



# Public Document Pack

## Cambridge City Council

### HOUSING MANAGEMENT BOARD

**To:** **Scrutiny Committee Members:** Councillors Blackhurst (Vice-Chair), Bird, Blencowe, Brierley, Johnson, Pippas, Price, Rosenstiel.

**Alternates:** Councillors Pitt and Todd-Jones.

**Tenants and Leaseholders:** Diane Best (Leaseholder Representative), Kay Harris (Tenant Representative), John Marais (Tenant Representative), Diana Minns (Chair -Tenant Representative), Caroline Oriokot (Tenant Representative) and Terry Sweeney (Tenant Representative).

**Executive Councillor for Housing:** Councillor Smart

*Despatched: Thursday 19 December 2013*

**Date:** Tuesday, 7 January 2014

**Time:** 5.30 pm

**Venue:** Committee Room 1 & 2 - Guildhall

**Contact:** Claire Tunncliffe **Direct Dial:** 01223 457013

### AGENDA

#### 1 APOLOGIES

To receive any apologies for absence.

#### 2 DECLARATIONS OF INTEREST

Members are asked to declare at this stage any interests that they may have in an item shown on this agenda. If any member of the Committee is unsure whether or not they should declare an interest on a particular matter, they should seek advice from the Head of Legal Services **before** the meeting.

#### 3 MINUTES

To approve the minutes of the previous meeting (*Pages 7 - 16*)

#### 4 PUBLIC QUESTIONS

(See information below).

## **5 RECORD OF URGENT DECISIONS TAKEN BY THE EXECUTIVE COUNCILLOR FOR HOUSING**

To note decisions taken by the Executive Councillor for Housing since the last meeting of the Housing Management Board.

- 5a Increase in Temporary Housing Staff establishment to deliver additional temporary housing (*Pages 17 - 22*)

### **Items for Decision by the Executive Councillor, Without Debate**

These Items will already have received approval in principle from the Executive Councillor. The Executive Councillor will be asked to approve the recommendations as set out in the officer's report.

There will be no debate on these items, but members of the Scrutiny Committee and members of the public may ask questions or comment on the items if they comply with the Council's rules on Public Speaking set out below.

### **Items for Debate by the Committee and then Decision by the Executive Councillor**

These items will require the Executive Councillor to make a decision after hearing the views of the Scrutiny Committee.

There will be a full debate on these items, and members of the public may ask questions or comment on the items if they comply with the Council's rules on Public Speaking set out below.

## **Executive Councillor for Housing**

### **Items for Decision by the Executive Councillor, Without Debate**

- 6 SHARED OWNERSHIP REVIEW** (*Pages 23 - 56*)

### **Items for Debate by the Committee and then Decision by the Executive Councillor**

- 7 TENANCY POLICY 2014 -2016** (*Pages 57 - 68*)

- 8 GAS MAINTENANCE CONTRACT EXTENSION** (*Pages 69 - 72*)

# Information for the Public

**Location** The meeting is in the Guildhall on the Market Square (CB2 3QJ).

Between 9 a.m. and 5 p.m. the building is accessible via Peas Hill, Guildhall Street and the Market Square entrances.

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- For questions and/or statements regarding items on the published agenda, the deadline is the start of the meeting.
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**Queries on reports** If you have a question or query regarding a committee report please contact the officer listed at the end of relevant report or Democratic Services on 01223 457013 or [democratic.services@cambridge.gov.uk](mailto:democratic.services@cambridge.gov.uk).

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**HOUSING MANAGEMENT BOARD**

1 October 2013  
5.30pm - 8.00 pm

**Present:** Councillors Blackhurst (Vice-Chair), Bird, Blencowe, Brierley, Johnson, Pippas, Price and Rosenstiel

**Executive Councillor for Housing:** Councillor Smart

**Tenant/Leaseholder Representatives:** Diana Minns (Chair), Diane Best, Kay Harris, John Marais, Caroline Oriokot and Terry Sweeney

**Officers:**

Director of Customer & Community Services: Liz Bisset  
 Head of Strategic Housing: Alan Carter  
 Head of City Homes: Robert Hollingsworth  
 Head of Community Development: Trevor Woolams  
 Head of Estates and Facilities: Bob Hadfield  
 Area Housing Manager: Andrew Latchem  
 Business Manager & Principal Accountant: Julia Hovells  
 Property Services Officer: Hilary Newby  
 Committee Manager: Claire Tunnicliffe

<b>FOR THE INFORMATION OF THE COUNCIL</b>
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**13/29/HMB Welcome & Apologies**

No apologies were received.

