

# Tenancy Strategy

2012 - 2015

Planning and Strategic Housing Service

September 2012



new housing  
**support**  
future growth  
local economy  
growing population



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## Introduction and Purpose of this Strategy

The Government as part of the Localism Act 2012 requires each local authority to produce a Tenancy Strategy. The Act specifically states that:

'A local housing authority in England must prepare and publish a strategy (a "tenancy strategy") setting out the matters to which the registered providers of social housing for its district are to have regard in formulating policies relating to:

- the kinds of tenancies they grant,
- the circumstances in which they will grant a tenancy of a particular kind,
- where they grant tenancies for a term certain, the lengths of the terms, and
- the circumstances in which they will grant a further tenancy on the coming to an end of an existing tenancy.<sup>1</sup>

Tenancy Strategies are integral to the Government's social housing reforms in that they concern the nature and length of tenancies being offered by Registered Providers (RPs) in the area. Our strategy must determine how a number of particular factors are to be dealt with in Huntingdonshire, including the use of short-term "flexible" tenancies and issues on affordability as they relate to rents applied to new homes and plans to convert existing homes to Affordable Rent rather than Social Rent levels.

This policy operates on the basis of broad principles. The principles are intended to act as guidance for RPs working with the Council in the form of a framework and it is hoped that those we work closely with will support our principles.

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<sup>1</sup> See Glossary

# Huntingdonshire District Council's Strategic Objectives

The primary objective of the Tenancy Strategy is to support the delivery of Council's Housing Strategy and the wider Corporate Vision.

The Council's Vision is:

*Huntingdonshire District Council will continue to improve the quality of life in Huntingdonshire by working with our communities and partners to achieve sustainable economic growth whilst providing excellent value for money services that meet local needs within a balanced budget.*

We have four themes and a number of corporate aims. This Tenancy Strategy supports the delivery of a number of corporate aims.

This Strategy should be read alongside the following housing documents:

- Housing Strategy 2012-15
- Homelessness Strategy June 2011
- Affordable Housing Guidance Note 2012
- Developer Contribution Supplementary Planning Document

Corporate Theme	Corporate aims this tenancy strategy supports
Enabling Sustainable Growth.	<ul style="list-style-type: none"> <li>▪ Enable an adequate supply and mix of new housing to meet future needs.</li> <li>▪ Maximise benefits to the community from new developments</li> <li>▪ Enable the provision of affordable housing</li> </ul>
Working with our Communities.	<ul style="list-style-type: none"> <li>▪ Develop a Localist approach (develop the Localism agenda)</li> <li>▪ Build constructive relationships with other public sector organisations, Parishes &amp; Towns, business community and 'not for profit' sector</li> <li>▪ Adopt multi agency problem solving approaches</li> </ul>
Improve the quality of life in Huntingdonshire.	<ul style="list-style-type: none"> <li>▪ Support opportunities for the vulnerable to live independently</li> <li>▪ Achieve a low level of homelessness</li> <li>▪ Ensure benefits reform is implemented as smoothly and as effectively as possible</li> <li>▪ Protect the health of individuals and reduce health inequalities</li> </ul>
Strong local economy.	<ul style="list-style-type: none"> <li>▪ Successful delivery of the Alconbury Enterprise zone.</li> <li>▪ Support the development of town centres and key settlements to become economically viable and vibrant</li> <li>▪ Support enterprise</li> <li>▪ Encourage the provision of a wide range of jobs appropriate for existing and future residents</li> </ul>

## The Position in Huntingdonshire

### Housing Market

Huntingdonshire has a strong local economy and low unemployment; however house prices are relatively high compared to average income levels especially for first time buyers. Average prices July – December 2011 were £217,463<sup>2</sup>. Median average incomes are £35,600<sup>3</sup>. Affordability remains a serious problem with average house prices 5.2 times average incomes. When looking at the poorest households, affordability is even more of a problem as lower quartile house prices were 6.4 times lower quartile incomes in Sept 2011.

Housing has an important part to play in supporting both the local economy, as well as being critical in promoting well-being, positive health outcomes and community stability.

