

Draft Tenancy Strategy

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1. Introduction

1.1. The Tenancy Strategy sets out Shropshire Council's expectations to Private Registered Providers¹ when formulating their own housing policies in relation to tenancies and rents. The Strategy seeks to ensure sustainable communities and that affordable housing is genuinely affordable to local people in housing need.

1.2. A Registered Provider is defined under the Housing and Regeneration Act 2008. As a stock holding authority, whose housing stock is managed by Shropshire Towns and Rural (STAR) Housing, the Council is a Local Authority Registered Provider. In addition, there are 32 Private Registered Providers operating in the Shropshire Council area, these being housing associations who are registered with the Regulator of Social Housing.

1.3. The vision of the Housing Strategy 2020-25 is:

All homes are well designed decent homes of high quality, which will protect Shropshire's unique urban and rural environments and ensure it is a great place to live. That all Shropshire residents have access to the 'right home in the right place' to support and promote their health and wellbeing throughout their lives.

1.4. The Housing Strategy has a key objective: *To ensure people whose housing needs are not met through the local open market housing can access housing that meets their needs.*

2. Legal and policy context

2.1. Section 150 of the Localism Act 2011 requires a local housing authority in England to prepare and produce a tenancy strategy which sets out the matters to which the registered providers of social housing for its district are to have regard in formulating policies relating to:

- a) The kinds of tenancies they grant;
- b) The circumstances in which they will grant a tenancy of a particular kind;
- c) Where they grant tenancies for a certain term, the lengths of the terms; and
- d) The circumstances in which they will grant a further tenancy on the coming to an end of an existing tenancy.

2.2. The tenancy strategy must summarise those policies or explain where they may be found.

Allocations and nominations

2.3. The Housing Act 1996 and statutory guidance on the allocation of accommodation set out how the Council is to frame its Allocation Policy and Scheme for allocations to council owned dwellings and nominations to housing association dwellings.

2.4. The Council has recently revised its Allocation Policy and Scheme. The revised policy, which has local connection and financial qualifications and formal nominations to all forms of affordable housing, seeks to ensure that those in the greatest housing need are able to access general needs, supported and low-cost home ownership housing.

¹ The Council's own Tenancy Policy is contained at Appendix IV

- 2.5. The Regulator of Social Housing's [Tenancy Standard](#) applies to Registered Providers of social housing. The Tenancy Standard states, "*Registered providers shall cooperate with local authorities' strategic housing function, and their duties to meet identified local housing needs. This includes assistance with local authorities' homelessness duties, and through meeting obligations in nominations agreements*".

Tenancy agreements

- 2.6. The main forms of tenancy agreements offered by Local Authority Registered Providers are:
- Lifetime Secure Tenancies - these agreements allow a tenant to live in the dwelling for the rest of their life, providing they do not break the conditions of the tenancy;
 - Introductory Tenancies - these may be offered to new tenants, after twelve months tenants either become Secure or Flexible Tenants (unless eviction action is being undertaken or the introductory tenancy has been extended by a further six months); and
 - Flexible Secure Tenancies -introduced by the Localism Act 2011 these are for a fixed period, usually for at least five years, but for a statutory minimum of two years.
- 2.7. Private Registered Providers offer a range of tenancy and occupancy agreements, the main ones are:
- Assured Tenancies - these agreements allow a tenant to live in the dwelling for the rest of their life, providing they do not break the conditions of the tenancy;
 - Starter Tenancies - these may be offered to new tenants, after twelve months tenants either become Assured or Fixed Term Tenants (unless eviction action is being undertaken or the introductory tenancy has been extended by a further six months); and
 - Fixed Term Tenancies - these are for a fixed period, usually for at least five years.
- 2.8. The Domestic Abuse Act 2021 requires Local Authority and Private Registered Providers of social housing to ensure that victims of domestic abuse who have a lifetime tenancy, and have fled the social home to escape domestic abuse, retain their lifetime security of tenure if the landlord grants them a new tenancy for reasons connected with the abuse.

Rents

- 2.9. In 2002 in order to bring local authority and housing association rents into alignment the national rent regime established a Social Rent Formula which considered the national average social housing rent, regional average earnings, national average earnings, the number of bedrooms in a dwelling, and the dwelling's value in January 1999. Stock holding local authorities and housing associations were required to undertake rent restructuring using this rent regime in order for rents for the same size dwellings in local areas to have comparable rents, known as rent convergence. Rent convergence ended in April 2015, however, where the Formula Rent has not been reached on a dwelling which becomes void, subject to a locally agreed policy, the Formula Rent can be charged to the new tenant.

