

Hackney Housing Company Lettings Policy

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1. Introduction

Hackney Housing Company has been set up to deliver two rental products: Hackney Living Rent (HLR) and Hackney Private Rent (HPR). The proposed Lettings Policy to be adopted by the Housing Company in relation to these products is set out below.

What is Hackney Living Rent and Hackney Private Rent?

1.1 The Hackney Living Rent product is designed to respond to the Mayor of Hackney's commitment to provide a range of genuinely affordable housing options to residents. It is a sub-market rental product aimed at low to middle-income households who currently live or work in Hackney and are currently unable to purchase a home, whether through shared ownership or outright sale. As is good practice, this will not exclude welfare benefit recipients.

1.2 The Hackney Private Rent product is a market rent product that generates an income which helps fund the delivery of Hackney Living Rent properties. The PRS properties will align to Hackney's Better Renting principles; whilst it operates at market rates, it will offer greater security and transparency than is often seen in the private rental sector. The Housing Company Lettings Policy will seek to extend the 'first dibs' approach to ensure that people that live or work in the borough are prioritised for council-owned homes.

1.3 The Hackney Housing Company Lettings Policy establishes the priorities and procedures to let the homes that it acquires either for Hackney Living Rent or Hackney Private Rent.

1.4 Hackney Housing Company is wholly owned by the Council. The Lettings Policy will be adopted formally by the Housing Company with the approval of its Shareholders, namely the Mayor of Hackney and Cabinet. Changes to the Lettings Policy will be subject to approval via the Company's Scheme of Delegation.

1.5 This Policy will come into force from the date of Cabinet approval, 15 July 2019. It will apply to prospective tenants of Hackney Living Rent homes. In the case of any future schemes that may be approved, the Policy will be subject to review and may be varied.

2. Principles of the Hackney Living Rent Lettings Policy

The following headline principles are proposed and are set out in more detail below

- Potential tenants will be required to submit a formal application following a viewing
- Potential tenants will be required to meet basic eligibility criteria
- Lettings will be offered to eligible applicants. Where demand exceeds supply, this will be undertaken via a randomised ballot.

2.1. Eligibility for Hackney Living Rent homes

In order to be eligible for Hackney Living Rent homes, applicants must meet the following eligibility criteria:

- Applicants can have a combined gross household income of no more than £60,000 per annum.
- Applicants must be unable (i.e. for reasons of affordability) to purchase a suitable home (including through Shared Ownership) in their local area.
- Applicants must not already own a home or have a financial interest in one.

2.2. Affordability Criteria for Hackney Living Rent homes

In order to ensure that applicants are able to afford the payments on their living rent properties, an affordability assessment will be carried out to ensure that payments are affordable to applicants and will take into account both income and expenditure of the household. When assessing individual applications, as far as is possible, applicants should not be spending more than one third of their gross household income on rent.

2.3 Letting of Hackney Living Rent homes

The following criteria will be applied in the letting of new homes to ensure fairness, transparency and consistency. Priority is given to:

- Working tenants who have been moved to alternative homes by the Council on a temporary basis; working tenants currently in the Private Rented Sector; and children of social housing tenants.
- Applicants who have been living and/or working in Hackney for at least 36 months.
- Where there are multiple households looking to occupy a home who meet the above criteria, priority will then be given by current housing needs (i.e. applicants with a two-bed need will be allocated a two-bedroom home ahead of those with a one-bed need - see section 2.4).
- Where there are multiple households who meet the above criteria, successful applicants will be decided by a randomised ballot. Applicants will have to register their interest. After a set period applications will close and eligible applicants will be entered into the ballot.

2.4 Bedroom Standard for Hackney Living Rent homes

Newly built homes in the Council's regeneration programmes will meet the exemplary space standards set out in the London Housing Design Guide. In allocating properties, the following standard will be used in assessing how many bedrooms a household needs:

- A. Single bedroom accommodation such as a studio or bedsit is considered to be suitable for a single person. Couples who wish to apply will be considered for suitability.
- B. A couple with no children is considered to need one double bedroom.
- C. Children and young people of the same sex are expected to share a bedroom until the oldest is 16, or where there is an age gap of 15 years or more.
- D. Children of different sexes are expected to share a bedroom until the oldest is 8.

2.5 The criteria in 2.1 - 2.4 will be applied to re-lets.

3. Rent Setting for Hackney Living Rent homes

3.1 Hackney Housing Company will set the rent levels for the Hackney Living Rent properties, it will do so with reference to the GLA guidance and in order to ensure genuinely affordable housing delivered as part of the wider regeneration programme.

3.2 Rents for two-bedroom properties will be set at one third of local ward incomes, inclusive of service charges, using the Greater London Authority (GLA) income estimates. The GLA publishes maximum monthly rents by number of bedrooms for new living rent homes (inclusive of service charges) in every ward in London, and updates these figures each September.

3.3 The rent levels are derived from average local incomes and ward-level house prices using a multi-stage process. The rent for a 2-bedroom property is based on one-third of the local median household income in that ward.

3.4 Using the GLA two-bedroom rental value for each ward as a benchmark, the rent for a 1-bedroom home is 10% lower than a 2-bedroom home and for a Studio/Bedsit, 20% lower than a 2-bedroom home.. Similarly for a 3-bedroom home the rent would 10% higher than a two-bedroom and for a 4-bedroom home 20% higher. As a final affordability safeguard, the rent for any individual unit must be at least 20% below its assessed market rent.

4. Tenancy Terms for Hackney Living Rent homes

4.1 Tenancies will be offered for a minimum term of 3 years. A new tenancy may be offered at the end of the term if the tenant/s still meet the eligibility criteria set out in 2.1.

4.2 Applicants will be reassessed for eligibility four months before the end of their tenancy if they wish to renew. Criteria for renewal may include conditions such as a financial income assessment, no history of anti-social behaviour or missed payments.

5. Priority for Private Rented Sector homes

The following headline principles are proposed;

- Potential tenants will be required to submit an Expression of Interest
- Potential tenants who live or work in the borough will be prioritised
- Lettings will be offered to applicants who have successfully passed tenant referencing.

5.1 Homes may only be rented by individuals and households, not companies. Where there are multiple prospective tenants looking to rent a home on an otherwise comparable basis and subject to offers being made in line with current market expectations, we will give priority to current Hackney residents and workers.

6. Monitoring and variation

6.1 Hackney Housing Company will monitor the impact of the Lettings Policy, recording the key characteristics of each letting. Key characteristics will include both personal and socio-economic data.

7. Amendments to the Lettings Policy

7.1 Hackney Housing Company may suspend, vary or withdraw the Lettings Policy at any time, in line with the Company's Scheme of Delegation.