The Chair welcomed Caroline Oriokot, the new tenant representative to her first meeting and asked that a note of thanks to Alan Champion, former tenant representative, be recorded on the minutes for his hard work and commitment.

**13/30/HMB Declarations of Interest**

Name	Item	Interest
Kay Harris (Tenant Representative)	13/34/HMB: Outcome of the repairs and improvement plan.	Personal: Member of ROAM and resident inspector.

**13/31/HMB Minutes**

The minutes of the meeting held on 4 June 2013 were approved and signed by the Chair.

**13/32/HMB Public Questions**

There were no public questions.

**13/33/HMB Write-Off of Current Tenant Arrears****Matter for Decision**

Write off of current tenant arrears

**Decision of Executive Councillor for Housing**

- i. Approved that the one case of current tenant arrears totalling £2,719.14 as detailed in the appendix to the Officer's report be written off, due to the expiration of a Debt Relief Order.

**Reason for the Decision**

As set out in the Officer's report.

**Any Alternative Options Considered and Rejected**

Not applicable.

**Scrutiny Considerations**

The Committee received a report from the Principal Finance Officer.

The Committee made the following comments in response to the report:

- (i) Viewed the report as usual information that should be brought to the attention of the committee.

**The Committee:**

The Executive Councillor approved the recommendation.

**Conflicts of Interest Declared by the Executive Councillor (and any Dispensations Granted)**

No conflicts of interest were declared by the Executive Councillor.

**13/34/HMB Outcome of the Repairs Improvement Plan****Matter for Decision**

The decision to implement a 2 year improvement plan for the responsive repairs and voids service was approved at the meeting of Housing Management Board on 28 September 2010. The Executive Councillor subsequently agreed to extend the period by a further 1 year to enable further investigation into the procurement of alternative I.T. solutions and to



implement the most appropriate option. The 3 year period had now concluded, and the report presented the outcomes of the improvement plan, which would enable the Executive Councillor to consider retaining the service provision in-house.

### **Decision of Executive Councillor for Housing**

- i. Noted the progress and improvements made in service delivery over the past 3 years.
- ii. Agreed to retain the service delivery in house subject to the following requirements:
  - That a report be presented to Housing Management Board in June 2014 detailing the performance of the service following the introduction of mobile working.
  - That an annual review takes place which establishes whether performance is being maintained and the decision to retain the service in house is still valid.
- iii. Approved that the contract review date for all products supplied by Orchard Information Systems and their operational partners, is timetabled to be 5 years from the point of implementation of the Direct Works and SVS applications, to ensure that any anticipated cost savings are achieved and that the housing service is able to maintain rational service delivery across all aspects of the service.

### **Reason for the Decision**

As set out in the Officer's report.

### **Any Alternative Options Considered and Rejected**

Not applicable.

### **Scrutiny Considerations**

The Committee received a report from the Property Services Officer.

The Committee made the following comments in response to the report:

- (ii) Welcomed the progress and improvements highlighted in the report and congratulated the entire workforce and Officers involved.
- (iii) Made reference to the Responsive Repair Service Delivery table that figures should be produced to show what the percentage figures were a total of.
- (iv) Questioned why the "5 point promise" needed to be reviewed again.

- (v) Expressed disappointment that the data regarding the Completed Repair's did not separate information to show communal areas.
- (vi) Noted that that cross departmental working would continue to be embedded within the repairs and maintenance service.
- (vii) Disappointed to note that an annual review would take place to establish whether performance was being maintained and the decision to retain the service in house was still valid.

### The Committee:

Terry Sweeny (Tenant Representative) proposed the following amendment to recommendation 2.1 of the Officer's report (replacement underlined and original ~~struck through~~):

- To ~~note~~ welcome the progress and improvements made in service delivery over the past 3 years.

**Resolved unanimously** to agree this amendment.

Terry Sweeny (Tenant Representative) then requested the inclusion of an additional recommendation to 2.2 of the Officer's report.