### Social Housing Stock

There are over 9,000 homes within Huntingdonshire owned and managed by RPs with around 8,000 of those belonging to our LSVT partner Luminus Group. There were 7,784 general needs properties in March 2011<sup>4</sup>. The district has been fortunate over the last four years in being able to facilitate the development of around 300 homes each year. Completions in the new affordable housing programme are predicted to dip in 2012-13 as larger developments are not yet on site. We are committed to making best use of our housing stock and have worked closely with our housing partners and the voluntary sector to develop an Under Occupation Partnership during 2011/12. It is especially important that we make the best use of larger homes with three or more bedrooms as we have high demand for these with 682 households on the Housing Register<sup>5</sup> and 3345 homes within our housing stock<sup>6</sup>.

### Affordable rents and conversions

Luminus Group, our main provider of social housing in Huntingdonshire, is not currently contracted with the HCA to receive development grant so we are not expecting conversions to Affordable Rent of their existing homes. Conversions to Affordable Rent by other RPs in the district will have some impact but as their stock numbers are low this will have a limited impact.

No RPs currently have confirmed allocations for sites in the district, however should such resources be secured by RPs, they are expected to liaise with the Council to agree appropriate provisions for specific sites. The Council is committed to monitoring the occupation of Affordable Rent and fixed term tenancies over the coming years in order to identify any issues or trends.

### Affordability

Analysis of household incomes and new tenancy data shows us that approximately 90% of households moving into the Social rented sector in the three year period between 2007 and 2010 had a net household income of less than £20,000<sup>7</sup>. Furthermore, only 37% of tenants were in paid employment (full or part time) with a further 63% unemployed; retired or otherwise not in work. The Council is keen to encourage people into work and out of the poverty trap where possible. Low paid households are reliant on low rent levels within social housing to avoid dependency on housing and welfare benefits. Through this Tenancy Strategy we therefore seek to keep rents low to keep housing as affordable as possible to people in housing need.

<sup>1</sup> Source: Hometrack | <sup>2</sup> CACI 2010 Data | <sup>3</sup> See Appendix 2, Table 1 | <sup>4</sup> See Appendix 2, Table 11 | <sup>5</sup> As at 31st March 2011  
<sup>7</sup> See Appendix 2, Table 8

## Providers Tenancy Policies

In addition to the requirement for the local authority to develop a Tenancy Strategy, there is also a requirement on RPs to develop a Tenancy Policy. This outlines:

- What type of tenancies they will use
- The period(s) of any fixed term
- The conditions that would lead to a further term being granted
- How reviews of tenancies will be carried out
- Their policy on conversion of existing social rented homes to Affordable Rent in future vacancies

RPs cannot convert existing social rent tenancies to affordable rent without approval from the Homes and Communities Agency (HCA). Approval can only be granted where the RP has 'signed up' to a contract with the HCA to receive grant and build a given number of new affordable homes. As part of this contract an RP will have agreed a rate of conversion of existing properties to affordable rents when they become available for re-letting. At the current time, other RPs will not be able to convert their properties to Affordable Rent tenure outside of the HCA's investment framework.



## Fixed Term Tenancies

From April 2012 the links between rent levels and tenure have been separated. An RP taking part in the investment programme with a contract with the HCA will have four options for the tenancies it offers namely:

- Full assured Social Rent
- Full assured Affordable Rent
- Fixed term Social Rent
- Fixed term Affordable Rent

Rps not involved in the investment programme will have a choice between:

- Full assured Social Rent
- Fixed term Social Rent

All RPs will continue to be able to offer introductory tenancies and the Council supports this approach as an effective tool in enabling swift action to be taken against perpetrators of anti-social behaviour.

There is a balance to be struck between providing short term housing solutions for people in housing need, the role of social housing in aiding social mobility, making the best use of our housing stock, promoting sustainable communities and supporting vulnerable households. This includes an element of personal stability that the grant of a minimum five year tenancy period brings to individual households. In line with the Directions on Regulatory Standards, tenancies of a minimum of no less than two years may be granted in exceptional circumstances.

### Principle 1:

The Council supports the use of fixed term tenancies, and positively encourages their use on larger homes to make the best use of existing stock. Where fixed-term tenancies are offered they should be for a minimum period of five years after any probationary period ends.

To make best use of housing stock, fixed term tenancies should especially be used for:

- For larger (3/4/5 Bed) homes
- For homes with adaptations

### Principle 2:

RPs should consider a household's circumstances prior to granting a fixed term tenancy.

