Strategy of 100 new affordable homes a year based on a 40:60 mix of rented and sale.

Very few households are over-crowded (5%), however there is significant under-occupation, particularly in the owner-occupied sector.

### Housing Register

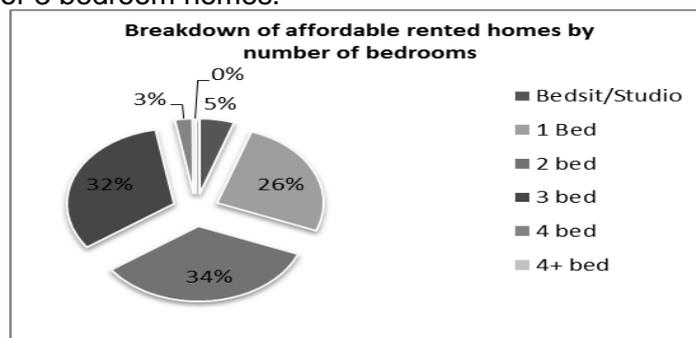
The Council currently operates a Housing Register comprising an “open” waiting list; and a transfer list for existing social housing tenants in the Borough. Both lists are split into “bands” and households are placed in an appropriate band depending on their housing circumstances.

There are currently 3184 households on the Housing Register. The table below shows a breakdown of the Housing Register by list, band and size of property required:

Type of Applicant	Property required (No. of Bedrooms)	Band A	Band B	Band C	Band D	Band E	Total
Transfer List	1	37	59	95	1	1	193
Transfer List	2	8	54	104	0	9	175
Transfer List	3	2	152	33	0	1	188
Transfer List	4	0	23	2	0	0	25
Transfer List	5	1	1	0	0	0	2
<b>Transfer List</b>	<b>All</b>	<b>48</b>	<b>289</b>	<b>234</b>	<b>1</b>	<b>11</b>	<b>583</b>
Waiting List	0	0	0	0	0	0	0
Waiting List	1	14	28	1060	109	67	1278
Waiting List	2	2	67	586	49	27	731
Waiting List	3	5	15	166	16	16	218
Waiting List	4	1	5	21	3	1	31
Waiting List	5	0	0	0	0	0	0
<b>Waiting List</b>	<b>All</b>	<b>22</b>	<b>115</b>	<b>1833</b>	<b>177</b>	<b>111</b>	<b>2258</b>
<b>Total for Transfer &amp; Waiting Lists</b>	<b>All</b>	<b>70</b>	<b>404</b>	<b>2067</b>	<b>178</b>	<b>122</b>	<b>2841</b>

### Rented Affordable Housing

There are approximately 6,800 affordable rented homes in the Borough, of these well over half are 2 or 3 bedroom homes:



**Housing Allocations**

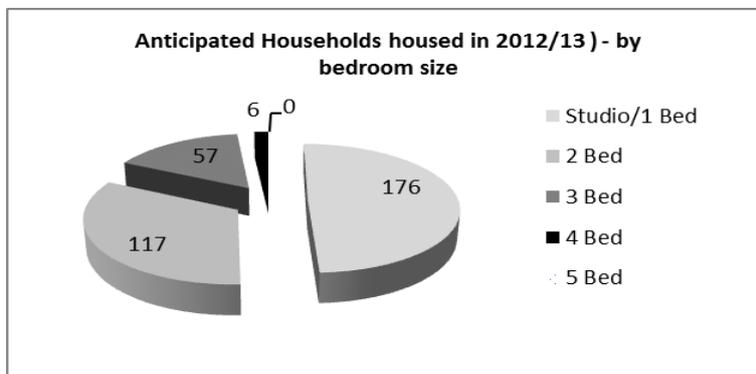
The Council relies on “nominations” to Registered Providers to provide rented affordable housing in the Borough.

The number of affordable and or social rented properties available for nomination by the Council varies each year, but the majority of vacancies are “relets” of existing properties, the balance being new developments. In recent years the number of nominations has varied between about 220 – 350 homes a year.

2008 to 2009	222
2009 to 2010	319
2010 to 2011	311
2011 to 2012	298
2012 to 2013 (Anticipated)	356

In the current year<sup>23</sup> it is an anticipated<sup>24</sup> that approximately 356 households on the Housing Register will be housed, i.e. only just over 10% of those currently on the Register.

The anticipated breakdown by property size (No. of bedrooms) for households housed in 2012 to 2013 is shown below:



**Rents**

Affordable rents were introduced by the Government in 2011 as part of the changes to the funding of new affordable housing. Affordable rents are limited to 80% of the market rent for the property (inclusive of service charges etc.), although the Homes and Communities Agency advise that :

“In setting Affordable Rent levels, RP’s should be guided by the Local Housing Allowance Rates for the relevant Surrey BRMAs. As LHA levels will continue to limit the amount of Housing Benefit available to households in the private rented sector, RP’s should consider using these LHA rates as an upper cap in the setting of Affordable Rent levels. RP’s should be very cautious in setting levels at or above these 30th percentile LHA levels. It may be prudent for RP’s to set rents below this level and to have a variable percentage approach using the LHA rate as a guide”

Since 1st April 2012<sup>25</sup> 296 properties<sup>26</sup> have been let or nominated to in the Borough; of these 173 were for Affordable Rent, and 123 for Social Rent.