- C. If the annual report to the Housing Management Board continues to show that services are improved consideration be given to retention of the service 'in house' on a more permanent and business like basis.

**Resolved unanimously** to agree to this additional recommendation.

The Committee **resolved unanimously** to endorse the amendment and additional recommendation.

The Executive Councillor approved the recommendations.

### **Conflicts of Interest Declared by the Executive Councillor (and any Dispensations Granted)**

No conflicts of interest were declared by the Executive Councillor.

### **13/35/HMB Under occupation Incentive grant**

#### **Matter for Decision**

As a result of the changes to Welfare Benefit, and in particular, the reduction of Housing Benefit for spare rooms it was felt appropriate to review the scheme.

**Decision of Executive Councillor for Housing**

- i. Approved the continuation of the existing scheme.
- ii. Agreed to include tenants downsizing via a mutual exchange as part of the scheme.
- iii. Instructed Officers to prepare a bid for additional funding for the scheme as part of the 2013/14 revised budget and 2014/15 original budget processes in January 2014, if demand increases.

**Reason for the Decision**

As set out in the Officer's report.

**Any Alternative Options Considered and Rejected**

Not applicable.

**Scrutiny Considerations**

The Committee received a report from the Area Housing Manager.

The Committee made the following comments in response to the report:

- (viii) Pleased to receive the report.
- (ix) Noted the increase in requests to downsize to smaller properties.
- (x) Welcomed the demand to downsize through the mutual exchange programme as part of the scheme.

**The Committee:**

**Resolved unanimously** to endorse the recommendation.

The Executive Councillor approved the recommendation.

**Conflicts of Interest Declared by the Executive Councillor (and any Dispensations Granted)**

No conflicts of interest were declared by the Executive Councillor.

**13/36/HMB Cambridge Standard Fund****Matter for Decision**

The report presented a proposal for the allocation of £400,000 of the Cambridge Standard Fund for the financial years 2013/2014 and 2014/2015.

**Decision of Executive Councillor for Housing**

- i. Approved the list of projects in Appendix 1 of the Officer's report.

**Reason for the Decision**

As set out in the Officer's report.

**Any Alternative Options Considered and Rejected**

Not applicable.

**Scrutiny Considerations**

The Committee received a report from the Area Housing Manager.

The Committee made the following comments in response to the report:

- (xi) Acknowledged that the renewal of fencing for twelve blocks on Ekin Road could be considered under a separate fencing scheme, as this scheme had not been prioritised under the Cambridge Standard Fund.
- (xii) Queried the cost of £5,000 to install two extra padlocks to each garage door on Humphrey's Road.
- (xiii) Requested that the new drying area at Langdale should be hard standing only.

**The Committee:**

**Resolved unanimously** to endorse the recommendation.

The Executive Councillor approved the recommendation.

**Conflicts of Interest Declared by the Executive Councillor (and any Dispensations Granted)**

No conflicts of interest were declared by the Executive Councillor.

**13/37/HMB Welfare Reform and the Impact on Rent Arrears.****Matter for Decision**

Since April 2013 City Council tenants of working age have experienced a reduction in Housing Benefit if they are deemed to have a spare bedroom. Originally nearly 600 households were identified as falling into this category. This has now reduced to less than 500 due to re assessment and exemptions. Rent arrears for all current tenants at the end of August 2013 amount to just over £750,000 compared with £800,000 twelve months ago.

The rent arrears due to the Housing Benefit Social Size Criteria since April 2013 amount to £29,271 after five months.

Discretionary Housing Payments (DHP) have been applied for by 158 tenants and 27 of those have been refused or had their bedroom requirements revised so that DHP was no longer needed. DHP may be refused if the tenant has too much capital or sufficient income. Reasons to award DHP may be where the property has disabled adaptations or the tenant is actively bidding to move on Homelink or seeking employment

### **Decision of Executive Councillor for Housing**

- i. Acknowledged the impact of the Welfare Reforms and the support given to tenants affected by the changes.
- ii. Instructed Officers to continue to assist tenants in rent arrears and only seek eviction through the Court as a last resort.
- iii. Instructed Officers to introduce a Local Lettings Policy in April 2014 to give priority to tenants wanting to downsize as a result of the Housing Benefit Social Size Criteria

### **Reason for the Decision**

As set out in the Officer's report.

### **Any Alternative Options Considered and Rejected**

Not applicable.