The Council encourages RPs to be flexible in their approach and to consider a number of factors including:

- The size, location and type of property being offered
- The likely situation a household may be facing five years hence
- Whether dependent children are attending a local school and will still be in five years time
- Any particular special needs of the household i.e. relating to age or disability
- Whether the household has long term support needs

### Principle 3:

The Council supports the use of lifetime tenancies for people with an enduring need for support.

Some types of housing are designed to provide long term support. The Council considers that applicants over 60 years of age being considered for the following types of housing should be offered a lifetime tenancy:

- Sheltered housing
- Extra care housing
- Some adapted housing stock

#### Principle 4:

Decisions whether or not to renew a fixed term tenancy should be comprehensive and be carried out in a timely fashion.

Any decision not to renew will cause major disruption for the household. If a tenancy is not renewed the household will need to find alternative housing so the review process should commence at least six months ahead of the end of the tenancy term. In deciding whether to renew a tenancy or not the following factors should be taken into account:

- The need for a property of the type and size that they presently occupy
- Any under-occupation of the property and whether suitable smaller accommodation is available
- The conduct of the tenancy, especially in relation to any evidence of anti-social behaviour which may have a detrimental impact on local neighbourhoods
- Any adaptations to the property and any ongoing need for those adaptations
- Any support needs of the household and how these are currently being met.
- The financial circumstances of the household and the capacity of the household to secure alternative housing solutions outside of social housing.

In some cases (e.g. under occupation of larger homes) it may be appropriate to end the tenancy of the current home and offer alternative more appropriate accommodation from within other social rented stock.

#### Principle 5:

A decision not to renew should be accompanied by comprehensive housing advice provided by the landlord.

It is expected that RPs will work very closely with any household whose tenancy is not being renewed and in the lead up to that decision. This should be set out clearly in information made available to the tenant including the right to appeal the decision not to renew their tenancy, and the procedure to be followed. Tenants should be provided with a named officer who is dealing with their case.

The advice and assistance provided should include:

- Advice on home ownership, low-cost home ownership and other alternative housing tenures
- Advice on renting in the private rented sector, assistance in identifying and securing a suitable property and advice on deposit sources
- Specialist housing and or welfare-benefit advice and/or signposting to appropriate advice services
- Whether they can be considered for alternative RP accommodation or a different type of property

## Affordable Rents and Conversions

The Homes and Communities Agency has determined that it does not expect to grant fund future Section 106 developments. In Huntingdonshire as most of our planned new affordable housing will be delivered through Section 106 Planning agreements the HCA position means these should generally be delivered without recourse to grant. In these circumstances the Council's expectation is that most new affordable housing in Huntingdonshire will continue to be Social Rent in accordance with our Planning Policy<sup>8</sup>, unless development site viability appraisals suggest that an alternative tenure is required in order to facilitate the development proceeding. The viability studies conducted prior to the Council adopting a Community Infrastructure Levy policy in May 2012 suggest it will be viable to deliver Social Rented housing in the majority of cases but the Council will be willing to negotiate to enable otherwise unviable development to proceed.

It is likely that any properties built on other sites (e.g. rural exceptions) could be let at Affordable Rent levels. Where a percentage of Affordable Rent is used on sites for deliverability reasons, it is best applied to smaller properties rather than larger homes because of the affordability of housing of this size, taking into account the income levels of people on the Housing Register<sup>9</sup>.

Conversions to Affordable Rent levels for a proportion of existing properties becoming vacant (void) in future will be required by RPs with contracts with the HCA in order to create robust funding mechanisms for future new affordable homes. However, the outcomes of such policy decisions impact directly on levels of affordability for customers and are therefore

important in terms of the delivery of sustainable communities. Decisions over the rates of conversions to affordable rents are likely to be taken by RPs at a corporate business planning level and be included in the RP's Tenancy Policy. The Council will monitor the number and location of properties where rents have been converted, in order to assess the impact on communities, especially in rural areas.

### Principle 6:

Rents should remain at social rent levels wherever possible and therefore affordable to the majority of Huntingdonshire residents. Affordable Rents will be supported where these are found to be necessary to facilitate new housing development.

