

Royal Borough of Kensington and Chelsea

Tenancy Strategy



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THE ROYAL BOROUGH OF
KENSINGTON
AND CHELSEA

Contents

Introduction	4
Why do we need a Tenancy Strategy?	5
Our five tenancy objectives	8
Tackling housing need	9
Ensuring appropriate use of tenancies and tenancy options	12
Promoting affordable housing options	14
Promoting mobility and reducing under-occupation and overcrowding	15
Supporting and incentivising work and training	17
Putting our Tenancy Strategy into practice	19
Glossary	22

Introduction

This Tenancy Strategy sets out our five broad objectives for social housing providers (housing associations) when granting and renewing social tenancies within the Royal Borough. A one-size-fits-all model on rents and tenancies is not the best answer to the wide range of needs and circumstances of those accessing the social rented sector. We want to promote flexibility in the local social rented market and to take into account how an individual's circumstances may change over time.

Our Tenancy Strategy sets out how we wish to see the new freedoms and flexibilities granted by the Localism Act 2011 used to allocate social housing and tenancies that offer stability when it is needed; help people move for work; and protect the most vulnerable in society.

Social housing – affordable and stable – should act as a springboard to help individuals make a better life for themselves.

Fairer Future for Social Housing p12

The Royal Borough of Kensington and Chelsea has a strong history of providing housing to those in housing need who are not able to afford housing locally. We welcome freedoms granted under the Localism Act to issue flexible tenancies which will help us to continue to do so. We have set out in this strategy how we want to use social housing in the borough to further housing opportunities, by offering work and training incentives. We also wish to help providers to continue to develop social housing in the borough.

In this strategy, we address issues of housing affordability, as well as the flexibilities regarding tenancy length. We ask local housing providers to consider affordability of tenancies granted both now and in the future as welfare reform is phased over the next five years.

Our five objectives for social housing tenancies in the Royal Borough are:

- tackling housing need
- ensuring appropriate use of tenancy and tenancy options
- promoting affordable housing options
- promoting mobility and reducing under-occupation and overcrowding
- supporting and incentivising work and training

As an authority that allocates social housing, we want to encourage social housing providers to make appropriate use of the tenancy options available to them. We have long operated a fair and transparent system of allocating social housing, and through the expectations set out in our Tenancy Strategy, we hope to ensure there is some consistency in the way the new flexibilities are used in the borough for those seeking social housing.

This strategy has been written to support our ambitions for housing in the Royal Borough. Our recent Housing Strategy provides more detail on housing issues, other than social housing tenancies, and can be found online at www.rbkc.gov.uk/housing

Why do we need a Tenancy Strategy?

When the current Government came to power, its intention to ensure local responsibility and delivery of services was clear. The Localism Act, passed in December 2011, provides the necessary legislative change to give local government control over various parts of its work, including housing.

The time has come to disperse power more widely in Britain today...that way we can be the free, fair and responsible society we want to see.

Coalition Agreement p7

Through the Localism Act, the Government has created **a more flexible system of social housing**; one which recognises that a household's housing needs can vary over time. It has:

- introduced flexible tenancies
- provided legislative change necessary to allow locally responsive social housing allocations
- set in place new structures to encourage social housing mobility at a national level so as to make best use of the limited resource of social housing
- protected existing tenants' rights.

The Localism Act has extended the powers of the Mayor of London over housing. This Tenancy Strategy is set in line with the Mayor's Draft London Housing Strategy and draws attention to policy 1.2G of this draft:

Housing associations should have full regard to borough tenancy strategies, where these are in conformity with the London Housing Strategy.

Draft London Housing Strategy Policy 1.2G p18

The introduction of Affordable Rent tenancies, which are tenancies that housing associations can issue for a fixed term with rents up to 80 per cent of the market rent, has expanded the range of options available to households that want to move into social housing. **This strategy provides guidance as to the most suitable use of these options in the Royal Borough.**

Almost a quarter of all homes in the Royal Borough are socially rented. Not all of these are owned by the Council, with 63 per cent of social housing owned by housing associations, many of which are based locally. This strategy addresses the tenancies granted on these homes, as well as Council owned social housing managed by the Kensington and Chelsea Tenant Management Organisation (KCTMO). This should therefore provide some parity across social housing providers and help people make suitable housing choices through choice based lettings.