### **Scrutiny Considerations**

The Committee received a report from the Area Housing Manager.

The Committee made the following comments in response to the report:

- (xiv) Thanks should be passed to those staff who had worked hard to cushion these changes.
- (xv) Expressed concern regarding the impact of changes to benefit payments that may affect tenants and the impact that this would have on rent payment.
- (xvi) Asked if figures could be produced to show the result on rent arrears when the changes to the universal credit system came into force.
- (xvii) Questioned how many of those tenants in arrears were disabled as this was not stated in the report.
- (xviii) Queried how those tenants affected by the 'spare room subsidy' or more commonly known as the 'bedroom tax' would be identified and how they would be treated.

### The Committee:

Councillor Blencowe proposed that the recommendation 2.2 of the Officer's report became 2.2 A:

- To instruct Officers to continue to assist tenants in rent arrears and only seek eviction through the Court as a last resort.

**Resolved unanimously** to agree to the numbering change.

Councillor Blencowe then proposed that paragraph 3.5 of the Officer's report became an additional recommendation 2.2 B (replacement underlined and original ~~struck through~~):

- Eviction will not be progressed for a tenant in rent arrears, which solely relate to the under occupation reduction in Housing Benefit, when ~~all~~ any of the following criteria are met:
  - Where the tenant has applied for rehousing and is making active reasonable bids.
  - Where the tenant has applied for DHP.
  - Where other tenancy conditions (such as ASB) have not been seriously breached.

**Resolved unanimously** to agree to this additional recommendation.

The Committee **resolved unanimously** to endorse the amendment and additional recommendation.

The Executive Councillor approved the recommendations.

### **Conflicts of Interest Declared by the Executive Councillor (and any Dispensations Granted)**

No conflicts of interest were declared by the Executive Councillor.

### **13/38/HMB Housing Revenue Account Mid-Year Financial Review**

#### **Matter for Decision**

The Housing Revenue Account (HRA) Mid-Year Financial Review provides an opportunity to review the assumptions incorporated as part of the longer-term financial planning process, recommending any changes in response to new legislative requirements, variations in external economic factors and amendments to service delivery methods, allowing incorporation into budgets and financial forecasts at the earliest opportunity.

## **Decision of Executive Councillor for Housing**

Following scrutiny and debate at Housing Management Board:

- i. Approved the Housing Revenue Account Mid-Year Financial Review attached, to include all proposals for changes in:
  - Revenue budgets as detailed in Sections 4 and 5, and summarised in Appendix E of the document.
  - Financial assumptions as detailed in Appendix B of the document.

Following scrutiny and debate at Community Services Committee:

- ii To consider proposals for changes in housing capital budgets, as detailed in Sections 6 and 7 of the document, and summarised in Appendix F of the document, recommending the proposals for decision at Council on 24 October 2013.

### **Reason for the Decision**

As set out in the Officer's report.

### **Any Alternative Options Considered and Rejected**

Not applicable.

### **Scrutiny Considerations**

The Committee received a report from the Business Manager / Principal Accountant

The Committee made the following comments in response to the report:

- (xix) Sought clarification on how the inflation predications had been calculated.
- (xx) Queried how the money from 'Right to Buy' sales would be spent.
- (xxi) Questioned how the impact to the changes in policies to the 'Right to Buy' scheme had impacted in the financial planning process and if those changes had been under estimated.
- (xxii) Questioned who would pick up the risk should the Government proposals to stop target rents take effect.
- (xxiii) Acknowledged that there could be fewer estimated stock numbers of one bedroom houses available in the new financial year as the demand to downsize increases.

The Committee:

**Resolved by 9 votes to 0** to endorse the recommendations.

The Executive Councillor approved the recommendations.

**Conflicts of Interest Declared by the Executive Councillor (and any Dispensations Granted)**

No conflicts of interest were declared by the Executive Councillor.

