

# ENGLISH RURAL HOUSING ASSOCIATION

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Residents Panel Meeting of 13<sup>th</sup> April 2011

## **CONSULTATION ON CHANGES TO TENANCY TYPE**

Report by the Operations Director

[FOR INFORMATION AND DECISION]

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### **1. BACKGROUND**

- 1.1 Members of the Residents Panel will be aware through previous meetings and information provided that significant changes are being introduced by Government which will impact on the way English Rural and other providers of affordable housing operate. These changes will affect new residents moving into English Rural homes through the introduction of a new type of tenancy. Time has been short in order to respond to the changes being introduced, particularly as English Rural will be looking to participate within Homes and Communities Agency investment regime to carry on its development activity and provide more affordable rural homes.
- 1.2 Some key decisions have already been made following the business awayday and Board meeting of 23<sup>rd</sup> March 2011. In particular, the decision to convert all relets to the new model of tenancy and to charge a level of rent that is less than the Local Housing Allowance, which is the level at which housing benefit is capped. The reason for the former was that it was the only fair and transparent way to apply a conversion policy. The latter ensures that households in need of financial support will still be able to benefit from this. It is worth noting at this point that the direction from Government is that affordable housing providers should look to charge 80% of market rent figures which are typically higher than the local housing allowance; English Rural is looking to charge 85-90% of the local housing allowance figure as recognition of the premium paid by rural households.
- 1.3 The one issue which remains undecided is the length of the new tenancy, which under new arrangements is being directed to be for a fixed term opposed to the current lifetime tenancies which have been offered to date; as a minimum the fixed term needs to be two years. The new tenancy will still be an assured tenancy type, offering tenants the same rights and protection as the current tenancy used to date, the primary differences will be the level of rent to be charged and the tenancy length. Technically the new tenancy will be an assured shorthold tenancy, where as the current one is an assured non-shorthold tenancy.
- 1.4 The departure from offering lifetime tenancies is a significant change for English Rural and the sector as a whole. The basis behind this decision

is to facilitate increased movement within social housing and to act as an incentive for households able to secure accommodation within the private sector. The merits of this decision are debatable, but for the moment it is important that English Rural decides what tenancy length it feels best suits its objectives, client group and principles.

## **2. SUGGESTED APPROACH TO TENANCY LENGTH**

- 2.1 Discussions to date at the business awayday and subsequently at the Board meeting of 23<sup>rd</sup> March 2011 have not reached a consensus, although the general opinion seems to be that longer tenancies better suit English Rural's objectives of sustaining rural communities. One suggestion has been to offer a 'Generational Tenancy', which essentially is of sufficient length to support households and offer security of tenure particularly for families whilst children are within the education system.
- 2.2 When considering the above it is also important to take into account the implications of offering a longer fixed term tenancy. Because of the tenancy type, any fixed term tenancy over seven years will require registration with the Land Registry, which is not necessarily a negative point, given the additional clarity it will add to boundary responsibilities. More critical is the issue of offering a fixed term longer than 21 years, which comes with additional legal implications and complications relating to long leases and the tenant then essentially becomes an 'owner occupier', which impacts on payments and repairing responsibilities. To ensure the rented product which English Rural offers remains both affordable and inline with its objectives, this complication should be avoided.

## **3. TENANCY CONSULTATION**

- 3.1 To help determine this issue the Board had asked that further consultation was undertaken with existing residents to understand their views and how this issue will have impacted them. A copy of the tenancy consultation is attached to the report for information (Appendix A). This was circulated to around 50 existing tenants by email, details of which were provided by the Regional Housing Managers and the Virtual Residents Forum. Tenants contacted represented a broad mix of household types and regional areas.
- 3.2 A limited response was received to the consultation, with six responses received in total. Responses are detailed in Appendix B attached to this report. It is worth noting at this point that staff at English Rural have also been attending a number of events in order to understand and appreciate the views of our partner organisations, particularly local authorities which have informed the proposals put forward to date.

## **4. CONCLUSION**

- 4.1 It is clear from both the internal and external consultation that it will be difficult to reach an absolute agreement on the length of tenancy. Individuals will inevitably be influenced by their own experiences and values, particular how the length of tenancy will or would have affected their own circumstances. However, the general opinion seems to be that the longer 'Generational' tenancies suggested by English Rural would be well received and meet the overall objectives of the organisation.
- 4.2 The consultation exercise undertaken also sought to gauge opinion on how the new fixed terms tenancies might be reviewed, establishing reasons for looking to end fixed tenancies on expiry. Introducing a policy and procedure for reviewing fixed term tenancies will be an important piece of work to undertake and something which the Board will need to approve and the Residents Panel influence. Further work on this will follow at future meetings, but for the moment the critical decision is to determine the length of the fixed term tenancies that English Rural will look to offer moving forward.

## **6. RECOMMENDATIONS**

- 6.1 Based on the content of this Report and the consultation undertaken, the Residents Panel are recommended to SUPPORT the introduction of fixed term tenancies for a period of 20 years and RECOMMEND that the Board APPROVES this.

Originator: Martin Collett  
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