

# Tenancy Strategy

(North East Derbyshire District  
Council's Tenancy Policy)

January 2013

## CONTROL SHEET FOR TENANCY STRATEGY

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## **1. Introduction**

The Localism Act 2011 placed a new duty on local housing authorities to prepare and publish a tenancy strategy; these provisions came into force on 15 January 2012.

The strategy must set out the matters to which Registered Providers of social housing are to have regard in formulating their tenancy policies. These tenancy policies will explain how Registered Providers (RPs) intend to implement the range of new flexibilities introduced through the Localism Act 2011.

## **2. Scope**

Registered Providers of social housing should have due regard to the framework provided by this strategy when formulating their own tenancy policies so that we can work in partnership to provide the best housing options and outcomes for our residents.

## **3. Principles**

The production of a tenancy strategy is a legal requirement for local authorities under the Localism Act 2011. It will link to the council's Homelessness Strategy and Allocations Policy in terms of providing a framework for how social rented housing is provided in the district.

The Allocations Policy is being reviewed separately to take account of the freedoms for local authorities to decide their own priorities, which are set out in the Localism Act 2011 and the Code of Guidance on the Allocation of Accommodation published in July 2012.

This strategy has been developed through consultation with Elected Members, Registered Providers and partner local authorities. This has included a scoping questionnaire to all Registered Providers, face to face consultation at the sub-regional Registered Provider Forum, and through circulation of the strategy for comment.

## **4. Statement**

### **4.1 Objective**

The overall objective of this tenancy strategy is to ensure that our Registered Provider partners work with us to deliver neighbourhoods that are sustainable and provide our residents with settled and stable homes.

## 4.2 Local Context

### Housing Stock within the district

	Number
Total households Source : Census 2011	43,100
Local Authority Social Housing Stock as at 31 March 2012 Source: ELASH 2012	8,138
Register Provider social housing stock in NEDDC Source: NEDDC	757

There are currently 8,138 homes within the social housing stock of North East Derbyshire, and 757 rented homes owned by Registered Providers. This equates to 20.6% of the total number of households in the district.

### Housing Register and Allocations

	Number
Number of applicants on the Housing Register as at 31 March 2012	2,203
Number of lettings 2011/12	650
Number of nominations to Registered Providers	67

Source: NEDDC records

A snapshot of the Housing Register on 31 March 2012 showed that there were 2,203 applicants registered. 650 lettings were made during the year 2010/11, together with 67 nominations to Registered Providers (all Housing Associations).

A Housing Needs, Market and Affordability Study was carried out for the council by GL Hearn and jgconsulting in 2011. The study concluded that, in order to meet all housing need in the district, 494 new affordable homes should be provided each year. Over the past 5 years the average new build rate of affordable housing has been 35 units per year. It is unrealistic to expect that 494 new affordable homes can be provided, particularly in a period of reduced funding, but it does show the scale of the housing need in the district.

Average house prices were found to be almost 6 x average household income, with a similar ratio when this was narrowed down to lower quartile income and lower quartile house prices. Normally a figure of 3.5 times single earner household income or 2.9 times for a dual- income household is used to assess affordability; this highlights the difficulty in purchasing a property for many people in the district. Added to this is the difficulty in accessing mortgage finance for first time buyers, and the high deposits required, which compounds the problem. The study estimates that 23.5% of households in the district cannot afford market housing without subsidy.

## Monthly Rental Prices in the District

No. of bedrooms	Average social rent 2010/11	Affordable Rent Levels (based on 80% of entry level private rents)	Average Entry Level Private Rents	Average Private Rents Sept. 2012 Source: NEDDC Records	Average Local Housing Allowance Rate
1	£236	£274	£371	£367	£373
2	£264	£333	£416	£455	£450
3	£261	£406	£508	£612	£513

Source: 2011 Housing Needs, Market and Affordability Study

The table above shows the difference in rental costs between the different forms of tenure for different sizes of property. The difference between social rents and Affordable and private rents increases with the size of the property so that a 3 bedroom house let at an Affordable Rent is on average 55% more than one let at a social rent.

### 4.3 Social Housing Reforms and Guidance to Registered Providers

The Government has introduced a number of reforms to allocations and social housing tenure that offer new flexibilities to social landlords. The following sections provide guidance to Registered Providers and set out the Council's position in relation to the reforms.

#### Affordable Rent

Affordable Rent was introduced as the model for financing new social homes in the Homes and Community Agency's Affordable Homes Programme 2011-2015. Affordable Rents can be set at up to 80% of market rates and are included in the revised Planning Policy Statement 3 definition of affordable housing. All new grant-funded homes should be let at an Affordable Rent, and Registered Providers are also able to convert a proportion of their existing stock from social to Affordable Rent when they are re-let. The additional income generated by Affordable Rents is to be used for reinvestment in new affordable housing. Since April 2012 local authorities and Registered Providers have been able to let properties on an Affordable Rent basis if they wish to do so.

Affordability must be considered when setting Affordable Rents that are based on private rental prices. 80% of market rent in the more expensive parts of the district, such as some rural villages, could make Affordable Rents too expensive for those on a low income. The table at 4.2 shows that the larger the property, the wider the gap between social and private rents. As Affordable Rents are based on up to 80% of market rents there is a concern that 3 and 4 bedroom properties will become unaffordable for those households on a low income.

Conversions of social rented properties to Affordable Rent by Registered Providers should be carried out with care, taking into account the above

points and also the tenure mix within the area concerned. We would like to be notified in advance of any proposed conversions to Affordable Rent.

