



Lambeth Tenancy Strategy + Affordable Housing Statement

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Introduction/Foreword

Lambeth is a special place. Diverse, dynamic and full of excitement and opportunity, it attracts people from across the UK, Europe and the rest of the world who want to make it their home.

This is to be celebrated, but our borough's desirability does mean that there is a lot of competition for housing which is expensive to buy or rent on the private market. We are clear that as the borough grows, we want to invest in our communities, strengthening their resilience and that the benefits of this growth are shared.

New affordable homes with secure and stable tenancies provided by ethical landlords is a fundamental component of how we can support a more resilient community. The Council is the largest single landlord but achieving, highly environmentally sustainable, good quality affordable homes for all residents in need is a shared endeavour. We have set up Homes for Lambeth to widen the council's scope to deliver new affordable homes but a far greater proportion of our targets will come from housing associations and other developers.

This document provides a position statement on the Borough's approach to providing residents with a range of affordable housing options, in a way which delivers Lambeth's Sustainable Growth and Inclusive Opportunity Strategy. The top priority for Lambeth is providing affordable homes for those furthest from accessing market, but we also need housing options for those otherwise forced out of the borough to seek affordable family housing and homes to buy.

This document also covers our obligations under the Localism Act 2011 to produce a Tenancy Strategy, setting out the broad objectives that all providers of affordable housing in the borough should have regard to when formulating their own tenancy policies.

Lambeth Council prefers the use of permanent tenancies within the Borough to contribute to building stable, cohesive and vibrant communities. We want our residents and their families to feel secure, with a long term connection to their neighbourhoods. It is now several years after the introduction of flexible tenancies and there is no evidence that they provide any benefits. They are very rarely, if ever enforced, and cause unnecessary worry for tenants. We are pleased that a number of Registered Providers have, or are considering, scrapping the use of flexible tenancies.

1. Lambeth’s Position Statement on General Needs Affordable Housing Products

Lambeth’s most recent Strategic Housing Market Assessment (SHMA) published in 2017 demonstrates the very high level of need for Affordable Housing. It shows that a household needs to have an income of over £57,000 per annum to be able to reasonably afford a two bed flat in Lambeth which compares unfavourably to a median household income of £38k (GLA Data Store). Applicants are allowed to access intermediate housing on incomes of up to £90,000¹ per year.

According to the SHMA, Lambeth requires a notional 1,500 new units of affordable housing each year to meet backlog and newly arising need. There is limited evidence that the substantial extra investment needed by boroughs to meet housing need will be provided by central government in the near future.

The SHMA analysis shows that shared ownership, as has been recently provided in Lambeth, can only meet a small proportion of absolute housing need i.e. most of those who access it can afford to meet their needs in the private rented sector.

In London, there is an overall benefit cap of £442 per week for families. The table below shows the amount ‘left’ for housing costs after deducting child benefit, child tax credit and income support for a typical single parent family affected by the benefit cap.

New Benefit Cap	Amount “left for rent” based on out of work single parent per week			
	1 Child	2	3	4
£442	£284	£217	£150	£83

Position Statements

This statement is a material consideration in the determination of planning applications required to provide affordable housing:

“70 per cent of new affordable housing units should be low cost rented homes allocated according to need in line with the council’s allocation scheme and for Londoners on low incomes (Social Rent/London Affordable Rent) and 30 per cent should be intermediate products, including London Living Rent and London Shared Ownership, in accordance with the principles set out in the council’s Tenancy Strategy”. (Policy H2, Lambeth Proposed Submission Version Draft Revised Local Plan, January 2020)

- A.** Rents should be kept as low as possible to reduce welfare dependency and employment disincentives.
- B.** We agree with the Mayor of London, that 80 per cent of market rent is not affordable and support the London Affordable Rent Benchmarks
- C.** For new developments that are not in receipt of grant, larger units should be charged at target rent levels, or equivalent, excluding service charges. This is to help with affordability for families affected by the Benefit Cap. Smaller units, 1 and 2 beds may be charged at up to £217 and £282 per week respectively inclusive of service charges.
- D.** For intermediate housing, Lambeth supports the use of London Living Rents and community land trusts. Shared ownership or discount sales schemes must demonstrate affordability in accordance with the GLA approach as set out in the London Plan.
- E.** Access to intermediate properties is usually through the Homes for Londoners portal (or equivalent). Applicants are required to bid directly to developers or housing associations. Providers should allocate based on the following criteria (in order of priority)

¹ As of March 2020. The income cap is reviewed annually by the GLA.

- Strategic Priorities
- Social tenants currently living in Lambeth
- Tenants owed a housing duty and placed into temporary accommodation by Lambeth Council
- People who live and work in Lambeth
- People who live in Lambeth
- People who work in Lambeth
- People who live or work in London

F. Eligibility criteria that apply to intermediate homes when they are first built should apply to subsequent re-sales / re-lets and continue to be affordable, aligned with the GLA's income thresholds.

G. In Build to Rent schemes, units let at the equivalent of London Living Rents should be made available via the Homes for Londoners (portal or equivalent). The remainder of the Discount Market Rent units let at a range of genuinely affordable rents should be made available through Lambeth Private Sector Solutions Service (or equivalent)

H. 'Strategic Priorities' – the council may award additional priority to meet specific housing needs.

There may be exceptions to these general rules for specific developments which will be agreed on a case by case basis.

2. The use of 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, at a minimum, include older people, those deemed vulnerable such as those with disabilities or whose household requirement or size is not going to change.

We support the use of one year introductory / starter tenancies as a way of supporting households into longer term tenancy sustainment.

3. The Use of Flexible Tenancies

As stated above, the Council believes that the provision of lifetime secure or assured tenancies is the best option and we will never use flexible tenancies for its own stock or in the council's 100% owned, 100% controlled company, Homes for Lambeth.