The Council supports the delivery of social rents on new build sites. Where delivery at social rent levels is found to be unviable the provision of Affordable Rents may be considered. In any case the Council will not support rents charged in excess of the relevant Local Housing Allowance (LHA) rate that is applicable for that property size at the time of rent setting. The LHA should therefore be regarded as a ceiling..

<sup>8</sup> See Affordable Housing Guidance Note 2012

<sup>9</sup> See Appendix 2, Table 14

# Housing Management

The delivery of housing management services is core business for RPs. Housing management includes the allocation and letting of accommodation; addressing tenants' concerns; helping families at risk of homelessness; responding to complaints; and involving tenants in the running of the organisation and supporting them to take active involvement in their local communities (for example through residents associations). Resident involvement is a key part of establishing and maintaining settled inclusive and viable communities. RPs also play an important role in tackling anti-social behaviour which could otherwise have a significant detrimental impact on neighbours and local communities. The use of introductory tenancies are supported to enable swift action to be taken where tenants are found to be guilty of serious anti social behaviour. Any evidence of anti social behaviour should also be considered when reviewing the continuation of a fixed term tenancy.

## **Principle 7:**

The Council will expect all RPs with housing stock in the district to take a pro-active approach to tackling anti social behaviour that could otherwise have a detrimental impact on local communities' quality of life.

## **Monitoring and Review**

The Council will monitor the impact of affordable rents and fixed term tenancies both locally and across the Cambridge Sub-region, working with local authority and Register Provider partners. The feedback from the Sub-regional Home-link Choice Based Lettings system informing us of who is accessing the different tenure types will be crucial to informing future policy and strategic direction on this issue.

This strategy will be reviewed periodically.

## Appendix 1.

Term	Definition
Affordable Housing	Affordable housing includes social rented, affordable rented and intermediate housing, provided to eligible households whose needs are not met by the market. Affordable housing should: <ul style="list-style-type: none"> <li>▪ Meet the needs of eligible households including availability at a cost low enough for them to afford, determined with regard to local incomes and local house prices</li> <li>▪ Include provision for the home to remain at an affordable price for future eligible households or, if these restrictions are lifted, for the subsidy to be recycled for alternative affordable housing provision</li> </ul>
Affordable Rent	Affordable Rent homes are allocated in the same way as social rent properties. Affordable Rents are set at no more than 80% of the local market rent. Some new homes built from 2012 onwards will be let at Affordable Rent.
Conversion	Some existing social rent homes can be 'converted' by RPs to Affordable Rent when they become empty. This can only take place where a contract is in place between the RP and the Homes and Communities Agency (HCA).
Fixed Term Tenancy	Formerly housing associations could not generally offer fixed term tenancies at a social rent, as regulations require that they 'offered and issued the most secure form of tenancy compatible with the purpose of the housing and the sustainability of the community'. This meant providers granted 'lifetime tenancies' to the majority of new tenants in general needs, social rented housing. However housing associations can now also offer fixed term tenancies although they should be for a minimum of five years.
Local Housing Allowance (LHA) Rates	The maximum amount of rent payable by housing benefit for properties in the private sector. These will apply to social rented stock from April 2013.
Registered Provider	Providers of social housing. Includes Private Registered Providers (housing associations) and Councils who still own housing stock.
Social Rent	Before the Localism Act all social rents were set at a level arrived at through a nationally agreed rent formula. Rent levels equated to around 60% of market rents in Huntingdonshire.
Tenancy Policy	A policy which, under the Regulatory Framework for Social Housing in England, Registered Providers are required to have in place showing various information including the types of tenancy they will grant, the length of any fixed terms, circumstances in which fixed terms will or will not be renewed, etc.
Tenancy Strategy	A document required by the Localism Act produced by local authorities setting out matters to which Registered Providers operating in their area are to have regard when setting their own policies.