- 2.10. The Affordable Homes Programme 2011-15 introduced the concept of Affordable Rents. Affordable Rent is up to 80% of the gross local open market rent for a comparable dwelling, including service charges, or the Formula Rent, whichever is the higher. The introduction of Affordable Rents had the aim of allowing for increased borrowing on higher rental incomes, thus reduced levels of capital subsidy (grant funding). The Programme also encouraged Registered Providers to introduce a pipeline of conversions from Social to Affordable Rent when a dwelling became void and re-let to a new or transferring tenant. This allowed for additional rental income which could increase the borrowing capacity, and thus assist in reducing grant funding asks. Conversion programmes were subject to agreement with the Homes and Communities Agency (now Homes England).
- 2.11. A tenancy where a Registered Provider is the landlord is excluded from mainstream Local Housing Allowance rules. However, the Government's [Policy statement on rents for social housing 2019](#) states that Registered Providers should consider the local market context when setting rents, including the relevant Local Housing Allowance for the Broad Rental Market Area in which the property is located.
- 2.12. Since 2020 the Regulator of Social Housing's [Rent Standard](#) applies to Private Registered Providers and Local Authority Registered Providers.
- 2.13. Social and Affordable Rent increases remain subject to central Government rent setting policy: the Government sets out limits on annual rent increases, this being CPI plus 1%, with rent caps applying a maximum ceiling on the Formula Rent. At the end of August 2022, the Government launched a consultation on the rent cap – proposing that the ceiling be 5% for 2023-24 and for this to apply to all Social and Affordable Rents.

3. The Shropshire housing market

- 3.1. At 70%, the majority of dwellings in Shropshire are owner-occupied. Social housing stock comprises approximately 13% of all dwelling stock and 17% of stock is private rented².
- 3.2. In 2021, the ratio of median house price to median gross workplace-based earnings was 9.05 and ratio of lower quartile housing price to lower quartile workplace-based earnings was 8.4³. Therefore, owner-occupation is not affordable to many households living in Shropshire. This was evidenced by the 2020 Strategic Housing Market Assessment which identified a need for 799 affordable dwellings per annum.

Figure 1

² Office for National Statistics – Subnational estimates of dwellings by tenure, England

