

# Lambeth Tenancy Strategy

## 2012

**Legislation enacted through the Localism Act 2011 has placed a duty on all local authorities to produce a Tenancy Strategy for their area. The purpose of this strategy is to set out the broad objectives that all providers of affordable housing in the borough should have regard to when formulating their own tenancy policies.**

### **1. Our Approach**

Lambeth Council will continue to prefer the use of permanent tenancies within the Borough to contribute to building stable and cohesive communities. We want our residents and their families to feel secure, with a long term commitment to their neighbourhoods. However, we do recognise that in difficult circumstances and with little chance of an increase in supply we need to maximise social housing stock to benefit as many people as possible. Flexible tenancies, in certain circumstances, may offer a tool which could allow for better use of the stock across the Borough and to balance the supply and demand for certain property sizes.

There are many pressures on housing supply in Lambeth and many of our residents are vulnerable and in need of our support. Based on findings from our 2012 Housing Needs Survey, in terms of absolute numbers 50% of the affordable housing requirement is for one bedroom properties. Currently, 42% of the social rented stock in the Borough is 1 bed or studio / bedsit-type accommodation. The highest level of churn in our stock is within 1 bed or studio/bedsit properties however, the current level of churn is still not high enough to cope with current and future projected demand.

There are fewer people who require larger properties (less than 2% of future need is projected to be for 4 and 5 bed properties) but their need is much greater and the proportion of larger properties is even less. This often results in over crowded families living in very poor conditions. This impacts negatively on young children and is one of the main causes of underachievement. At the same time there are many people living in homes bigger than they need, in fact more so than those who are overcrowded and Lambeth Council will renew focus on assisting under-occupiers to move to more suitable, smaller accommodation, whilst ensuring that we continue to support stable and cohesive communities. We also know that the supply of new family sized affordable accommodation is likely to be limited in the future and we have concerns about affordability.

This tenancy strategy aims to strike a balance between supporting vulnerable communities, making the best use of stock, and ensuring tenants and their families feel secure, with a long term commitment to their neighbourhoods. For those requiring a one bed flat who can often be adequately housed, but are unable to afford to live on their own, a different approach may be needed than that for those larger families with greater need who struggle to access housing adequately. The Council needs to strike a balance between supporting those who are in most need and with the highest degree of vulnerability while at the same time encouraging those who can, to move on to other forms or tenures of housing through the use of flexible tenancies and good quality support. We also need to continue to be mindful of creating secure and mixed communities.

The tenancy strategy and impact will be monitored and reviewed regularly:

- Continual monitoring of RP adherence to the strategy
- Continual monitoring of the levels of affordable rent introduced
- 2014 – review of the impact of affordable rent introduction
- 2018 – review of flexible tenancy introduction (in reality, the first flexible tenancies will only be up for renewal in 2017/2018)

### Summary of the Tenancy Strategy:

Room Size	What happens and why?
Bedsit / 1-bed	Permanent tenancy: Offered to vulnerable and/or elderly residents and other categories.
	Flexible tenancy: Offered to people in lower levels of need, likely to be able to support themselves in the future. 1 year probationary followed by 5 year flexible tenancy.
2-bed / 3-bed	Permanent Tenancy: Offered to families on a permanent basis.
4-bed and larger	Permanent tenancy: Offered to vulnerable households.
	Flexible tenancy: Offered to families reflecting the high demand and limited supply, though with a guarantee of suitable alternative accommodation subsequently.

## 2. Permanent Tenancies

**Vulnerable households whose circumstances are unlikely to change should be given permanent tenancies.** Registered Providers need to determine the details in their Tenancy Policies having regard to Lambeth's Tenancy Strategy but we think that those allocated permanent tenancies should include older people or those deemed vulnerable with little or no chance of employment, whose household requirement or size is not going to change.

The Council believes that families should be able to settle in Lambeth and our strategy should contribute to building sustainable communities. We would therefore like to see all families

requiring 2 or 3 bed properties given permanent tenancies and those requiring 4 bed properties being looked at critically.

