

**28 September 2021**

Title	Tenancy Strategy
Purpose of the report	To make a Key Decision
Report Author	Marta Imig, Strategic Lead, Housing
Ward(s) Affected	All Wards
Exempt	No
Exemption Reason	N/a
Corporate Priority	Housing
Recommendations	Committee is asked to: Approve the Tenancy Strategy; and To make a recommendation to Corporate Policy and Resources Committee
Reason for Recommendation	This Strategy is a review of the existing Tenancy Strategy, originally introduced in 2012.

1. Key issues

- 1.1 The Council's Tenancy Strategy has not been reviewed since it has been originally introduced in 2012. Within the Housing Strategy, it was stated that the original Tenancy Strategy should be reviewed, to ensure that tenures offered to residents meet local needs.
- 1.2 The revised Strategy is a more comprehensive version of the original document, setting out all types of tenancies permitted within the Borough and the circumstances when those can be offered. The revised draft Strategy focuses on local needs and affordability of housing within the Borough.
- 1.3 A research of affordability of Affordable Housing has been carried out and is attached in Appendix D. The research shows that affordable housing at 80% of market rent is still very expensive within Spelthorne Borough, and not affordable for those on low income or Housing Benefits. Consequently, residents rely on Discretionary Housing Payments (DHP) to cover their rents. Furthermore, DHP is not designed as a long-term support to residents, therefore although it provides temporary support, long term issues of affordability remain.
- 1.4 The proposed revised version of the Tenancy Strategy has been drafted based on the input from a consultation of all Registered Providers (RPs) operating within Spelthorne Borough as well as Knowle Green Estates, and it

seeks to lower the maximum affordable rent to up to 70% of market rent (which is currently at up to a maximum of 80% of market rent).

2. Options analysis and proposal

Option 1: To reject the Tenancy Strategy

The revised Strategy will not apply, and the existing Tenancy Strategy will remain in force.

Option 2: To adopt the proposed Version 1 of Tenancy Strategy (recommended)

The adoption of the revised Tenancy Strategy will ensure that tenancies are offered fairly and consistently across the Borough by Registered Providers (RPs) and Knowle Green Estates. The Strategy will seek to deliver new tenancies for re-lets, as well as new build properties to be offered to the residents at up to 70% of market rent. This would enable to offer affordable rent to greater number of applicants.

Option 3: To adopt the proposed Version 2 of Tenancy Strategy

The adoption of the revised Tenancy Strategy will ensure that tenancies are offered fairly and consistently across the Borough by RPs and Knowle Green Estates. The Strategy will seek to deliver new tenancies for new build properties to be offered to the residents at up to 70% of market rent, while existing properties will continue to be re-let at up to 80% of market value.

Option 4: Adopt an alternative Tenancy Strategy

There remains the possibility of adopting an alternative Tenancy Strategy, should Committee consider it appropriate.

3. Financial implications

- 3.1 The revised Tenancy Strategy offers a reduction in rent for new affordable tenancies to be set at a maximum of 70% of the market value (currently 80%).
- 3.2 This proposed rent reduction will have the biggest impact on Knowle Green Estates (KGE), our largest affordable housing provider within the Borough.
- 3.3 KGE were consulted separately - KGE conducted an assessment of their affordability to deliver affordable housing at rent reduced up to 70% of market rent. The assessment found that it is affordable for KGE to continue delivering affordable housing at rent reduced up to 70% of market rent.

4. Other considerations

- 4.1 The feedback from the consultation of the RPs has been positive, with RPs supporting the proposed tenancy strategy, but concerns have been raised by some providers with regard to the re-lets of the existing properties which have previously been budgeted at up to 80% of market rent, as this may affect the budgets of the RPs. The number of re-lets in the last year has been 175 units across all providers. However, to address this concern we provide as attached two versions of the Strategy for the Committee to consider.
- 4.2 In addition, RPs raised concerns about the developments that have received planning permission prior to the review of the Tenancy Strategy, and had

viability assessed at the rate of up to 80% of market rent. The Tenancy Strategy was amended accordingly, to allow for any developments with planning permission granted prior to the review of the Tenancy Strategy, to enable RPs to continue offering rents at up to 80% of market rent.

- 4.3 At a Surrey Enabling Group on 14 September 2021, attended by representatives of Housing Strategy Managers/Leads, affordability of rents has been discussed and while none of the Borough Councils have yet passed a revised version of their Tenancies Strategies to officially reduce the % of affordable rent charged, it was stated that Waverley Borough Council as well as Guildford Borough Council are working on bringing the changes to reduce their affordable rent to up to 70% of market value. Equally, Woking Borough Council, stated that they recognise the need for the review of their affordable rent position, but have not been able to tackle it yet due to staff shortages. However, Woking Borough Council is now starting the process of reviewing the affordability. Elmbridge Borough Council said that although their policies enable the RPs to charge up to 80% of market rent, in practice it is around 70% mark, as their RPs have struggled to rent units at 80% of market rent.

5. Equality and Diversity

- 5.1 An Equality and Diversity Impact Assessment has been carried out and is provided in Appendix D.

6. Sustainability/Climate Change Implications

- 6.1 The proposed Strategy itself does not have any impact on the Council's sustainability / climate change position.

7. Timetable for implementation

- 7.1 Once adopted, the Strategy will be put into effect immediately.
- 7.2 This Strategy will be comprehensively reviewed every 5 years.

Background papers: There are none.

Appendices:

List as Appendix A, B etc with a short description of each.

Appendix A: Version 1 Revised Tenancy Strategy

Appendix B: Version 2 Revised Tenancy Strategy

Appendix C: Original Tenancy Strategy

Appendix D: Equality Impact Assessment for Tenancy Strategy

Appendix E: Affordability of Affordable Housing