³ Office for National Statistics – House price to workplace-based earnings ratio

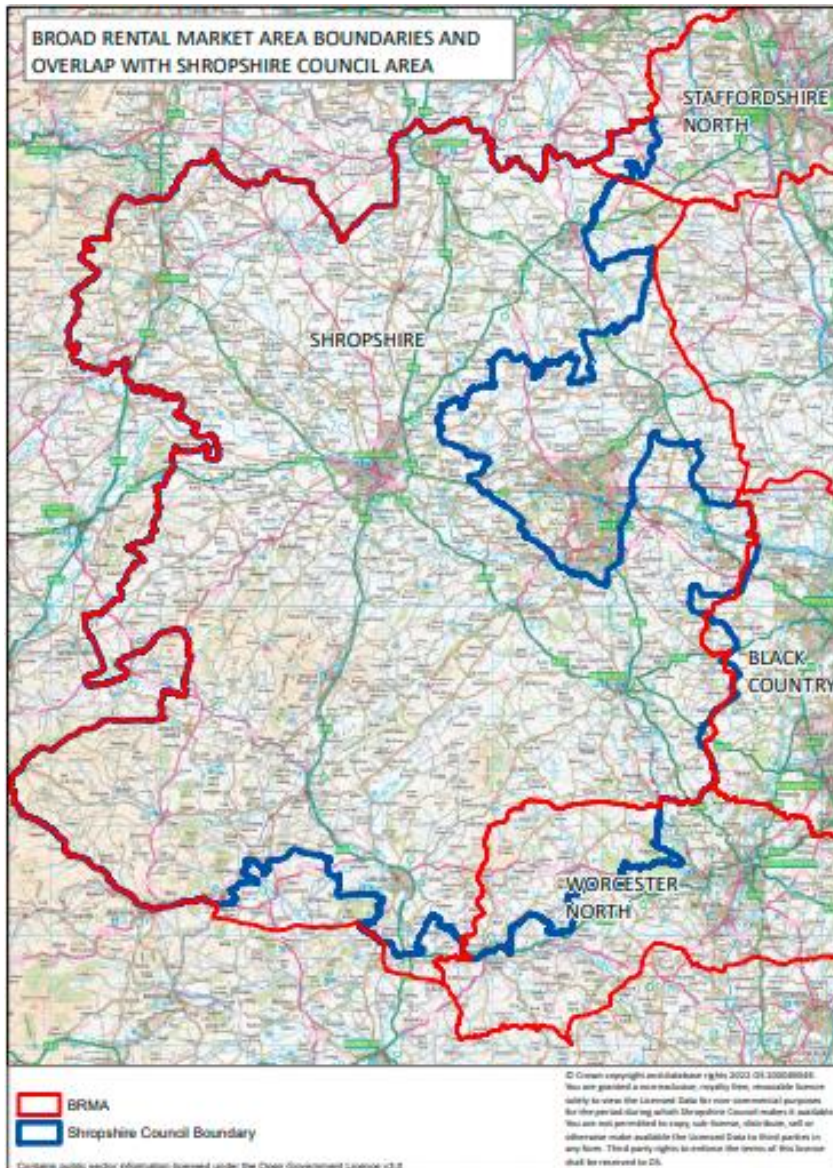


Figure 2

BRMA	Local Housing Allowance rate ⁴				
	Shared accommodation	One bedroom	Two bedroom	Three bedroom	Four bedroom
Shropshire	£75.00	£92.05	£120.82	£143.84	£182.96
Black Country	£60.18	£91.82	£117.37	£136.93	£172.60
Staffordshire North	£60.95	£86.30	£97.81	£126.58	£171.45
Worcestershire North	£66.50	£101.26	£126.72	£149.59	£195.62

3.3. At April 2022, there were 6,096 applicants on the local authority’s housing register, of whom 3,420 were in a reasonable preference group (therefore, considered under the Housing Act 1996 to be in priority need).

3.4. During 2021-22, 472 households were found to be statutory homeless (eligible for assistance, homeless but not intentionally so, in priority need and with a local

⁴ Valuation Office Agency August 2022

connection), therefore owed the main homeless duty of suitable settled accommodation.

- 3.5. Therefore, given the high level of housing need found in Shropshire, social housing is a very scarce resource.
- 3.6. As shown by Figure 1, Shropshire is covered by four Broad Rental Market Areas (BRMAs): Shropshire; the Black Country; Staffordshire North; and Worcester North. The corresponding Local Housing Allowance (LHA) rates are shown in Figure 2.

4. Register Provider housing stock in Shropshire

- 4.1. As a stock owning council, Shropshire Council is a Local Authority Registered Provider. Our housing stock, of just over 4,000 dwellings, is managed by our arms-length management organisation (ALMO) Shropshire Towns and Rural (STAR) Housing.
- 4.2. In addition to STAR Housing, as shown in Appendix I, there are over 30 Private Registered Providers with stock in Shropshire which own and lease over 15,000 dwellings for rent and low-cost home ownership.
- 4.3. The Regulator of Social Housing considers 24 of the Private Registered Providers to be “large” as nationally they own over 1,000 dwellings. Seven Registered Providers are “small” organisations who only hold stock in Shropshire. In addition, four Registered Providers only provide low cost home ownership stock.

5. Types of tenancies offered

- 5.1. Local Authority Registered Providers have a duty to meet the Tenancy Standard, however, they must also comply with all applicable statutory and legal requirements in relation to the form and use of tenancy agreements and terms of occupation.
- 5.2. In April 2015, Shropshire Council adopted a Tenancy Policy whereby following new tenants⁵ being given Introductory Tenancies, with the exception of older and vulnerable tenants who would continue to receive a Lifetime Secure Tenancy, they would then be given a five-year Flexible Secure Tenancy.
- 5.3. STAR Housing is responsible for publishing, implementing and reviewing policies relating to tenancy management. A review of the Tenancy Policy has established that there is no evidence that Flexible Tenancies solve housing need or result in substantial additional lettings, therefore, as set out in Appendix IV, Flexible Secure Tenancies are to be phased out in favour of Lifetime Secure Tenancies.
- 5.4. Where temporary accommodation is provided to homeless households by the local authority under the Interim Duty the Council will use licenses and non-secure tenancies.
- 5.5. Private Registered Providers operating in Shropshire offer a range of tenancy types, these are set out in Appendix II.

6. Types of rent offered

⁵ Transferring Council and Private Registered Provider tenants on secure or assured tenancies would not receive introductory tenancies and be given Lifetime Secure Tenancies.