The Localism Act requires all local housing authorities in England to produce a tenancy strategy which local housing associations must have due regard to when formulating their own tenancy policies. These must set what kind of tenancies the housing associations will issue, the length of fixed term tenancies they will grant and the circumstances in which they will re-issue a fixed term tenancy. This strategy fulfils this requirement and also sets out our clear expectations for social housing providers with housing stock in the Royal Borough.

The strategy is also designed to align with the revised regulatory framework for social housing in England from April 2012 (issued by the Homes and Communities Agency) enabling housing associations to meet the requirement of the Tenancy Standard.

Copies of local social housing landlords' tenancy policies can be found on their websites. Alternatively, if you would like a copy of one of these policies you can either contact any social landlord directly and request one or call Housingline on **020 7361 3008**.



Our five tenancy objectives

There are five objectives that we expect social housing providers to support through the use of social housing tenancies in the Royal Borough.

We ask that local housing associations consider these points when developing their tenancy policies and also when accepting nominations from the Royal Borough to properties which might be outside the borough boundaries.

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|--|
| 1. Tackling housing need |
| 2. Ensuring appropriate use of tenancies and tenancy options |
| 3. Promoting affordable housing options |
| 4. Promoting mobility and reducing under-occupation and overcrowding |
| 5. Supporting and incentivising work and training |

Under each objective we set out the principles we expect in a local housing association's tenancy policy. We recognise that each housing association we work with has to balance the needs of its existing tenants with its business plans and development pipeline, and with the needs of new tenants.

Whilst we would encourage housing associations to make use of these flexibilities for all the reasons we have given in our strategy, we have set out explicitly what principles we expect them to consider when drafting or reviewing their tenancy policies.

1. Tackling housing need

With over 8,000 households on our waiting list for housing (the Common Housing Register) and 1,300 living in temporary accommodation waiting for a social housing tenancy, we have high levels of demand for affordable social housing in the borough. As a statutory housing authority, we value highly the contribution social housing lettings make to meeting local housing need.

Housing need is defined in housing law. We have a duty to find a home for anyone who meets the criteria set out in homelessness legislation. We also have a duty to help people who are currently living in accommodation which is not suitable for their needs (such as overcrowded conditions), and to give them 'reasonable preference' when allocating any social housing to which we have access.

However, demand for social housing far outstrips supply in the Royal Borough. On average, there are 1,500 new applicants per year, compared with an average 500 lettings per year. The table below shows the number of lettings for the last six years.

	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Total no. of lettings to social tenancies	538	388	491	556	473	588

These lettings figures show the low level of social housing turnover each year, but do not highlight that the majority of our lettings (56 per cent in 2011-12) are to studio and one bedroom flats, and not larger family sized accommodation, which our Strategic Housing Market Assessment evidences we need.

The Royal Borough of Kensington and Chelsea wants to continue to tackle housing need and believes this should continue to be a priority for local housing associations when granting tenancies. We therefore set out in the final section of this strategy how we think we can work closely together to ensure we continue to tackle housing need in the Royal Borough.

Changes to the cap level of the Local Housing Allowance mean that it is now very difficult for those in housing need and in receipt of benefits to live in the private rented sector locally. This puts pressure on our ability to meet housing need through options other than social housing tenancies. The impact of these changes is something we expect to feel over the coming years and is an important part of the context for our Tenancy Strategy.

As well as helping people to access general needs social tenancies, we provide over 700 supported accommodation units to people who need support to help them to live independently and maintain a property. Our aim in providing these services is to help those who are vulnerable and in housing need, which could be for a particular period in their lives. We believe a stable social housing tenancy is important to help certain groups move on following a period of support.