The meeting ended at 8.00 pm

**CHAIR**



**Agenda Item 5a**

**CAMBRIDGE CITY COUNCIL**  
Record of Executive Decision

<b>INCREASE IN TEMPORARY HOUSING STAFFING ESTABLISHMENT TO DELIVER ADDITIONAL TEMPORARY ACCOMMODATION</b>
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<b>Decision of:</b>	<b>Councillor Smart</b> , Executive Councillor for Housing
<b>Reference:</b>	URGENCY/HMB/01
<b>Date of decision:</b>	23.10.12 <b>Recorded on:</b> 23.10.13
<b>Decision Type:</b>	Non Key Decision
<b>Matter for Decision:</b>	Approval to increase the staffing establishment is requested outside of the normal budget cycle.
<b>Why the decision had to be made (and any alternative options):</b>	This decision is needed to enable the Temporary Housing Service to increase the provision of Temporary and Emergency Accommodation to a target level of 95 units from a position of 63 units at the start of 2013 as quickly as possible.
<b>The Executive Councillor's decision(s):</b>	To approve an increase in the Temporary Housing staffing establishment, allowing the appointment of one full time equivalent additional Assistant Housing Officer. This approval is being granted on the basis that this will have a neutral financial impact on the Housing Revenue Account, with the costs met by a combination of existing funding approved as part of the 2013/14 budget process for additional emergency accommodation provision and the increased service charge income that an increase in Temporary Housing units will generate.
<b>Reasons for the decision:</b>	This decision, if approved, will enable recruitment to proceed.
<b>Scrutiny consideration:</b>	The Chair, Vice Chair and Spokesperson of the Housing Management Board were consulted prior to the action being authorised.
<b>Report:</b>	A report detailing the background and financial considerations is attached.
<b>Conflicts of interest:</b>	None
<b>Comments:</b>	

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To: Executive Councillor for Housing (and Deputy Leader): Councillor Catherine Smart  
Report by: Robert Hollingsworth, Head of City Homes  
Relevant scrutiny committee: Housing Management Board **URGENT DECISION**  
Wards affected: All Wards

**INCREASE IN TEMPORARY HOUSING STAFFING ESTABLISHMENT TO DELIVER ADDITIONAL TEMPORARY ACCOMMODATION**  
**Not a Key Decision**

**1. Executive Summary**

- 1.1 This decision is needed to enable the Temporary Housing Service to increase the provision of Temporary and Emergency Accommodation to a target level of 95 units from a position of 63 units at the start of 2013 as quickly as possible.
- 1.2 The costs of the additional post will be met from a combination of existing budget provision in the General Fund Homelessness Service Area, specifically identified for 10 of the additional units of accommodation combined with an increase in service charge income for the remaining additional units of accommodation in HRA ownership.
- 1.3 This decision, if approved, will enable recruitment to proceed.

**2. Recommendations**

The Executive Councillor is recommended:

- 2.1 To approve an increase in the Temporary Housing staffing establishment, allowing the appointment of one full time equivalent additional Assistant Housing Officer. This approval is being granted on the basis that this will have a neutral financial impact on the Housing Revenue Account, with the costs met by a combination of existing funding approved as part of the 2013/14 budget process for additional emergency accommodation provision and the increased service charge income that an increase in Temporary Housing units will generate.

### **3. Background**

- 3.1 The City Council's use of Bed and Breakfast Accommodation has reached a long term high.
- 3.2 In an attempt to mitigate the increased costs of Bed & Breakfast, the Council needs to increase the number of temporary and emergency housing units available from the current 80 properties to a target of 95 during 2013/14.
- 3.3 As part of the 2013/14 General Fund budget process, approval was given to fund the costs of the authority providing additional emergency accommodation directly. To fulfil this obligation the authority has recently taken on a 3-year lease for a 10 bed unit of accommodation on Elizabeth Way. This unit will be used to deliver emergency accommodation to fulfil our homeless obligations, instead of using bed & breakfast. This housing provision will be delivered and managed by staff in the Temporary Housing service.
- 3.4 The Temporary Housing Service have also given a commitment to attempt to increase the supply of Temporary and Emergency accommodation to 95 in total, with the need to identify an additional 13 Housing Revenue Account dwellings that can also be used for dispersed temporary housing.
- 3.5 As a direct result of an increase of 15 units of accommodation, there is a need to increase the staffing establishment within the Temporary Housing Service to meet the additional premises, housing management and support needs of the additional clients.
- 3.6 The team has already reached saturation in workload as a result of increasing the temporary housing stock from 55 units in 2010, to 63 in 2013 to date, in addition to widening the role of the service to already deliver 9 units of emergency accommodation.
- 3.7 In order for delivery of services associated with the requirement for extra Temporary and Emergency Accommodation as soon as Elizabeth Way is ready to be let, approval to increase the staffing establishment is requested outside of the normal budget cycle.