### **3. Flexible Tenancies**

We will consider flexible tenancies primarily for one bedroom and bedsit properties. Six year tenancies (1 year introductory tenancy followed by a 5 year fixed term tenancy) for non-vulnerable applicants may give more of our residents a chance of assistance as this policy will increase turnover and the availability of properties to let. A flexible tenancy policy should be linked to access to adequate support for those living with fixed term tenancies to help them move out of the social rented sector when their tenancies end.

Registered Providers should be confident that residents can support themselves in alternative housing for the long-term before ending affordable housing tenancies.

The Council recognises that there is a shortage of affordable housing particularly in relation to larger properties of four bedrooms or over which is causing real hardship for young children. The high demand for, and lack of supply, of these properties, means it is only reasonable for people to live in them when they are fully occupying these homes. We would recommend therefore that flexible tenancies are considered for larger households if the need for this size of housing is not likely to be permanent and if there is an associated policy of guaranteed suitable alternative accommodation once children have grown up or when the family circumstances change. However we expect Registered Providers to balance this with making stable and secure communities. For households being allocated larger 4 bed+ properties, flexible tenancies may be in some cases offered for a period until it is anticipated the household will be a smaller size, whilst ensuring we continue to support stable and cohesive communities. In light of welfare reform this policy may also help ensure that households can continue to afford the rental charges for their homes.

Flexible tenancies should also be issued to households who are allocated properties that have been adapted to meet special needs. As with those leaving larger properties, we would expect Registered Providers to provide a guarantee of a suitable alternative home once there was no longer a requirement for the adapted property. It is our expectation that the majority of tenancies will roll over.

### **4. Renewing Tenancies**

If the terms of the tenancy agreement are breached, then tenancies should not be renewed, although any breaches should be dealt with as they arise rather than waiting for tenancy renewal. Any decision to terminate a tenancy should not be taken lightly and should be considered in the same way decisions are made during probationary tenancies.

When a household needs to move to a smaller property or move from a specially adapted property, a new tenancy should be offered for an alternative suitable property in accordance with the requirements set out above.

Our expectation is that the majority of tenancies will be renewed except in circumstances where the landlord is satisfied that the tenant's circumstances have changed to such an extent that the tenant could reasonably be expected to find alternative suitable accommodation that is financially sustainable in the long term, such as buying their home through Right To Acquire, part-buy through an equity stake or moving out of the affordable housing sector. We will be scrutinising the policies applied by Registered Providers to ensure that a reasonable criteria and test for such changed circumstances is applied.

## 5. Providing Advice and Assistance

If using flexible tenancies, landlords must offer dedicated support and advice including maintaining regular contact with tenants and help with finding alternative accommodation.

The advice and assistance should be such that tenants will not need to approach Lambeth Council because they are at risk of homelessness at the end of their flexible tenancy.

## 6. Affordable Rent

The Council has carried out an assessment of the affordability of the Affordable Rent Model, comparing different proportions of market rent for different postcodes within Lambeth; identifying incomes which would be required to afford different rents; and considering the impact of the benefit cap when it is introduced.

The analysis compared the levels of 80% of market rents for a selection of postcodes within Lambeth. There is a wide variation of costs with some particularly expensive areas.

