

South Lakeland District Council

Overview and Scrutiny

17 July 2020

Cabinet

22 July 2020

Tenancy Strategy Update 2020

Portfolio:	Cllr Jonathan Brook, Housing and Innovation
Report from:	Simon Rowley, Director of Customer and Commercial Services
Report Author:	Amanda Pharaoh – Housing Strategy and Delivery Specialist
Wards:	All
Forward Plan:	Key Decision

1.0 Expected Outcome

- 1.1 Following a robust review process, only one modification is proposed in addition to reaffirming all the current recommendations as laid out in the comprehensive Joint Tenancy Strategy approved and published in 2013. The modification is a recommendation to Registered Providers to protect the more rural areas in our district from the proposed 'Voluntary Right to Buy' should the Government decide to roll it out nationally. This is to safeguard affordable homes for communities in rural areas.
- 1.2 Registered Providers must 'have regard' to the Strategy when drafting their own policies.

2.0 Recommendation

2.1 It is recommended that Overview and Scrutiny:-

(1) **Considers the Tenancy Strategy Update and proposed modification as detailed and forward any comments on to Cabinet.**

It is recommended that Cabinet:-

(1) **subject to consideration of the document and any comments raised by the Overview and Scrutiny Committee, approves the Tenancy Strategy Update 2020.**

3.0 Background and Proposals

- 3.1 The SLDC Tenancy Strategy as published jointly with Eden DC in 2013 gives Registered Providers, i.e. housing associations, a steer on how they should implement their policies relating to flexible tenancies and affordable rents and ensure that the Council's view is taken into account. We are required by the

Localism Act 2011 to review the strategy and publish any modifications. Following a review, this report is presented for consideration and approval of the proposed modification in the draft Tenancy Strategy Update 2020 alongside reaffirming current recommendations.

3.2 The Council has been working in partnership with Eden District Council to review the Strategy. Both Districts share similarities in terms of rurality, demographics and affordability. A joint Tenancy Strategy gives Registered Providers a consistent approach in a wider area that will be helpful in preparing their own tenancy policies.

3.3 Sole modification - 'Voluntary Right to Buy'.

The only modification we propose to make to the Strategy is to protect our more rural areas from the 'Voluntary Right to Buy' ('VRTB') (summary in Appendix 6) should the Government decide to roll it out nationally. Registered Provider tenants already have the statutory 'Right to Acquire' their homes if certain conditions are met. The VRTB would potentially allow Registered Provider ('RP') tenants the ability to buy their home at the more generous discount rates as local authority tenants under the statutory 'Right to Buy' scheme (ie; between 35% and 75% of the value of the property or £80,900 whichever is the lower). This VRTB is still at the 'pilot' stage.

3.4 The scheme would not apply to those with the Right to Buy or preserved Right to Buy (ex-Council tenants who continue to reside in transferred stock).

3.5 The presumption is that a property will be sold or another property offered. The Government guidance for the Midlands pilot, states RPs must publish their policy on using their discretion not to sell a property and how the tenant can 'port' their discount to another property. Exemptions could include where a property is subject to: a restrictive covenant, a section 106 agreement or rurality.

3.6 Under this scheme the RP will have to replace the sold property; 'one for one' but this does not have to be in the same location.

3.7 The Government closed the latest pilot scheme in the Midlands on 31.03.2020 without commenting on the future of the scheme. The outcomes on this pilot are as yet unpublished.

3.8 The proposed modification reflects the current regulations on Right to Buy and Right to Acquire in minimising the impact of loss of housing on rural areas. The current regulations protect homes in designated rural areas from the Right to Buy and the Right to Acquire.

3.9 The Council can protect such rural properties by use of section 106 planning agreements. However, modifying the Tenancy Strategy in the way proposed means that RPs in this area must have regard to the recommendation and provides clarity on the Council's position.

4.0 Consultation

4.1 The Draft Tenancy Strategy Update 2020 including the proposed modification was sent to RPs for comment in January and none raised any objection. This was also forwarded to all Councillors and Members for comment in March. No objections were raised. Responses are found in Appendix 3.