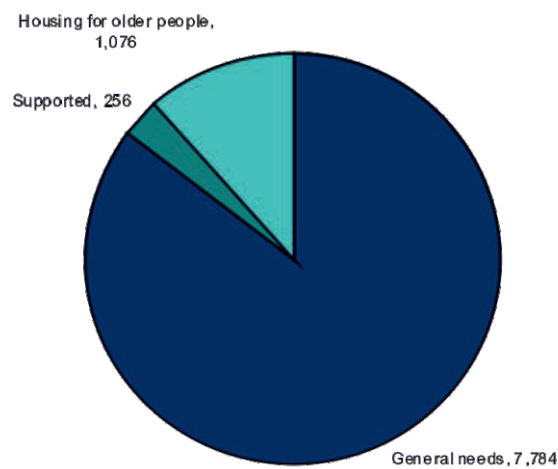
## Appendix 2. Stock and Turnover

Table 1: Total RP stock

	2007	2008	2009	2010	2011
RP Stock	8,588	8,632	8,815	8,985	9,116

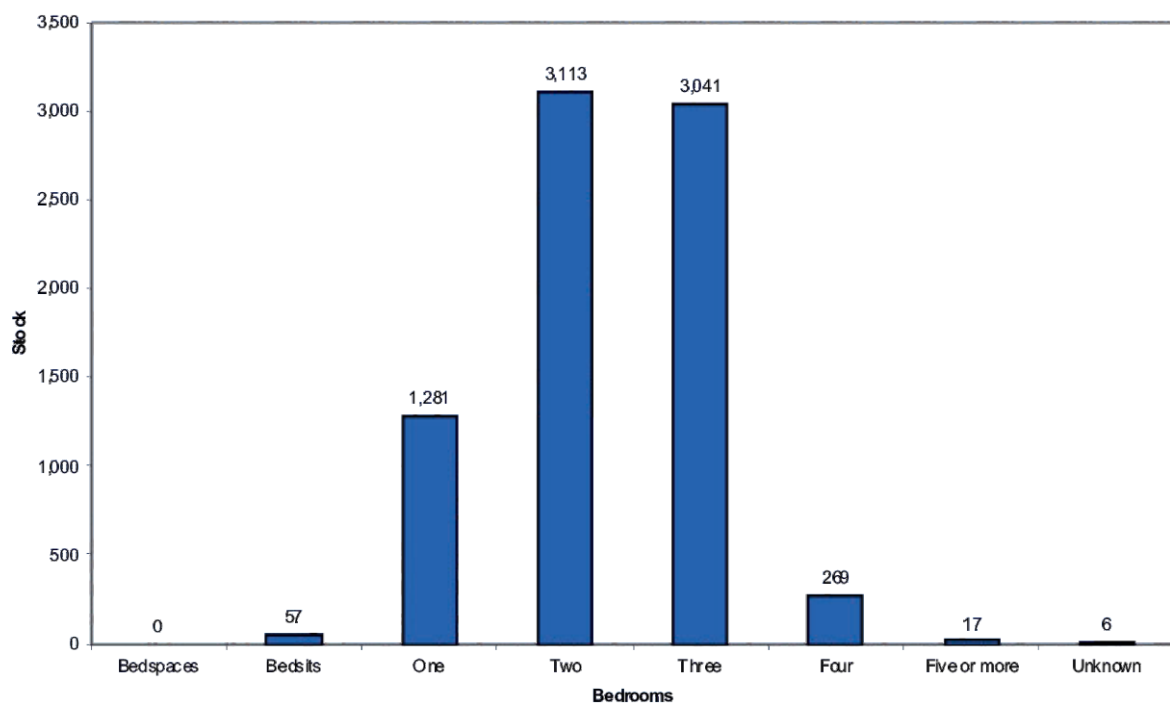
CLG Table 115

Table 2: RP stock by type (March 2011)



RSR (2011)

Table 3: General needs RP stock by size (March 2011)



RSR (2011)

Table 4: General needs lettings and turnover (2007-2011)

	2007	2008	2009	2010	2011
Lettings per year	722	532	633	705	674
Turnover	10%	7%	8%	9%	9%

RSR (2011)

Table 5: General needs lettings and turnover (2007-2011)

	Number	Percentage
First let	290	19%
Vacant due to transfers	268	17%
Vacant for other reasons	975	64%

CORE (2007/8-2009/10)

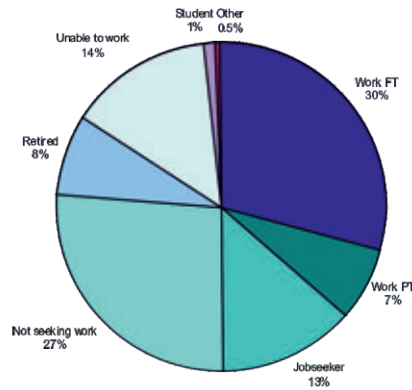
# Households Moving into Social Rented Homes