We want to be able to continue to support these vulnerable groups and to provide accommodation which is stable and suitable for their individual circumstances. We therefore support local housing associations that provide supported accommodation and hostels with support and skills development services. These allow individuals to work towards independent living. We expect that the benefits of a stable social tenancy should be considered when granting fixed term tenancies to people who need support.

Due to the limited supply of affordable and social housing in the borough, we support local social housing providers to find innovative solutions to exceptional housing need. We expect providers to find solutions for their own tenants in emergency situations.

Principle for tenancy policy	Intended outcome from requirement
Housing providers should ensure their tenancy policy sets out clear and detailed criteria governing what will happen at the end of a fixed term tenancy, to provide some stability and assurance for those signing fixed term tenancies.	Housing will be allocated to people in statutory housing need, as defined in Housing legislation.
We will support housing providers who wish to use the housing need criteria to assess whether to re-issue a tenancy at the end of a fixed term.	Repeat homelessness is prevented.
We expect all housing providers to share their tenancy policy with the Council and enquiring applicants and to be able to explain their approach to using social housing tenancies to tackle housing need.	Informed applicants able to make suitable choices regarding their housing.



2. Ensuring appropriate use of tenancies and tenancy options

Social housing forms an important part of the local housing market in the Royal Borough, and it is essential that housing associations that provide social housing in the area are aware of the market conditions.

The Royal Borough of Kensington and Chelsea is one of the most expensive places to live in the United Kingdom. House prices are nearly six times the national average. The average weekly rent for a one bedroom private sector flat in the south of the borough exceeds the rent for a socially rented flat in the area by more than £300 per week, with the median private rent at £450 per week¹. There are very few homes in the borough that contain three or more bedrooms, and this is particularly true of social housing. This contrasts with a high number of families in housing need.

Whilst we welcome the changes introduced by the Localism Act, we expect local housing providers to use the principles set out in this our first Tenancy Strategy as a basis for their tenancy policies. This will ensure there is a consistency across the Royal Borough in the use of the flexibilities introduced and will provide a fair and transparent system for those seeking social housing.

We believe that social housing should act as a stepping stone to either ownership or shared ownership, but that it should provide stability for those who are vulnerable and in need.

The average tenancy length for a Kensington and Chelsea Tenant Management Organisation tenant is 17 years. This demonstrates that over a period of time a household will make different choices about its housing options. It also demonstrates the length of time it takes to move to another property in the borough, as well as how much people want to live and remain here.

Whilst the Council believes in the benefits for using flexible tenancies, we understand that housing providers may choose to issue lifetime tenancies.

¹ London Rents Map December 2012

Principle for tenancy policy	Intended outcome from requirement
Housing providers should ensure their tenancy policy thoroughly explains what will happen at the end of a fixed term tenancy to provide some stability and assurance for those signing fixed term tenancies.	Social housing continues to provide stable homes to residents who need them.
Five years is set as the minimum tenancy length to be used, apart from in exceptional circumstances ² by all housing providers.	Parity across all housing associations in the borough.
On granting a fixed term tenancy, where a household is moving from care, supported housing or hospital, it is expected that a tenancy term of no less than five years should be issued.	Providing stable homes for vulnerable households to support them towards independent living.



² Exceptional circumstances will be defined by each social housing provider in its tenancy policy. It is expected that this information will be made clear to any applicants and a definition provided to the Council.

3. Promoting affordable housing options

Social housing has traditionally had rents set using a national formula called 'Target Rents'. Whilst this in part takes into account the local housing market, it delivers rents which are below the cost of local market housing.

A thriving, active but stable housing market that offers choice, flexibility and affordable housing is critical to our economic and social wellbeing.

Laying the Foundations: A Housing Strategy for England pvii

The Government has introduced a new form of social housing tenure called Affordable Rent. With this new type of tenancy, rent levels are linked to the private rent levels for the area and not to the formula used previously. Rents can be up to 80 per cent of the local private sector rents (up to the Local Housing Allowance set nationally). This means the rent levels are considerably higher than other rented social housing.

The introduction of Affordable Rent may provide an opportunity to address this polarised housing provision in the borough, by introducing a different type of social tenancy. The higher rent levels provide the housing associations issuing Affordable Rent tenancies with the money to build new affordable housing.