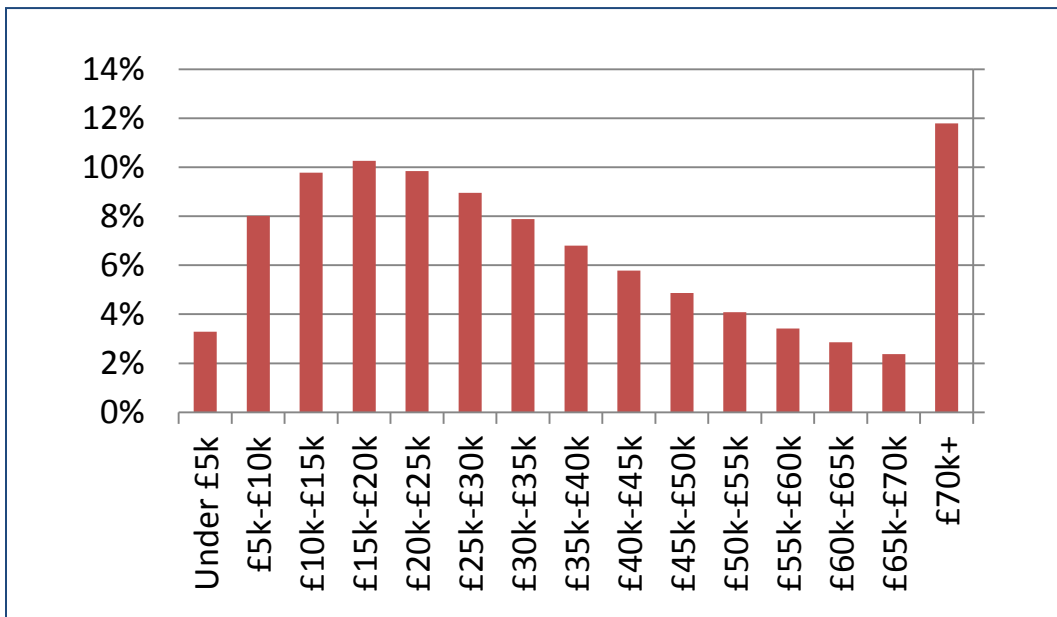
The Council is responsible for ensuring the availability of affordable housing across the borough and that our communities are mixed and sustainable. Therefore Affordable Rent levels should not be above the Local Housing Allowance level.

We have also analysed the incomes which would be required to afford different rent levels, in different locations. Table 2 below shows the levels required in the most and least expensive parts of the borough at 80% and 60% of market rent, spending 30% of gross income on housing. This data is based on Valuation Office data valid as at November 2011.

<b>Annual income required to afford 80% market rent at 30% gross income</b>				
	1-bed	2-bed	3-bed	4-bed +
<b>Lambeth</b>	32,002	40,072	51,481	69,569
<b>SE1</b>	45,916	57,743	62,612	76,526
<b>SE27</b>	24,488	30,471	41,742	48,142
<b>SW4</b>	38,681	48,003	59,830	104,354
<b>SW16</b>	26,436	34,785	40,072	56,908

Annual income required to afford 60% market rent at 30% gross income				
	1-bed	2-bed	3-bed	4-bed +
<b>Lambeth</b>	24,001	30,054	38,611	52,177
<b>SE1</b>	34,437	43,307	46,959	57,395
<b>SE27</b>	18,366	22,854	31,306	36,106
<b>SW4</b>	29,010	36,002	44,872	78,266
<b>SW16</b>	19,827	26,089	30,054	42,681

Two thirds of all tenants and 80% of new social tenants in Lambeth receive means tested benefit. The percentage of those renting in the private sector receiving benefits is relatively low. The graph below shows the distribution of household incomes in Lambeth of those who do not own their own home<sup>1</sup>. There are many households on very low incomes, but a significant proportion in the median range whose incomes would allow them to live in affordable rented properties without requiring welfare support.



Our final consideration is what will happen when benefit payments are limited to £500 per family household per week. The cap affects larger families most acutely and we would be concerned about the affordability of 3 bedroom and larger properties, which should continue to be let at target rents.

<sup>1</sup> Lambeth Housing Needs Assessment 2012

### **Our position on Affordable Rent:**

- Rents should be kept as low as possible to reduce welfare dependency and employment disincentives. Overall we expect to see a blended rate not exceeding 65% of market value.
- Rents should not exceed the Local Housing Allowance.
- We want to see the growth of housing supply in Lambeth and accept that Affordable Rent is now a key part of funding new affordable housing.
- Registered Providers should only apply Affordable Rent to 1 and 2 bed properties (including re-lets), with larger properties to be provided at target rents.
- Affordable Rents should not be used on estates which have been transferred from Lambeth Council and are still subject to transfer agreements.