Table 6: Total records of households moving into social rented homes (2007/8-2009/10)

	2007/8	2009/8	2009/10	Total
RP Tenants	440	562	531	1,533

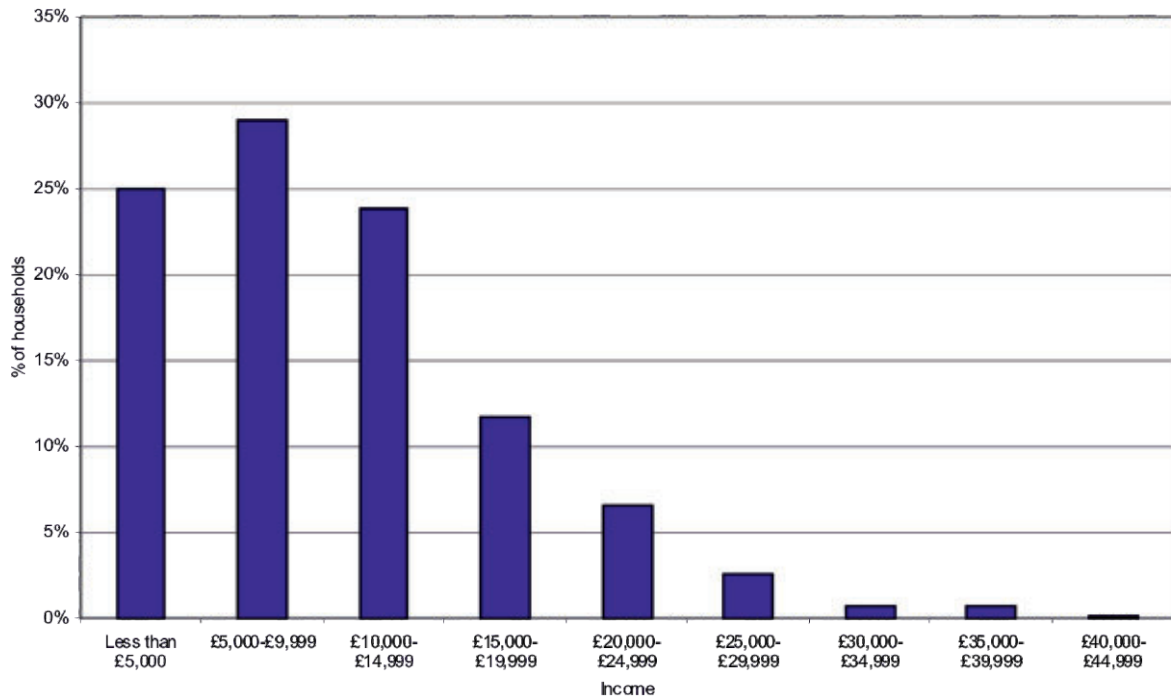
CORE (2007/8-2009/10)

Table 7: Economic status of households moving into social rented homes (2007/8-2009/10)



CORE (2007/8-2009/10)

Table 8: Net annual income of households moving into social rented homes (2007/8-2009/10)



CORE (2007/8-2009/10)