Housing affordability across all tenures is a key issue for our borough, and we are committed to finding practical solutions for funding new social housing in our high value borough. The Council supports Affordable Rent, and has developed an Affordable Rent policy³ for newly built social housing homes. In setting the rent levels in our Affordable Rent policy, we have used average income earnings and recognised formulas to calculate rent levels at a reasonable proportion of earnings. We believe a reasonable proportion of income to spend on housing is 40 per cent of a household's net income. This is in line with the London Plan and our neighbouring boroughs.

³ The London Plan measure of affordability for intermediate housing is that the housing costs should not exceed 40 per cent of disposable income. It has been decided in our Affordable Rent Policy that this is the measure we would use for housing affordability. A copy of our Affordable Rent Policy can be found here: <http://www.rbkc.gov.uk/howwegovern/keydecisions/decision.asp?DecisionID=3613>

In recognition of our belief that addressing housing need is one of our primary housing functions, we will ensure Affordable Rent tenancies are made available to those registered in a fair and transparent way. We expect all local housing associations to respect our existing nomination agreements, and allow us to offer these properties to households in need first.

Principle for tenancy policy	Intended outcome from requirement
Affordable Rent tenancy rent levels must take into account known future welfare reform including Universal Credit, and be affordable to those on benefits and also low to middle income working households.	Affordable housing options for those in need.

4. Promoting mobility and reducing under-occupation and overcrowding

Whilst we acknowledge the difficulty in accessing other types of housing locally on the market, we believe it is important to enable mobility between social housing tenancies in the Royal Borough.

Often a tenancy is given to a household and then that household naturally grows larger or smaller, meaning its home is no longer the right size. However, due to the limited supply, high demand and the nature of the stock we have, we can only grant tenancies that fit the household at the time they are allocated. Therefore we have mismatch between the size of some households and homes within social housing as households grow or decrease in size.

Our ability to help those in housing need who require larger properties is confined by the size and type of stock available to us.

Mobility between homes in the Royal Borough is low, with roughly 2.2 per cent of households moving each year. This is much lower than the national and London averages of 7.7 per cent and 5.2 per cent respectively. With high levels of need and demand for housing, this is not sustainable. We want tenancy policies to encourage and support mobility within the social housing stock in the Royal Borough. We see fixed term tenancies as providing the opportunity to move households from properties that are not suitable for their needs, for example in terms of size or the accessibility level of the property.

Principle for tenancy policy	Intended outcome from requirement
Housing providers should support and facilitate mutual exchange across all social housing in the Royal Borough.	Mobility amongst existing social housing tenants is encouraged.
Housing providers should support households within households, such as adult children with their own families, to move into separate properties.	Overcrowding is reduced and the pressure on larger units is relieved, promoting better home environments for children.
Housing providers should advise and support households to move when their property is no longer suitable for their needs. For example if it is too small, too large, or if it is accessible and this is no longer required.	Best use is made of housing stock, helping those that need accessible units to access them.
Housing providers should support mobility amongst existing tenants, to enable them to sustain employment.	Mobility is encouraged and employment is supported.

5. Supporting and incentivising work and training

There are high levels of worklessness in the socially rented sector nationally (with 60 per cent of socially rented households being in receipt of Housing Benefit⁴). Locally the figures are very similar and higher for new social housing tenants.

We recognise the importance of work to the economic and social well-being of individuals and families, as well as the community. The importance of work is reflected in the way we allocate social housing to working homeless households and people who live in supported accommodation but are in work and training.

According to our latest Tenant Profiling Study (February 2009), the average income of our working social housing residents is just over £13,000. This is much lower than the level of Universal Credit which will be paid, which assumes an average income of £26,000 per year, and highlights that whilst we want to encourage residents into work, we do not believe that everyone who is employed will be able to afford either Affordable Rent levels or market housing options locally.

