



AFFORDABLE RENT TENANCY POLICY

1. Purpose

Black Country Housing Group (hereafter known as “The Group”) is committed to a programme to develop new homes and making best use of our existing stock. The purpose of this policy is to provide a framework for the introduction of the new fixed term affordable rent tenancy which will help to fund future development.

1.1 Definition

There are two types of tenancies that will be used:

a) Starter Tenancy

A Starter Tenancy is a 12 month assured shorthold periodic tenancy and is given to all new tenants. The tenancy is reviewed at month 9, and if there are no significant breaches of tenancy it will allow the tenant to move on to a Fixed Term Affordable Rent Tenancy.

b) Fixed Term Affordable Rent Tenancy

An Affordable Rent Tenancy enables the Group to let new properties and a proportion of re-lets on an affordable rent of up to 80% of the market rent. It is a fixed term tenancy for a period of 5 years and is preceded by a Starter Tenancy.

NB *The Starter Tenancy is in addition to the 5-year fixed term which means that a tenant can be housed for a total of 6 years before the fixed term expires.*

1.2 We will:

- Grant a periodic 12 month Starter Tenancy to all new tenants and if there are no significant tenancy breaches will convert to a Fixed Term Affordable Rent Tenancy for a period of 5 years. We will not end the tenancy within this 5 year period unless there has been a breach of tenancy.
- Grant a Fixed Term Affordable Rent Tenancy on all properties built as part of the Affordable Homes Programme unless specifically agreed with the Homes and Communities Agency and our local authority partners.
- Convert each year an identified proportion of our general needs voids for re-letting as Fixed Term Affordable Rent Tenancies.

- Set our Fixed Term Affordable rent at 80% of the market rent or at the cap set by our local authority partners for particular property types and sizes.
- At the end of the 5 year Fixed Term review the tenancy taking account of the tenant's circumstances. This review will take into consideration the economic, social and health situation of the household. The review could result in the tenancy being terminated (upon service of 6 months notice), being renewed for a further 5 year Fixed Term or the tenant being offered the opportunity to purchase a share of the property leading to the possibility of outright ownership.
- Where an Affordable Rent Tenancy is renewed, the rent will be re-calculated using an RICS market rent valuation. This rent will be charged will be at up to 80% of the market rent or at the current rent, whichever is the greater.
- Safeguard the security of tenure of our existing tenants and ensuring that they remain on a social rent wherever possible when transferring to alternative accommodation.
- Agree that tenants of Fixed Term Affordable Rent Tenancies have a contractual right to mutually exchange their home.
- Allow Fixed Term Affordable Rent tenants to apply for a transfer to an alternative property within the provisions of the Group's transfer policy.

2. Related Policies and Procedures

- Lettings policy
- Transfer policy
- Complaints Policy
- Equality and Diversity
- Starter Tenancy Policy
- Sign Up Procedure
- Succession Policy
- Mutual Exchange Policy

3. Policy Statement

- 3.1** The new affordable rent model enables Registered Providers to let a percentage of their re-lets at an affordable rent up to 80% of the market rent.

Affordable Rent Properties

- 3.2** The Group will have discretion to identify which re-let properties it will convert from social to affordable rent.
- 3.3** Properties will not be converted from social to affordable rent where any of the following apply:

- Where there is a Section 106 planning agreement or restrictive covenant which is not compatible with the affordable rent model
- Where there are local agreements/contracts which are not compatible with the affordable rent model
- Where 80% of the market rent is below the target social rent plus service charges
- It is sheltered accommodation
- It is supported accommodation
- Where the proposed tenant is transferring from another property on an assured or secure tenancy
- Where the proposed property has been significantly adapted to meet the needs of a disabled person.

In addition, when deciding to convert a property, we will take regard of the following:

- Turn over of property in the location
- Need in the area
- The level of rent charged in the area

- 3.4** The Group will have the discretion to convert affordable rent properties (not ring fenced for affordable rent) back to a social rent where a property cannot be let at an affordable rent level.