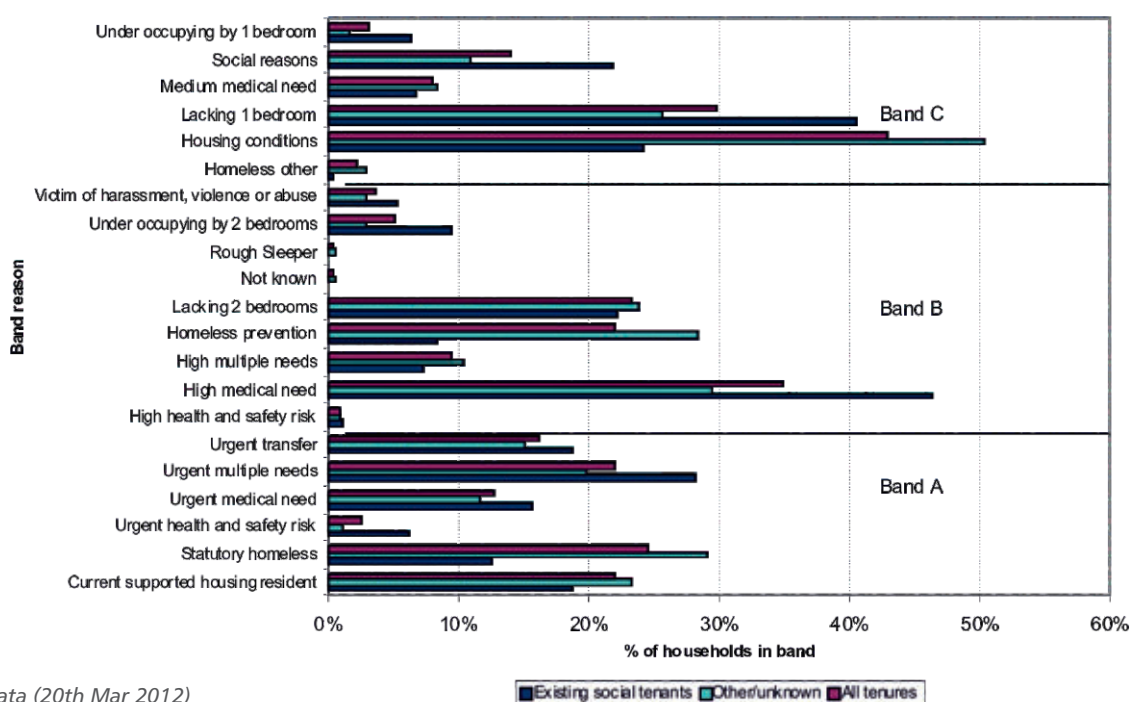
## Housing Needs Register

Table 9: District housing needs register by band and existing tenure (20th March 2012)

	Existing Social Tenant	Other	Unknown	Total	Percentage
Band A	31	84	3	118	5%
Band B	109	185	2	296	12%
Band C	338	810	7	1,155	47%
Band D	215	668	9	892	36%
All bands	693	1,747	21	2,461	100%

Locata (20th Mar 2012)

Table 10: Households by tenure and primary band reason (Bands A-C, Band D = Low housing need) (20th March 2012)



Locata (20th Mar 2012)

Table 11: Household Need by bedroom size (larger homes) at 3rd July 2012

	3 Bedrooms	4 Bedrooms	5+ Bedrooms	Total
Households	430	178	74	682

# Costs and Affordability

Table 12: Rent per month (RP, median market rent and estimated affordable rents)