The Council recognises that due to a long standing lack of government investment there is a shortage of affordable housing particularly in relation to larger properties and accommodation for families. The high demand for, and lack of supply, of these properties, means some Registered Providers may use flexible tenancies to make best use of their stock and reduce under occupation.

The same principle can be true for households who are allocated properties that have been adapted to meet special needs.

In all cases we would expect that Registered Providers provide a guarantee of a suitable alternative property upon expiry of the flexible tenancy. This may include the offer of affordable home ownership accommodation where it presents a realistic option.

It is our expectation that the majority of tenancies will roll over.

4. Renewing Flexible Tenancies

Flexible tenancies should not be used as means to deal with issues that could otherwise be resolved by good housing management. 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.

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, where necessary, scrutinise the policies applied by Registered Providers to ensure that a reasonable criteria and test for such changed circumstances is applied.

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

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, as while the council has dedicated services aimed at helping residents in need, tenants should not find themselves being placed at risk of homelessness at the end of their flexible tenancy with an RP. We would encourage and expect RPs to be effective in tenancy sustainment and have robust policies in place to support this.

GLOSSARY OF TERMS

National Definitions (from the government's National Planning Policy Framework.)

Affordable housing: housing for sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route to home ownership and/or is for essential local workers); and which complies with one or more of the following definitions:

a) Affordable housing for rent: meets all of the following conditions: (a) the rent is set in accordance with the Government's rent policy for Social Rent or Affordable Rent, or is at least 20% below local market rents (including service charges where applicable); (b) the landlord is a registered provider, except where it is included as part of a Build to Rent scheme (in which case the landlord need not be a registered provider); and (c) it includes provisions to remain at an affordable price for future eligible households, or for the subsidy to be recycled for alternative affordable housing provision.

b) Starter homes: is as specified in Sections 2 and 3 of the Housing and Planning Act 2016 and any secondary legislation made under these sections. The definition of a starter home should reflect the meaning set out in statute and any such secondary legislation at the time of plan-preparation or decision-making. Where secondary legislation has the effect of limiting a household's eligibility to purchase a starter home to those with a particular maximum level of household income, those restrictions should be used.

c) Discounted market sales housing: is that sold at a discount of at least 20% below local market value. Eligibility is determined with regard to local incomes and local house prices. Provisions should be in place to ensure housing remains at a discount for future eligible households.

d) Other affordable routes to home ownership: is housing provided for sale that provides a route to ownership for those who could not achieve home ownership through the market. It includes shared ownership, relevant equity loans, other low cost homes for sale (at a price equivalent to at least 20% below local market value) and rent to buy (which includes a period of intermediate rent). Where public grant funding is provided, there should be provisions for the homes to remain at an affordable price for future eligible households, or for any receipts to be recycled for alternative affordable housing provision, or refunded to Government or the relevant authority specified in the funding agreement.

Mayor of London Product Definitions and other information (taken from the London Plan (Intend to Publish Version) December 2019).

4.6.4 London Affordable Rent and Social Rent homes are for households on low incomes where the rent levels are based on the formulas in the Social Housing Regulator's Rent Standard Guidance. The rent levels for Social Rent homes use a capped formula and London Affordable Rent homes are capped at benchmark levels published by the GLA. Rents for both are significantly less than 80 per cent of market rents, which is the maximum for Affordable Rent permitted in the NPPF. More detail is contained within the Mayor's Homes for Londoners Affordable Homes Programme 2016-21 funding guidance. These homes will be allocated in accordance with need (based on the borough's allocations policy).

4.6.5 London Living Rent (LLR) offers Londoners on average incomes a lower rent, enabling them to save for a deposit. The Mayor is introducing LLR as an intermediate affordable housing product with low rents that vary by ward across London. Where funded by the Greater London Authority, LLR will be a Rent to Buy product, with sub-market rents on time-limited tenancies, which will help households on average income

levels to save for a deposit. As London Living Rent can be a step to homeownership, it can be considered as an affordable homeownership product.

4.6.6 London Shared Ownership is an intermediate ownership product which allows London households who would struggle to buy on the open market, to purchase a share in a new home and pay a low rent on the remaining, unsold, share

4.6.7 Other affordable housing products may be acceptable if, as well as meeting the broad definition of affordable housing, they also meet the London Housing Strategy definition of genuinely affordable housing and are considered by the borough to be genuinely affordable.

4.6.8 Currently all intermediate rented products such as London Living Rent and Discounted Market Rent should be affordable to households on incomes of up to £60,000. Intermediate ownership products such as London Shared Ownership and Discounted Market Sale (where they meet the definition of affordable housing), should be affordable to households on incomes of up to £90,000. Further information on the income caps and how they are applied can be found in the Annual Monitoring Report. The caps will be reviewed and updated where necessary in the Annual Monitoring Report.

4.6.9 For dwellings to be considered affordable, annual housing costs, including mortgage (assuming reasonable interest rates and deposit requirements), rent and service charge, should be no greater than 40 per cent of net household income, based on the household income limits set out above. Boroughs should seek to ensure that intermediate provision provides for households with a range of incomes below the upper limit. For London Living Rent – please refer to the rent setting guidance provided on the GLA website.

4.6.10 In addition to the income caps, boroughs may set other eligibility criteria for the intermediate units, reflecting local housing need. However, any local criteria including income caps below the maximum amounts set out above, should automatically cascade out to the London-wide eligibility criteria within three months to ensure that units are not left vacant. Resales and re-lets should be available to those meeting the London-wide income caps and not be restricted by local eligibility criteria. Homes should be made available through the new Homes for Londoners online portal.