## **4. Implications**

### **(a) Financial Implications**

This proposal is being submitted for approval on the basis that it will be funded by a combination of existing General Fund budget identified for the additional accommodation at 1 Elizabeth Way and an increase in service charge income in respect of the increase in Housing Revenue Account dwellings being utilised for Temporary Housing purposes.

### **(b) Staffing Implications**

An additional full-time Assistant Housing Officer will be recruited allowing the additional workload to be managed effectively.

### **(c) Equal Opportunities Implications**

This proposal has no equal opportunities implication for Cambridge City Council and does not involve any change to existing policies or procedures.

### **(d) Environmental Implications**

This proposal will have no environmental implications in Cambridge City.

### **(e) Procurement**

There are no procurement implications associated with this report.

### **(f) Consultation and Communication**

The proposal has been put forward in consultation with the Strategic Housing Service,

### **(g) Community Safety**

This proposal will have no community safety implications in Cambridge City.

## **5. Background Papers**

There were no specific background papers used in the preparation of this report:

## **6. Appendices**

There are no appendices associated with this report

## **7. Inspection of Papers**

To inspect the background papers or if you have a query on the report please contact:

Author's Name: Frances Swann  
Author's Phone Number: 01223 – 462255  
Author's Email: frances.swann@cambridge.gov.uk



To: Executive Councillor for Housing (and Deputy Leader): Councillor Catherine Smart  
Report by: Director of Community Services  
Relevant scrutiny committee: Housing Management Board 7/1/2014  
Wards affected: Abbey Arbury Castle Cherry Hinton Coleridge East Chesterton King's Hedges Market Newnham Petersfield Queen Edith's Romsey Trumpington West Chesterton

## **SHARED OWNERSHIP REVIEW**

### **Not a Key Decision**

#### **1. Executive summary**

A review has been carried out of the Council's shared ownership service. This was to assess whether shared ownership should continue to be part of the Council's core business within the context of Housing Revenue Account self-financing, and if so whether it should also be offered on the Council's new developments.

The recommendations are being submitted for approval to the Executive Councillor and Community Service Scrutiny during this Scrutiny cycle. This report to Housing Management Board is for information only.

It is being recommended that the service be continued, with some improvements, and that shared ownership be offered on new affordable housing developments to cross-subsidise the building of rented units and to help create balanced communities.

The findings of the review are shown at Appendix 1, and the action plan is at Appendix 2.

#### **2. Recommendations**

The Executive Councillor is recommended:

2.1 To note the outcome of and recommendations arising from the review of the Council's Shared Ownership scheme, as shown at Appendices 1 & 2 to this report.

### **3. Background**

3.1 The Council currently has around 85 properties occupied on a shared ownership basis (mostly one and two bedroom houses, but a few flats and a handful of three bedroom houses).

3.2 One of the actions under the Housing Revenue Account Improvement Plan was to review the service to assess whether the Council should continue to provide it in the context of self-financing of the Housing Revenue Account, and if so whether shared ownership should be provided on any of the Council's new affordable housing developments.

3.3 Appendix 1 to this report gives details of the findings of the review, and the recommendations arising from it.

3.4 Appendix 2 is an action plan for implementing the proposed changes.

3.5 This report is for information only. The recommendations are being submitted for approval to the Executive Councillor and Community Service Scrutiny during this scrutiny cycle.

### **4. Implications**

#### **(a) Financial Implications**

##### **Revenue Costs**

Revenue costs of developing and assessing the business case on each property, improved marketing, improved information to leaseholders, balancing of the shared ownership portfolio etc will be delivered using existing resources.

Revenue costs for new shared ownership homes will be factored into the financial modelling.

##### **Capital Costs**

Additional capital would be required to enable properties to be bought back and retained as rental stock, and for any work required to bring them up to the Decent Homes standard.

A capital allocation of £200,000 per year has been incorporated for this purpose as part of the HRA budget setting report for 2014/15 onwards. It is proposed that this is combined with the budget for repurchasing properties under the Right of First Refusal, to allow for flexibility in expenditure. This



should allow for up to two repurchases per year over the next five years – depending on property valuation and size of share being repurchased. This will be reviewed in three years' time when the new arrangements are reviewed.