- 4.2 The joint Tenancy Strategy Update 2020 and modification was approved on 13th March 2020 by Eden District Council.
- 4.3 Any comments raised by Overview and Scrutiny will be forwarded verbally to cabinet.
- 4.4 Following consultation with the Portfolio Holder, Cllr Brook is content with the proposal.

5.0 Alternative Options

- 5.1 Without this proposed modification, it is possible that the impact of the scheme could be managed to a certain extent by way of section 106 planning agreements and RPs will have to apply to the Council to vary any such terms. Also RPs must replace any properties sold 'one for one'. However not all properties are covered by section 106s and the replacement property does not have to be in the same area. Should the government decide to roll out the scheme, this proposed modification provides clarity to RPs and for RPs to have regard to the Council's position to protect affordable housing in rural areas.

6.0 Links to Council Priorities

- 6.1 Housing is one of the Council's four key priorities. The Tenancy Strategy Update 2020 supports key objectives 'Delivering a balanced community' and 'Reducing income and health inequalities'.

7.0 Implications

Financial, Resources and Procurement

- 7.1 The sale of a RP property will not impact on loss of SLDC capital receipts. The Registered Provider will receive 100% from the sale of the property and the Government will recompense them for the discount. The RP must replace the property.

Human Resources

- 7.2 NA

Legal

- 7.3 The Council has a statutory duty to review the Tenancy Strategy under the Localism Act 2011. The Voluntary Right to Buy was underpinned by s64 Housing and Planning Act 2016.

Health, Social, Economic and Environment

- 7.4 Have you completed the Health, Social, Economic and Environmental Impact Assessment? Yes appendix 5
- 7.5 Summary of health, social, economic and environmental impacts: This proposal is considered to have a positive impact on sustainability.

Equality and Diversity

- 7.6 Have you completed an Equality Impact Analysis? Yes appendix 4
- 7.7 Summary of equality and diversity impacts: An Equality Impact Assessment has been completed and not highlighted any significant negative impacts in approving the Tenancy Strategy Update 2020

Risk

Risk	Consequence	Controls required
Failure to approve the proposed modification	If the pilot scheme is rolled out nationally the Council may have less influence over Registered Providers to minimise loss of affordable homes in rural areas without other mechanisms in place such as s106/ covenants/ nomination agreement/ legislation.	Approval of the proposed modification, and continued use of section 106 planning agreements.
Registered Providers fail to take the Council's modification into account	Where controls aren't already in place such rented housing may diminish and issues of affordability may arise.	Controls through section 106 planning agreements will help minimise loss of housing and monitoring through reviews such as this. The Council can monitor the Tenancy Strategy Recommendations to assess the extent to which Registered Providers take this into account. Our next review will be in 5 years unless there are significant legislative changes before then.

Contact Officers

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Appendices Attached to this Report

Appendix No.	Name of Appendix
1	Tenancy Strategy Update 2020
2	Supporting Data
3	Comments/feedback
4	Equality Impact Analysis Form
5	Health and Social Economic and Environmental Impact Form
6	Voluntary Right to Buy guidance

Appendix No.	Name of Appendix
7	2019 lower quartile rental figures

Background Documents Available

Name of Background document	Where it is available
Tenancy Strategy 2013	https://www.southlakeland.gov.uk/your-Council/Council-business/Council-documents/policies-and-plans/
Voluntary Right to Buy guidance	https://www.housing.org.uk/globalassets/files/resource-files/midlands-pilot-voluntary-right-to-buy-guidance.pdf

Tracking Information

Signed off by	Date sent	Date Signed off
Section 151 Officer	11.06.2020	02.07.2020
Monitoring Officer	11.06.2020	01/07/2020
CMT		18.06.2020

Circulated to	Date sent
Lead Specialist	11.06.2020 report
Human Resources Lead Specialist	N/A
Communications Team	N/A
Leader	11.06.2020 report
Committee Chairman	11.06.2020 report
Portfolio Holder	11.06.2020 report
Ward Councillor(s)	05.03.2020
Committee	05.03.2020
Executive (Cabinet)	05.03.2020