Lettings Criteria

- 3.5** We will follow our existing lettings policy. Specifically, we will clearly advertise Fixed Term Affordable Rent Tenancies when using the Council Choice Based Lettings schemes. Using our direct waiting list we will encourage applications from those in employment.

The Tenancy Agreement

- 3.6** All new tenants (not transfers) will be granted a Fixed term Affordable Rent Assured Shorthold Tenancy Agreement. The tenancy will be granted on the understanding that it is for a period of 5 years, and we will not end the tenancy during those 5 years unless there is a breach of tenancy conditions.
- 3.7** At the end of the 5 years the tenancy will be reviewed and a decision made as to whether the tenancy will be renewed for a further 5 years or ended.

Ending Affordable Rent Tenancies

- 3.8** The purpose of affordable rent tenancies is to generate income to support our development programme to develop new homes within the social housing sector.

Furthermore, it enables the Group to maximise our existing stock by ensuring that providing support and advice those households who are no longer in need of social housing to explore and move on to other housing options.

- 3.9** Within the final year of the 5 year period we will carry out a review to assess whether the tenancy should be ended or renewed.

3.10 We will renew all tenancies for a further 5 years unless:

- The tenant(s) income exceeds the income threshold for which a mortgage is obtainable in the area
- The household is under-occupying their home
- There has been a significant breach of their tenancy conditions
- Legal action has been commenced or will imminently commence against the tenant or household for breach of tenancy.

3.11 However, in exceptional cases The Group will have the discretion to renew tenancies outside of these criteria, or offer alternative suitable accommodation.

3.12 Where a review determines that it is not appropriate to renew the tenancy a “pre-notice letter” will be served on the tenant no later than 6 months before the end of the 5 year term confirming that we will not renew the tenancy. Advice and support will be offered to help the tenant to find alternative accommodation.

3.13 The tenant has the right to request a review of our decision within 21 days from the day the “pre-notice letter” was served.

3.14 Where a tenancy is renewed this will be for a further 5 years. We will not end the tenancy during the tenancy unless there is a breach of tenancy condition.

3.15 The tenant can end the tenancy at any time by giving 4 weeks notice to quit.

Mutual Exchange

3.16 Affordable Rent tenants will be able to mutually exchange their home.

3.17 Applications for a mutual exchange will be assessed through The Group’s Mutual Exchange Policy.

3.18 We will provide information to the Assignee of the implications of exchanging with a tenant who has or is a Fixed Term Affordable Rent Tenant.

Transfers

3.19 Transfers will be processed in line with the Transfer Policy. Affordable Rent tenants will be able to apply for a transfer if they fulfil the criteria set out in the Transfer Policy.

3.20 Where the transfer property offered is not compatible with the affordable rent model the tenant will be offered an Assured Tenancy on a social rent.

3.21 Where the transfer property offered is compatible with the affordable rent model the tenant will be offered another Fixed Term Affordable Rent Tenancy. The review will be carried out within the same timescales from the start date of the original tenancy.

3.22 Assured or secure tenants transferring to a ring fenced affordable rent property will be offered an Assured Tenancy on an affordable rent.

Succession

3.23 We will not grant Fixed Term Affordable Rent Tenancies succession rights outside of statutory rights.

4. Period of Review

This policy will be reviewed every three years unless there are changes to legislation, regulation, best practice or a business need.

5. Complaints

The Group operates a formal Complaints Procedure, where customers can complain about any aspect of the service with which they are unhappy, for example:

- If a customer feels that they have been unfairly discriminated against;
or

If a customer does not receive information they have requested.

Date Reviewed	July 2011	Next Review Date	August 2014
Reviewed By	K Dyas	Approval By	Board
Consultation	Managers/SMT	Responsible Officer	Head of Housing
Distribution	Web/Intranet/Team/Schemes	Version No.	01