

# Guide to Affordable Rent & Fixed Term Tenancies



## What is Affordable Rent fixed term tenancy?

The Government have changed the way in which housing providers are funded to build new affordable homes. Rather than issuing large grants, the Government introduced a 'flexible' type of tenancy, called Affordable Rent Fixed Term tenancies. It will help finance the building of new homes with little or no grant funding.

Although affordable rents are more expensive than social rents, they are more affordable than renting at full market rent.

There are two main differences from the more commonly used tenancies:

- ◆ The rent that we charge will be up to 80% of the current market rent, including service charges
- ◆ The tenancy will be offered for a fixed period of time rather than a tenancy that can be in place for life. Such tenancies issued by us will be for a fixed term of five years.

## Which properties will have Affordable Rent tenancies?

Most newly built properties, and a proportion of our existing properties when they are re-let, will be on Affordable Rent fixed term tenancies. We will not charge affordable rent for properties that have been significantly adapted to meet the needs of a disabled person. They will be allocated in the same way as our social rent properties, through Shropshire HomePoint however, as part of the shortlisting process we will carry out a financial assessment to ensure the rent is affordable to each applicant. It is important to check the advert on Shropshire HomePoint when you place a bid; it will be clearly marked as 'affordable rent fixed term tenancy'.

For properties that have been designated as affordable rent fixed term tenancies, we will offer prospective new tenants an assured shorthold ("probationary") tenancy for an initial period which will usually be for 12 months.

New tenants should not worry that they are being offered a probationary tenancy. Provided the terms of the agreement are not broken, probationary tenants will normally be offered an affordable rent fixed term tenancy of five years at the end of their 12 month probationary period.

## What rights would you have?

If you hold a fixed term tenancy you can expect the same rights as any other tenant of ours except that you will not have:

- ◆ The right to acquire your home under any legislation allowing tenants of social landlords to buy some or all of their home (but time spent will count towards your qualification time)
- ◆ The right to allow anyone other than your spouse or partner to take over your tenancy if you die

In addition, if you hold a probationary tenancy you will not be able to:

- ◆ Exchange your home
- ◆ Transfer to another property

## Does this affect transferring Sevenside tenants?

Transferring Sevenside tenants who are moving to an affordable rent property and already have an assured tenancy at their existing home will be offered a new assured tenancy. This will be the standard assured tenancy ordinarily issued by Sevenside Housing, although rent will still be charged at the higher affordable rent level.

Transferring tenants will not be given a probationary tenancy or the five year fixed term tenancy.

## How is the rent calculated?

We look at the current market rents of similar properties in the area, then calculate your rent at up to 80% of this, which would also include any applicable service charges.

For example, if the property cost £550 on the current market then the amount we would charge would be £440.

Although this rent is higher than social rent it is still more affordable than renting on the open market. The extra money we receive through higher rents will be used to help fund the development of new housing.

### **Will the rent increase?**

The rent will change in the same way as other Severnside properties which is an annual change that meets government policy.

### **How will the tenancy be reviewed at the end of the fixed term?**

We will work with you throughout your tenancy and towards the end of each fixed term tenancy there will be a review. The purpose of the review is to assess whether the home still meets your needs, and its outcome will decide whether we offer you a new five-year fixed term tenancy.

If we decide not to issue you with a new fixed term tenancy we will offer advice and assistance to help you find a new home. In most cases you will either be allowed to stay in your home or will be offered alternative rented accommodation in the same area.

Examples of reasons for not offering you a new tenancy might include:

#### **Number of people**

If the number of permanent residents in the household has decreased. In such circumstances we will try and work with you to identify suitable alternative accommodation.

#### **Income**

If your financial circumstances mean that you can afford to buy a property of a suitable size in the local area we may not offer you a further fixed term tenancy. We will offer advice and assistance

to help you move from rented accommodation in to home ownership.

### **Breaching your tenancy agreement**

If you have been found to have breached your tenancy agreement, we may not offer you another tenancy.

### **Property Type**

If, in our opinion, the property type is no longer suitable for your needs. If this is the case we will help you to find accommodation that is more suitable.

If we decide not to offer you a new fixed term tenancy, we will write to you before the end of the tenancy giving the reason why and will offer advice and assistance to help you find a new home.

### **Ending your fixed term tenancy before the end of the fixed term?**

We can only normally end your tenancy early if you do not comply with your obligations under the tenancy agreement.

If you wish to end your tenancy, you may do so at any time by issuing a formal written offer of surrender. You must give us written notice that you wish to surrender your tenancy. If you have signed a joint tenancy, the surrender must be signed by both/all the tenants. We may not accept a surrender from you if any of your obligations under the terms of the tenancy have not been met, for example, if you owe us money or are in breach of another obligation under the terms of your tenancy.



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