We recognise that the average income of those in our social housing is not high and therefore through this strategy and our Affordable Rent policy, we want to ensure any Affordable Rent tenancies are not set at rent levels which will prevent household members taking up employment or are unaffordable to those in receipt of benefit. We also want local social landlords to consider the stability a social housing tenancy provides for those who are working or in training when granting fixed term tenancies.

We understand that some social landlords might not want to reissue a tenancy where a household is earning above a certain threshold. We recognise the cost of housing locally but also that some households might have the financial resources to resolve their own housing needs. In our Housing Allocations Scheme⁵ we set out our current income and savings limits for social housing, and the Mayor of London sets his own income levels for access to intermediate housing. We draw housing providers' attention to these figures for consideration when setting income limits in their tenancy policies.

⁴ Fairer Future for Social Housing p12

⁵ A copy of our Housing Allocation Scheme can be found on our website www.rbkc.gov.uk

We agree with housing providers locally exploring whether households who are working can afford to contribute more through their rent. However, we would expect any social landlord choosing to do this to be able to demonstrate that the rent will remain affordable.

Principle for tenancy policy	Intended outcome from requirement
Housing providers should use tenancy terms and tenancy sustainment activities to support and incentivise tenants to find and sustain employment.	Stable tenancies provide opportunity for unemployed residents to access employment or training.
Affordable Rent levels must not prohibit or prevent tenants or household members from looking for work.	Affordable housing options are available for those in housing need who want to access employment or training.
Housing providers should help those who have actively gained employment during their tenancy term. Tenancies should be re-issued to working households unless the household is earning above thresholds set nationally or defined in the housing provider's tenancy policy.	Employment and independence from benefits is encouraged.

Putting our Tenancy Strategy into practice

Working with local social housing landlords

This Tenancy Strategy sets out how we expect social housing tenancies to be granted in the Royal Borough and forms the basis of our Tenancy Policy.

A key part to the success of this strategy is having a solid working relationship with the social housing providers in the borough.

With over 50 housing associations with housing in the borough, it is important we clearly set out how we will monitor that they have regard to the contents of our Tenancy Strategy and also how we monitor the letting of social housing tenancies in the borough.

When a tenancy comes up for review, the Localism Act 2011 clearly sets out the landlord's responsibility to provide advice and assistance when a tenancy is being reviewed. We expect social landlords to provide tenants with appropriate advice and assistance when carrying out a tenancy review and at the end of the tenancy.

We have a long tradition of working closely with our local housing associations. Our *Guide to the Nominations Agreement* sets out how many properties we expect to be able to nominate to, expected bidding timescales and information we expect to be provided with to ensure we continue to let social housing to those in need. It also outlines the information we expect on voids and returns and a timetable of this process. A copy can be found on our website www.rbkc.gov.uk

A key part of making this strategy a success will be working in partnership not only with local social landlords but also with other agencies that support social housing. We will continue to work closely with the Homes and Communities Agency and hold quarterly liaison meetings to ensure new social housing developments support our key priorities in the Royal Borough. We will support the Mayor in the delivery of his housing policies, and our Tenancy Strategy is in conformity with the London Housing Strategy.

Social housing fraud

Based on our previous successes in tackling social housing fraud, we would like to continue to work in partnership with local housing providers to tackle this issue. We ask providers to consider the ways to tackle social housing fraud when drafting their tenancy policies. We want social landlords to be able to make best use of their stock in a way which meets the needs of our borough. We believe reducing incidents of social housing fraud is a key part of ensuring this happens. Through the sharing of data and best practice and regular liaison with other statutory and voluntary agencies, we will work together to tackle this problem.



Expected working practices of local housing providers	Intended outcome from requirement
Work to the percentage of nominations agreed and protocol set out in <i>the Guide to the Nominations Agreement</i> .	Continued service provision (in a fair and timely manner) and access to social housing to help those in housing need.
Provide void information, as well as providing the Council with sufficient time to conduct three bidding rounds for a property (unless part of the West London Nomination Protocol).	Meet housing need through the allocation of void social housing we are entitled to.
Provide information on letting outcomes.	Prevent social housing fraud and ensure housing is allocated to those most in need.
Provide advice and assistance about housing options at the time a tenancy review is conducted and it is decided that the tenancy will not be renewed.	Tenants who do not have their tenancy reissued are able to make informed and suitable choices with regards to their housing options.
Set out clearly the procedure for appeal and/or complaint against a tenancy review decision.	A transparent tenancy policy.
Work to tackle social housing fraud, and to work in partnership with the Council to identify, address and prevent any social housing fraud identified.	End social housing fraud in the Royal Borough of Kensington and Chelsea.

