

Local decisions: a fairer future for social housing

The aim

The Government has embarked on a radical programme to shift power from Westminster to councils and communities. As part of this, we are carrying out a fundamental reform of social housing to:

- make the system fairer, striking a proper balance between the needs of new and existing tenants
- ensure that the support which social housing provides is focused on those who need it most for as long as they need it
- give local authorities and housing associations new powers so that they can make best use of their housing, in a way which best meets the needs of individual households and their local area

We will need to change the law to deliver many of these reforms and we will use the Localism Bill to do this.

This document gives a brief summary of the reforms. More detail is available in a policy document, which is downloadable from the Department for Communities and Local Government website at www.communities.gov.uk

The document asks a number of questions about the way these new powers are likely to be exercised and we are particularly keen to hear council and housing association tenants' views. The date for submitting responses is **Monday 17 January 2011**. The email address for comments is housingreform@communities.gsi.gov.uk

The reforms

Tenancies

The lifetime tenancies of existing council and housing association tenants (that is to say, people who are tenants at the time the law is changed) will not change.

For new tenants, the Government will give councils and housing associations the freedom to grant fixed term tenancies, as well as lifetime tenancies. These fixed term tenancies will be at social rent levels and provide another option for landlords and tenants alongside the new fixed term Affordable Rent tenancies.

Landlords will not have to grant the new fixed term tenancies and will be able to continue to give lifetime tenancies in some or all cases, if they consider this is right.

Generally speaking, fixed term tenants will have the same rights as lifetime tenants, such as a right to repair, and a right to buy/acquire.

The new fixed term tenancies will have a minimum time period of at least two years, but no maximum time period, so landlords can provide a length of tenancy that takes account of the needs of individual tenants and the local community – be that 10 years, 20 years, or longer.

We are consulting, and will decide, in the light of views expressed, on other rules for the use of fixed term tenancies. Those include whether the minimum period should be more than two years; whether some groups should always be guaranteed a longer fixed term or a social home for life; and whether existing secure or assured tenants should always continue to receive a lifetime tenancy when they move.

Landlords will need to publish their own policy on tenancies in the light of these rules and tenants' views. Their decisions on whether to renew a tenancy at the end of the fixed term will need to be in line with that policy.

What happens at the end of the fixed term tenancy is important. Many tenants will need to stay in social housing, either in their current home or another more suitable property; others will be able to move on to low cost home ownership or private rented housing. Landlords will need to discuss the various housing options with their tenants well before the end of the fixed term, and help tenants move on to different accommodation, where this is appropriate.

Succession

We are changing the rules on succession (where someone living in a property inherits the tenancy when the tenant dies) so they will be the same for all new council and housing association tenants. For all new tenancies (lifetime and fixed term) in future, the spouse or partner of the tenant will have an automatic legal right to succeed, as long as the tenant him/herself isn't a successor. However, landlords will be able to give additional succession rights in the tenancy agreement, if they choose.

The changes to succession will not affect existing secure tenants who stay in their current home or move using the nationwide social home swap scheme. They will also not affect the right of a joint tenant to take over the tenancy when the other joint tenant dies.

Affordable Rents

We are introducing a new 'Affordable Rent' tenancy to be offered by housing associations to new tenants of social housing from April 2011.

Affordable Rent properties will offer shorter term tenancies at a rent higher than social rent, with landlords able to set rents anywhere between current social rent levels and up to 80 per cent of local market rents. Local authorities will continue to play a key role on nominations.

Tenants of Affordable Rent properties will be able to get housing benefit, if they are eligible.

Allocations

Councils will be able to set the rules which decide who qualifies to go on the housing waiting list. At the moment they have to keep 'open' waiting lists, which means that people can get onto any council's waiting list whether they need social housing or not.

The rules which determine who should get priority for social housing will continue to be set by central government, by means of the statutory Reasonable Preference (RP) categories. This is to ensure that priority for social housing continues to go to the most vulnerable in society and those who need it most.

Council and housing association tenants who want, rather than need, to move will no longer have to compete with other people on the waiting list. Councils will be able to develop their own policies for these transferring tenants. However, social tenants who are in housing need (e.g. those who are overcrowded) will still go on the waiting list and will also continue to get priority.

Mobility

The Government is introducing a nationwide social home swap scheme so that all council and housing association tenants wishing to move have the best chance of finding a suitable match.

Homelessness

Councils will be able to bring the homelessness duty (owed to people homeless through no fault of their own and in priority need) to an end with an offer of suitable private rented housing. At the moment, they can only do this if the person agrees (unless they are offering temporary accommodation). So, people owed the main homelessness duty can effectively insist on being offered social housing, whether they need it or not, taking around a fifth of new social lettings. This significantly restricts the number of social homes that could be made available to others in need on the waiting list. The tenancy offered will have to be for at least 12 months and if the person becomes homeless again within two years through no fault of their own, the council would have a duty to secure accommodation for them again. Councils will still be able to offer social housing to end the homelessness duty, if they choose.

Council housing finance

The current arrangement for financing council housing – through the Housing Revenue Account subsidy system – is complex, leaves councils uncertain about future income and doesn't enable them to plan long-term. The Government plans to replace this with a new self-financing arrangement that will enable councils to keep all the rent money they raise and spend it locally on their services. It will also enable tenants and local taxpayers to hold their landlord to account for the cost and quality of their housing.