### **Fixed Term Tenancies**

Since the revised Tenancy Standard April 2011, Registered Providers have had the option of offering tenancies for a fixed period of time instead of the traditional lifetime tenancies. Registered Providers can determine the length of tenancy that they offer to new tenants, although the Government has specified that the minimum period of a fixed term tenancy should be at least five years, except in exceptional circumstances. Details of a Registered Provider's position in relation to fixed term tenancies must be set out in their tenancy policy.

Through the Localism Act 2011, since April 2012 local authorities and all Registered Providers can also use flexible tenancies for new tenants if they wish to do so. Existing tenants will not be affected by this change.

The aim of the reform is to ensure that those in most need are able to access social housing and that if a tenant's circumstances change to enable them to access private housing, they can move on and free up a social rented property for others.

The Council will not be using fixed term tenancies for their own housing stock due to concerns that the sustainability of communities will be adversely affected, and that tenants will not have the opportunity of a settled and secure home. We reserve the right to keep this decision under review and consider any specific instances where it may be beneficial to introduce fixed term tenancies in the future.

If Registered Providers decide to use fixed term tenancies they should have regard to the following:

- Tenancies of five years should be the minimum length of a fixed term. Shorter tenancies must be restricted to exceptional circumstances only
- Vulnerable people in need of settled or stable accommodation, where their situation is unlikely to change, should be granted permanent tenancies. This would include, as a minimum, households containing someone over 60 years of age, or people with a long- term medical or welfare need for secure accommodation
- Households with dependent children - it is expected that fixed term tenancies will be granted for longer than the minimum 5 year period in order to provide a settled and stable home for families
- Fixed term tenancies should not generally be used to control rent arrears or anti-social behaviour; the normal possession grounds should be used to tackle these issues

## **Review and Renewal of Fixed Term Tenancies**

Where Registered Providers decide to introduce fixed term tenancies they are asked to have regard to the following:

- When carrying out a tenancy review there should be a presumption of renewal of the tenancy on terms at least equivalent to that which is currently held, unless the specified reasons for not granting another tenancy are met. Registered Providers should show good reason for not renewing the fixed term tenancy, and these reasons should be clearly explained to the tenant
- At least six months notice must be given to the tenant before the tenancy is due to end. The tenant should be advised of their right to request a review of the proposal and of the time within which this request needs to be made
- Where a new tenancy is not being offered, advice and assistance should be given to the tenant at the earliest opportunity to help them to find suitable alternative accommodation. The local authority should be notified as soon as possible if homelessness could potentially arise, but it is expected that the Registered Provider will take all steps necessary to avoid this outcome

## **Discharge of homelessness duty by offer in the private rented sector**

The Localism Act 2011 allows a local authority to discharge its homelessness duty by making an offer of accommodation in the private rented sector; the household must accept this if it is a reasonable offer. Previously a household could refuse to accept a tenancy in the private rented sector and the local authority would still have a duty to rehouse into their own stock.

The government expects local authorities to ensure that minimum requirements are adhered to in respect of health and safety, support networks for schools or employment as laid out in the Homelessness (Suitability of Accommodation) (England) Order 2012. The tenancy should be for a minimum of 12 months.

The Council will consider the use of the private rented sector for some statutorily homeless households in line with the Homelessness (Suitability of Accommodation) (England) Order 2012.

One of the strategic priorities in our Homelessness Strategy is to prevent homelessness by maximising available accommodation across all sectors. We will continue to work with landlords in the private rented sector to provide accommodation for applicants who are homeless, but will ensure that landlords are fit and proper, properties are of a satisfactory standard and meet health and safety standards, properties are in the right location to meet the needs of the household, and that rent payments can be covered.



## **Housing Register and Allocations**

The Localism Act 2011 introduced new freedoms for local authorities to determine how they allocate social housing. Local authorities can now set their own priorities for allocations taking into account local needs and objectives, whilst continuing to give priority to those in the 'reasonable preference' categories.

North East Derbyshire District Council has reviewed its Allocations Policy to take account of the recent changes. Registered Providers with stock in the district have been consulted on the revised policy.

## **Succession**

Changes have been made to succession rights on new tenancies so that only the spouse or civil partner who occupies the property as their only or principal home at the time of the tenant's death can automatically succeed to the tenancy, and the tenancy can only be passed on once. Local authorities and Registered Providers are able to include additional contractual succession rights within their tenancy terms if they wish to do so.

The Council will be flexible in its approach to succession rights, and the needs of any remaining family relation, usually sons and daughters, living in the property will be considered. This will normally be where any remaining family relation has lived in the property for at least 12 months.

Successions to a fixed term tenancy will only be for the remainder of the life of that tenancy, and will be subject to review as with any fixed term tenancy as outlined above.

### **4.4 Monitoring and Reviewing the Tenancy Strategy**

We will consider the content of the Tenancy Strategy and the effect on tenants in the district by monitoring:

- the number of fixed term tenancies issued by Registered Providers, their duration and type of household
- the number of Affordable Rent properties in the district, and the level of rent charged
- homelessness offers into the private rented sector
- housing market changes and affordability
- rent levels across different tenures
- the impact of welfare reforms

The Tenancy Strategy will be reviewed at least every five years in line with the requirements of the Localism Act 2011. The Tenancy Strategy may be reviewed more frequently than this as a result of monitoring and further consultation.

#### **4.5 Registered Provider Tenancy Policies**

The tenancy policies produced by Registered Providers will be found on their website, or on application.

Please contact the Strategic Housing Team at North East Derbyshire District Council, telephone 01246 231111, for contact details of Registered Providers with stock in the district.

#### **5. Responsibility for Implementation**

Lead Officer - Housing Strategy and Enabling Manager, Strategic Housing