- 6.1. The majority of Council owned housing is let on social rents, however, social housing delivered or acquired since 2012, where the Council has received social housing grant from Homes England⁶, has spent useable Right to Buy receipts or acquired dwellings on private sites provided as planning gain, will have Affordable Rents. There are also a small number of dwellings that on re-let were converted from Social to Affordable Rents as agreed with the Homes and Communities Agency under the 2011-16 Affordable Homes Programme. Irrespective as to whether a development is subject to a Section 106, the Council ensures that Affordable Rents are initially set and rebased at re-let at no higher than the relevant Local Housing Allowance.
- 6.2. Of the Private Registered Providers who provide rented accommodation in Shropshire, depending on the nature of the Provider and the products offered, different rents are charged (Appendix III).

7. Shropshire Council's aims and aspirations

- 7.1. The Council requests that Private Registered Providers use Lifetime Tenancies as their default offer and provide them for the majority of tenants at the end of their Starter Tenancy. In any event, the Council expects Lifetime Tenancies to be issued to vulnerable tenants, including older persons, people with learning disabilities and people with mental ill health. In addition, where a tenant with a Lifetime Secure or Assured Tenancy chooses to move to another rented dwelling on a Social or Affordable Rent, they should retain a Lifetime Tenancy.
- 7.2. Council's Section 106 agreements relating to the provision of affordable housing on open market and exception sites require that the general needs rental accommodation is let at Affordable Rent or the relevant Local Housing Allowance (LHA), whichever is the lower. Therefore, the Affordable Rent cannot exceed the LHA.
- 7.3. Social Rent homes can be funded within [areas of high affordability pressure](#), as defined by the Government for Homes England's Affordable Homes Programme 2021-26, or elsewhere provided that the grant requested is not higher than it would be for Affordable Rent. For a local authority area to be considered by the Government as an area of high affordability pressure the difference between the average social rents and private rents is required to be £50 per week or more.
- 7.4. Although Shropshire Council is not currently considered by the Government to be an area of affordability pressure, therefore, additional grant to support the provision of Social Rent homes cannot be attracted, it is requested that Registered Providers endeavour to provide Social Rent homes wherever this is financially viable.
- 7.5. Where Registered Providers charge Affordable Rents for all other new build housing and acquisitions, in order for social housing to be truly affordable for local people, it is requested that wherever possible rents should be initially set below or in line with the relevant LHA. On re-let when Affordable Rents are re-based it is requested that Registered Providers consider the relevant LHA and look to re-based below or in-line with this figure.

⁶ Or Homes England's predecessor, the Homes and Communities Agency

Appendix I: Register Provider stock at April 2022

Registered Provider	Low cost rental stock	Low Cost Home Ownership stock	Total stock
Shropshire Council (STAR Housing)	4,005	42	4,047
Alpha (R.S.L.) Limited	11	-	11
Anchor Hanover	155	-	155
Birnbeck Housing Association Ltd	15	-	15
Bromford*	1,158	125	1,283
Citizen Housing Group Limited	12	19	31
Clarion Housing Association	27	-	27
Connexus Housing	4,571	279	4,850
Golden Lane Housing	2	-	2
Great Places	1	94	95
GreenSquareAccord	29	22	51
Habinteg Housing Association	31	-	31
Heylo Housing Registered Provider Limited	-	65	65
Home	2	-	2
Housing 21	114	-	114
Housing Plus	5,583	243	5,826
Metropolitan Housing Trust	-	1	1
Midland Heart Limited	-	7	7
Reside Housing Association Limited	14	-	14
Rooftop Housing Association Limited	161	-	161
Sanctuary*	562	34	596
Shrewsbury Drapers Company Charity	50	-	50
Shropshire Association for Supported Housing	6	-	6

Shropshire Rural Housing Association	297	-	297
Sir Job Charlton's Hospital Charity	6	-	6
Stonewater	266	58	324
The Abbeyfield Bishop's Castle and District Society Ltd	11	-	11
The Community Housing Group Limited	8	-	8
The Hosyer-Foxe Charity	22	-	22
The Wrekin Housing Group Ltd	1,686	108	1,794
Trident Housing Association Ltd	15	-	15
Trinity Hospital at Clun	12	-	12
Walsall Housing Group Limited	-	17	17
Totals	18,834	1,085	19,946