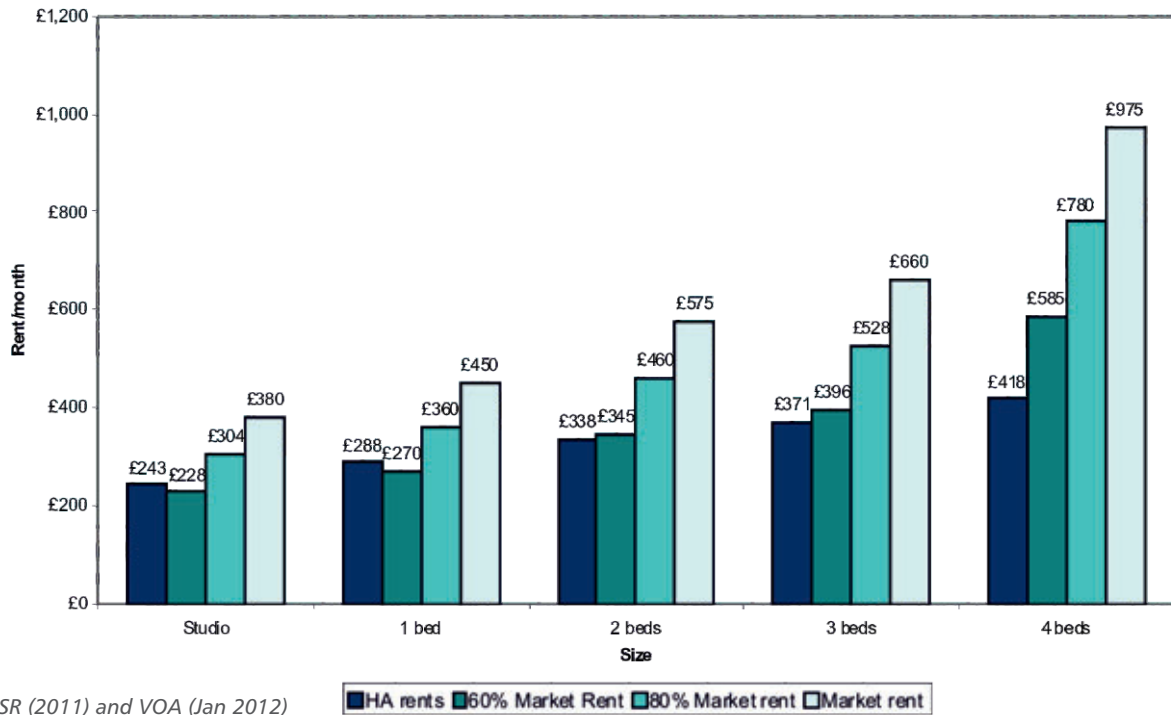


Table 13: Gross annual income by household type

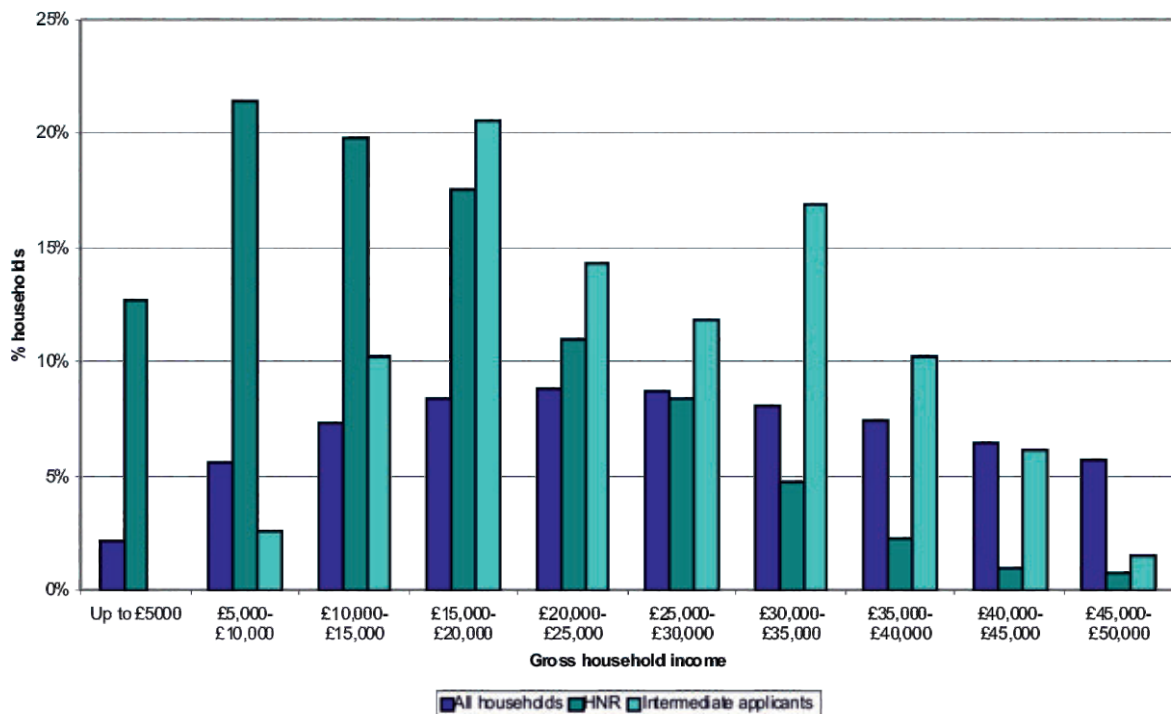


Table 14: Percentage of HNR applicant households able to afford different rented tenures

	Social Rents	60% Market Rent	80% Market Rent	Market Rent
Studio	70%	74%	60%	49%
1 bed	66%	66%	50%	40%
2 beds	57%	57%	37%	23%
3 beds	50%	49%	32%	19%
4 beds	46%	23%	13%	4%

*RSR (2011), VOA (Jan 2012) and Locata (Mar 2012)*