Government grant will be sought to support the cost of developing new shared ownership homes

**(b) Staffing Implications**

There are no immediate staffing implications. However, the need to market newly developed properties may require more staff resource. This would be taken into account in assessing the viability of any new scheme.

**(c) Equal Opportunities Implications**

An Equality Impact Assessment is being carried out and draft actions have been incorporated into the Action Plan at Appendix 2 to this report.

**(d) Environmental Implications**

Climate change rating = +L

Any property repurchased by the Council with the intention of using it as rented housing may need work to bring it up to the Decent Homes standard, which could include installation of a more energy efficient boiler.

**(e) Procurement**

Procurement of new shared ownership homes will be through the Council's Affordable Housing Development Programme procurement arrangements.

**(f) Consultation and communication**

Consultation has been carried out as follows:

- A postal and on-line survey of shared ownership leaseholders, to assess the profile of residents and ask for their views on the current scheme.
- An on-line survey of Home-Link applicants who had expressed an interest in shared ownership housing to understand whether they were still interested, and if not why not.

All respondents who included their contact details will be sent results of the survey and advised how the survey has been used to inform the outcome of the review.

Subject to the recommendations being accepted, an article will be published on the Council's website, and recommended for inclusion in Cambridge Matters, showing the outcome of the review and promoting the Council's shared ownership scheme as a housing option.

(g) **Community Safety**

There are no community safety implications.

## **5. Background papers**

These background papers were used in the preparation of this report:

- Equality Impact Assessment – Draft
- Cambridge Centre for Housing & Planning Research – Understanding the second-hand market for shared ownership properties, May 2012  
<http://www.cchpr.landecon.cam.ac.uk/Downloads/Shared%20ownership%20second%20hand%20market%20-%20proofed%20final%20for%20publication.pdf>
- National Housing Federation & Moat – The role of shared ownership in the future housing market , April 2010 [http://www.shared-owner.co.uk/\\_media/static/The\\_role\\_of\\_shared\\_ownership\\_in\\_the\\_future\\_housing\\_market\\_-\\_discussion\\_paper\\_summary.pdf](http://www.shared-owner.co.uk/_media/static/The_role_of_shared_ownership_in_the_future_housing_market_-_discussion_paper_summary.pdf)
- Shelter – Homes for forgotten families, August 2012  
[http://england.shelter.org.uk/\\_\\_\\_data/assets/pdf\\_file/0014/702023/Shelter\\_-\\_Homes\\_for\\_forgotten\\_families.pdf](http://england.shelter.org.uk/___data/assets/pdf_file/0014/702023/Shelter_-_Homes_for_forgotten_families.pdf)
- Resolution Foundation – One Foot on the Ladder, November 2013  
[http://www.resolutionfoundation.org/media/media/downloads/One\\_foot\\_on\\_the\\_ladder.pdf](http://www.resolutionfoundation.org/media/media/downloads/One_foot_on_the_ladder.pdf)

## **6. Appendices**

Appendix 1: Shared Ownership Review 2013 – Final Report

Appendix 2: Action Plan

## 7. Inspection of papers

To inspect the background papers or if you have a query on the report please contact:

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# Shared Ownership Review 2013 Final Report

## **1.0 PURPOSE OF THE REPORT**

To outline the findings of a review of the Council's shared ownership scheme and make recommendations as to the way forward.

## **2.0 SUMMARY & RECOMMENDATIONS**

### **2.1 Summary**

2.1.1 Whilst there are issues with the Council's existing shared ownership scheme, it continues to offer value for money to both the Council and its shared ownership leaseholders. It helps to ensure that a range of housing options are available, particularly supporting the growing number of people who are unable to access social housing but cannot afford to purchase on the open market.

2.1.2 The Council's Affordable Housing Development Programme offers opportunities to increase access to intermediate tenure housing, and to help to ensure mixed and balanced communities.

2.1.3 The current scheme should continue – with some changes as outlined below, and should be extended to properties on new Council developments.

### **2.2 Recommendations**

2.2.1 That the Council continues to provide a shared ownership scheme.

2.2.2 That officers are granted delegated authority to develop a business case for each property which comes up for resale, and to assess – according to a set of agreed criteria - whether to:

- Buy back and sell a share to another applicant, or
- Buy back to use as rented stock, or
- Buy back and sell the whole property on the open market, or
- Advise the seller to sell their share on the open market.