* To be confirmed by organisation

Appendix II: Types of tenancies offered by Private Registered Providers

Private Registered Provider	Starter Tenancy	Fixed Term Tenancy	Assured Tenancy	Assured Shorthold Tenancy	Licence to occupy
Alpha (R.S.L.) Limited*					
Anchor Hanover	✓		✓		✓
Birnbeck Housing Association Ltd			✓		
Bromford	✓	✓	✓	✓	✓
Citizen Housing Group Limited	✓		✓		
Clarion Housing Association	✓	✓	✓		
Connexus Housing	✓		✓	✓	✓
Golden Lane Housing				✓	
Great Places*					
GreenSquareAccord	✓	✓	✓	✓	
Habinteg Housing Association*					
Home*					
Housing 21	✓		✓		
Housing Plus	✓	✓	✓	✓	✓
Reside Housing Association Limited*					
Rooftop Housing Association Limited	✓		✓	✓	
Sanctuary*	✓		✓	✓	✓
Shrewsbury Drapers Company Charity					✓
Shropshire Association for Supported Housing					✓
Shropshire Rural Housing Association	✓		✓		
Sir Job Charlton's Hospital Charity					✓
Stonewater	✓		✓	✓	✓
The Abbeyfield Bishop's Castle and District Society Ltd			✓		
The Community Housing Group Limited	✓		✓	✓	✓
The Hosyer-Foxe Charity					✓
The Wrekin Housing Group Ltd	✓	✓	✓	✓	
Trident Housing Association Ltd	✓		✓		✓
Trinity Hospital at Clun*					✓

* To be confirmed / advised by organisation

Appendix III: Types of rents offered by Registered Providers

Private Registered Provider	Social Rent	Affordable Rent	Weekly Maintenance Contribution	Other sub-market rent
Alpha (R.S.L.) Limited*				
Anchor Hanover	✓	✓		
Birnbeck Housing Association Ltd	✓			
Bromford	✓	✓		
Citizen Housing Group Limited	✓	✓		
Clarion Housing Association	✓	✓		
Connexus Housing	✓	✓		
Golden Lane Housing*				
Great Places*				
GreenSquareAccord	✓	✓		
Habinteg Housing Association*				
Home*				
Housing 21	✓	✓		
Housing Plus	✓	✓		
Reside Housing Association Limited*				
Rooftop Housing Association Limited	✓	✓		
Sanctuary*	✓	✓		
Shrewsbury Drapers Company Charity			✓	
Shropshire Association for Supported Housing				✓
Shropshire Rural Housing Association	✓	✓		
Sir Job Charlton's Hospital Charity			✓	
Stonewater	✓	✓		
The Abbeyfield Bishop's Castle and District Society Ltd			✓	
The Community Housing Group Limited	✓	✓		
The Hosyer-Foxe Charity			✓	
The Wrekin Housing Group Ltd	✓	✓		
Trident Housing Association Ltd	✓	✓		
Trinity Hospital at Clun*			✓	

* To be confirmed / advised by organisation

Appendix IV: Shropshire Council's Tenancy Policy

1. Introduction

- 1.1. This policy refers to the Council's dwelling stock managed by Shropshire Towns and Rural (STAR) Housing.

2. Tenancy types

- 2.1. As a Registered Provider, Shropshire Council and STAR Housing have to meet the [Tenancy Standard](#). We must also meet all applicable statutory and legal requirements in relation to the form and use of tenancy agreements or terms of occupation.
- 2.2. All new tenants will be given a twelve-month Introductory Tenancy. This is a weekly periodic introductory tenancy which lasts twelve months. Should the tenant/tenancy be identified as at risk prior to or during the introductory tenancy, STAR Housing will make a referral for housing support.
- 2.3. Introductory tenancies automatically become Lifetime Secure Tenancies at the end of the introductory term if all tenancy conditions are being adhered to.
- 2.4. Where a tenant does not satisfactorily conduct their introductory tenancy, STAR Housing will provide support and clear information during each stage of the breach. STAR Housing will make a decision whether to seek possession through the courts or extend the introductory tenancy for a further six months depending upon the merits of each case. Each tenant has a right for the decision to be reviewed if notice is given to end the tenancy.
- 2.5. The review will be heard by an independent panel of Shropshire Council Members to ensure that the decision has been fairly and rightly made in accordance with the Shropshire Introductory Tenancy policy.
- 2.6. Transferring Registered Provider tenants on Lifetime Secure or Assured Tenancies will be given Lifetime Tenancies.
- 2.7. Tenants who have Flexible Tenancies issued under the April 2015 Tenancy Policy will automatically become Lifetime Tenants at the end of the five-year term (unless unresolved breaches of tenancy or possession proceedings have commenced).