<sup>23</sup> 2012/13

<sup>24</sup> As at November 2012

The average rent for an Affordable Rent property by size and Board Market Area<sup>27</sup> is as follows<sup>28</sup>:

Broad Market Area Town	Weekly Affordable Rent (Including service & management charges)			
	1-bed	2-Bed	3-Bed	4-Bed
<b>Outer (London) South</b> Banstead, Tadworth, Hooley & Chipstead, Burgh Heath, Kingswood & Walton on the Hill	132	147	203	-
<b>Crawley &amp; Reigate</b> Reigate, Redhill & Merstham, Horley & Salfords	112	125	175	183

In contrast to the above, over the same period, average social rents were as follows:

Broad Market Area Town	Weekly Social Rent (Including service & management charges)			
	1-bed	2-Bed	3-Bed	4-Bed
Outer (London) South Banstead, Tadworth, Hooley & Chipstead, Burgh Heath, Kingswood & Walton on the Hill	93	-	135	-
Crawley & Reigate Reigate, Redhill & Merstham, Horley & Salfords	110	122	129	146

### **Sources**

Strategic Housing Market Assessment Update (Reigate & Banstead) February 2012  
 Affordable Housing Viability Assessment 2011 to 2012 Update  
 Reigate and Banstead submitted Core Strategy 2012  
 Quality of Life in Reigate and Banstead – Borough Profile February 2012  
 Unpublished allocation and rent information 2012 to 2013

<sup>25</sup> December 2012

<sup>26</sup> Excluding Assured Shorthold Tenancies

<sup>27</sup> See Annex 3.

<sup>28</sup> The tables exclude sheltered and supported housing.

## Annex 2 - Registered Providers and Housing Providers with rented housing<sup>29</sup> in the Borough

Abbeyfield Reigate Society	Mount Green Housing Association
Advance Housing and Support	Orbit South (Orbit Housing Group)
AmicusHorizon	Prospect Housing and Support Services
Anchor Trust	Mount Green Housing Association (MGHA)
Accent Peerless	Raglan Housing
Cherchefelle Housing Association	Raven Housing Trust
Dimensions	Reigate Quaker Housing Association
Field Lane	Sanctuary (Carr-Gomm)
Guinness South (The Guinness Partnership)	Southern Housing Group
Hanover	Thames Valley Housing (TVH)
Hyde Martlet (The Hyde Group)	Transform Housing and Support
KeyChange	Victoria Almshouses
London & Quadrant (L&Q)	Reigate & Redhill YMCA

<sup>29</sup> Some of those listed are no registered Providers, but they do provide affordable rented housing. Others with specialist accommodation E.g. for Key Workers only, have been omitted.

## Annex 3 - Local Housing Allowance and Suggested Rent Caps

See section 5.8 of main document.

Affordable Rents should be capped at no more than the Local Housing Allowance; but it is suggested that a lower sliding scale of caps should be used to ensure affordability.

Current (April 2012-March 2013) Local Housing Allowance by areas of the borough:

Town/Area	Weekly Rent (Including service & management charges)			
	1-bed	2-Bed	3-Bed	4-Bed
Banstead, Tadworth, Hooley & Chipstead	£155.77	£196.15	£253.85	£311.54
Burgh Heath, Kingswood & Walton on the Hill	£144.23	£173.08	£213.46	£288.46
Reigate, Redhill & Merstham	£144.23	£173.08	£213.46	£288.46
Horley & Salfords	£144.23	£173.08	£213.46	£288.46

Suggested Affordable Rent (Including all service & management charges) Caps

Banstead, Tadworth, Hooley & Chipstead					
Weekly Rent (Including service & management charges)					
1-bed flat	2-bed flat	2-bed house	3-bed flat	3-bed house	4-bed house
100% LHA	90% LHA	95% LHA	80% LHA	85% LHA	70% LHA
<b>£155.77</b>	<b>£176.53</b>	<b>£186.34</b>	<b>£203.08</b>	<b>£215.77</b>	<b>£218.09</b>
Or					
<b>80% of Market Rent, whichever is the lower</b>					

Burgh Heath, Kingswood & Walton on the Hill					
Weekly Rent (Including service & management charges)					
1-bed flat	2-bed flat	2-bed house	3-bed flat	3-bed house	4-bed house
100% LHA	90% LHA	95% LHA	80% LHA	85% LHA	70% LHA
<b>£144.23</b>	<b>£155.77</b>	<b>£164.43</b>	<b>£170.77</b>	<b>£181.44</b>	<b>£201.92</b>
Or					
<b>80% of Market Rent, whichever is the lower</b>					

Reigate, Redhill & Merstham					
Weekly Rent (Including service & management charges)					
1-bed flat	2-bed flat	2-bed house	3-bed flat	3-bed house	4-bed house
100% LHA	90% LHA	95% LHA	80% LHA	85% LHA	70% LHA
<b>£144.23</b>	<b>£155.77</b>	<b>£164.43</b>	<b>£170.77</b>	<b>£181.44</b>	<b>£201.92</b>
Or					
<b>80% of Market Rent, whichever is the lower</b>					

Horley & Salfords					
Weekly Rent (Including service & management charges)					
1-bed flat	2-bed flat	2-bed house	3-bed flat	3-bed house	4-bed house
100% LHA	90% LHA	95% LHA	80% LHA	85% LHA	70% LHA
<b>£144.23</b>	<b>£155.77</b>	<b>£164.43</b>	<b>£170.77</b>	<b>£181.44</b>	<b>£201.92</b>
Or					
<b>80% of Market Rent, whichever is the lower</b>					