Reviewing our Tenancy Strategy

We already monitor voids and social housing lettings in the borough, and we will use this information, along with any changes which have been introduced either nationally, regionally or locally to review this document each year to ensure it is up to date and fit for purpose.

Consultation

This document was produced following a three month consultation period with our local housing associations, residents and those registered on our Common Housing Register, voluntary organisations, the local primary care trust, advice and advocacy agencies, the Mayor of London and our local neighbouring boroughs. The consultation ran from 15 March 2012 to 18 June 2012.

Glossary of terms

Affordable Rent

Affordable Rent is a new type of social housing introduced in 2011 which can only be offered by housing associations. The tenancy can be for a fixed period and the rent that can be charged can be up to 80 per cent of the private sector rents in the area (up to the maximum amount that would be paid by LHA).

Choice-based lettings

Choice-based lettings is the name given to the process for letting some social housing in the Royal Borough. As properties become available, they are advertised on a website and printed lists. People assessed as needing to be rehoused can then bid for them.

Housing Allocations Scheme

The Housing Allocations Scheme sets out who is given priority for social housing in the Royal Borough.

Housing Need

Housing need is used to describe households who need rehousing. For example, this could mean the household is homeless, or they are living in an overcrowded home.

Local Housing Allowance

The Local Housing Allowance (LHA) is a type of Housing Benefit paid to people who live in the private rented sector rather than social housing. Recent changes to LHA have introduced a cap (or limit) on the amount which will be paid each week.

Localism Act 2011

This is a new law which was passed in 2011. It reforms social housing and introduces fixed term tenancies and the requirement for every strategic housing authority to have a tenancy strategy.

Nominations agreement

This is the agreement between the Council and housing providers about the percentage of their housing stock that they will make available to the Council, to house people assessed by the Council as needing social housing.

Target Rent

This is the formula used to set rent levels for social rented housing. The Council uses this formula to help set the rents for its own properties.

Universal Credit

Universal Credit is a new single payment for people who are looking for work or on a low income. It will be introduced from April 2013 and it will replace Income Support, Income Based Jobseekers Allowance, Income Related Employment and Support Allowance, Housing Benefit, Child Tax Credits and Working Tax Credits.

English

Information from this document can be made available in alternative formats and in different languages. If you require further assistance please use the contact details below.

Arabic

يمكن توفير المعلومات التي وردت في هذا المستند بصيغ بديلة ولغات اخرى. إذا كنت في حاجة إلى مزيد من المساعدة، الرجاء استخدام بيانات الاتصال الواردة أدناه.

Farsi

اطلاعات حاوی در این مدارک به صورتهای دیگر و به زبانهای مختلف در دسترس می باشد. در صورت نیاز به کمک بیشتر لطفا از جزئیات تماس ذکر شده در ذیل استفاده کنید.

French

Les informations présentées dans ce document peuvent vous être fournies dans d'autres formats et d'autres langues. Si vous avez besoin d'une aide complémentaire, veuillez utiliser les coordonnées ci-dessous.

Portuguese

A informação presente neste documento pode ser disponibilizada em formatos alternativos e em línguas diferentes. Se desejar mais assistência, use por favor os contactos fornecidos abaixo.

Somali

Macluumaadka dokumentigan waxaa lagu heli karaa qaabab kale iyo luuqado kala duwan. Haddii aad u baahan tahay caawinaad intaas dhaafsiisan fadlan isticmaal xiriirka faahfaahinta hoose.

Spanish

La información en este documento puede facilitarse en formatos alternativos y en diferentes idiomas. Si necesita más ayuda por favor utilice la siguiente información de contacto.

Housingline

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