3. Succession

Tenancies prior to 1st April 2012

- 3.1. Secure tenants whose tenancy began prior to 1st April 2012 will usually have the right for their spouse, civil partner or another family member to succeed to their tenancy upon their death. A person is qualified to succeed a tenant if he/she occupies the property as his/her only or principal home at the time of the tenant's death and is either the tenant's spouse or civil partner or is another member of the tenant's family and has lived with the tenant for at least twelve months prior to their death. This does not need to have been in the same property. For the purposes of the law a cohabiting partner is regarded as a family member. Family member also includes a parent, grandparent, child, brother or sister, aunt/uncle and nephew or niece.
- 3.2. Where there is more than one person who may have a right to succeed, then if the tenant was married, their spouse takes precedence. If the tenant was not married, then the family members must decide who succeeds. If they cannot decide, then STAR Housing can choose. There is only one right in law to succeed.

Tenancies from 1 April 2012

- 3.3. In accordance with the Localism Act 2011, from 1st April 2012 new secure tenants will continue to be limited to one succession to a spouse or partner only. Children and other members of the tenant's family will no longer have an automatic legal right to succeed.

4. Assignment

- 4.1. By law the Council can only assign properties on mutual exchange, as part of matrimonial or civil partnership proceedings, or to a person who would be qualified to succeed the tenant if the tenant died immediately before the assignment. A secure tenancy cannot be assigned in any other circumstance.
- 4.2. In situations where a tenancy is held by joint tenants, and where both joint tenants confirm in writing that one of them wishes to transfer their interest in the joint tenancy to the other party, then STAR Housing will agree to the transfer so long as there are no outstanding tenancy breaches, and there are no current tenancy enforcement proceedings in the County Court. A transfer of tenancy in these particular circumstances will take effect as the grant of a new tenancy agreement, it will not be an assignment.
- 4.3. Where a sole tenant requests that an additional name be added to their tenancy this can only be achieved through the surrender of the original tenancy and grant of a new tenancy in joint names. STAR Housing may agree to this so long as there are no outstanding tenancy breaches, and there are no current tenancy enforcement proceedings in the County Court. The request is unlikely to be granted if there has already been a succession on the tenancy. Both parties will need to confirm their wishes in writing and each case will be viewed on its own merits.
- 4.4. In the case of a mutual exchange, it is important that, in line with the Localism Act 2011, all Registered Providers ensure that a tenant who wishes to transfer and has a secure or assured tenancy which began before 1 April 2012 will retain similar security of tenure to that of their original tenancy. For example, a tenant with a lifetime secure or assured tenancy which began before 1 April 2012 retains a similar level of security even if they exchange with a tenant with a fixed term or flexible tenancy.

5. Rent setting policy

- 5.1. Council rents are set in line with the Regulator of Social Housing's [Rent Standard](#).
- 5.2. The majority of Council owned housing is let on social rents, however, social housing delivered or acquired since 2012, where the Council has received social housing grant from Homes England (or its predecessor the Homes and Communities Agency), has spent useable Right to Buy receipts or acquired dwellings on private sites provided as planning gain, will have Affordable Rents. In addition, under the Affordable Homes Programme (AHP) 2011-15 the Council agreed to convert 241 dwellings from social to Affordable Rent on re-let, the additional borrowing to be used to subsidise the Council's AHP 2011-15 development programme.
- 5.3. Irrespective as to whether a development is subject to a Section 106, the Council ensures that Affordable Rents are initially set at no higher than the relevant Local Housing Allowance (LHA) and will be capped at the LHA at the annual rent increase. On re-let the Affordable Rent, may be re-based at 80% of the local open market rent level but will be capped by the relevant LHA.

5.4. Social and Affordable Rent increases remain subject to central Government rent setting policy - the Government sets out limits on annual rent increases, this being CPI plus 1%, with rent caps applying a maximum ceiling on the Formula Rent. At the end of August 2022, the Government launched a consultation on the rent cap – proposing that the ceiling be 5% for 2023-24 and for this to apply to all Social and Affordable Rents.

6. Tenancy Fraud

6.1. Tenancy fraud is taken very seriously, and residents are actively encouraged to report suspected tenancy fraud. STAR Housing will use the tenancy audit process to proactively identify any fraudulent activity. When tenancy fraud is identified Shropshire Council and STAR Housing will take appropriate and necessary action.

7. Policy Review

7.1. This policy will be reviewed following relevant changes in legislation and in any case no longer than every five years.