2.2.3 That the criteria to take into account in the decision on what to do with an individual property under paragraph 2.2 above should be as follows:

- The costs to the Council of each of the options, the funding available, and the potential impact on the Business Plan;
- Whether there is an identified alternative need for that property to be used for rent which should take priority over re-selling as shared ownership. Eg: a property which is disabled adapted or particularly suitable to be adapted to meet the needs of an identified housing applicant; one which would suit the needs of a leaseholder needing to move as part of the Council's Affordable Housing development programme; etc.
- Rental and shared ownership demand for that particular type or size of property;
- The condition of the property;
- Whether the property is in a specific location that could free up land or access to land, or otherwise facilitate affordable housing development;
- The anticipated capital receipt (subject to pooling requirements);
- Housing market conditions at the time, including mortgage availability;
- Any planning restrictions which may apply (eg s106 restrictions around disposal on the open market);
- Any other factors which need to be taken into account to ensure that the best use is made of the property, and where value for money can be clearly demonstrated.

2.2.4 That shared ownership homes are provided on the Council's new developments where appropriate – eg at Clay Farm and on other new Affordable Housing Development Programme sites - to cross-subsidise rental build and help create balanced communities, in

line with the requirements of the Council's Local Plan and Affordable Housing Supplementary Planning Document.

2.2.5 That the current policy which seeks to ensure that housing is made available at a price which could be afforded by a household with '1 average earner (for 1 bedroom accommodation) or 1.5 average earners for larger properties, using standard income multiples be removed.

2.2.6 That the policy at paragraph 2.2.5 above be replaced with one which states that the Council seeks to ensure that an alternative form of housing is available as an option to those who would not normally be eligible for social housing, but who are unable to afford to purchase on the open market.

2.2.7 That new eligibility criteria are introduced for applying for shared ownership housing as follows:

- Applicants must have a gross household income of up to £60,000 (subject to any future change in the national income requirement for intermediate tenure housing);
- Applicants must be first time buyers, other than in exceptional circumstances. Exceptional circumstances may include: in relationship breakdown where children are involved; where an owner-occupier needs significant disabled adaptations which cannot be provided in their own home and they cannot afford to purchase a more suitable home; or existing shared owners who have medical needs which require them to move to a more suitable property.

2.2.8 That new criteria be introduced to decide the priority between more than one applicant for a particular property. Criteria should be ranked in the following order:

- Applicants who have the resources to go ahead with a purchase;
- Applicants who live or work within the City;
- Level of need, assessed in line with the Council's Lettings policy in place at the time;

- Date of registration on the Help to Buy register.
- 2.2.9 That applicants should not be able to purchase if they owe any housing-related debt to the Council where reasonable steps have not been taken to repay it.
- 2.2.10 That applicants should not be able to purchase if they have a history of unacceptable behaviour which would make them ineligible to be accepted onto the Home-Link register.
- 2.2.11 That staircasing be promoted where it makes business sense to do so (subject to pooling requirements).
- 2.2.12 That if buying a property back to sell it on, consideration is given to restarting the lease at 99/125 years if not doing so may make it difficult for the purchaser to re-mortgage at a later date.
- 2.2.13 To agree the option of using individual HRA rented properties for shared ownership in appropriate circumstances.
- 2.2.14 That if a rented property is converted to shared ownership, an appropriate alternative shared ownership property is converted to rent as soon as is reasonably practicable, to ensure that the number of rented properties is not reduced as a result.
- 2.2.15 That leases are reviewed for new leaseholders in conjunction with drafting of leases for newly developed shared ownership properties
- 2.2.16 That the marketing of shared ownership properties be improved
- 2.2.17 That information provided to leaseholders about their and the Council's rights and responsibilities be improved.
- 2.2.18 That equity share is not pursued at this stage, as an alternative option to shared ownership (as capital outlay is high,



and returns are much longer term and rely on values continuing to rise), other than for leaseholders on redevelopment sites.

2.2.19 That the revised scheme be reviewed in around three years' time to establish the impact of changes, and assess whether further changes are required in light of any further development in national thinking.

### **3.0 INTRODUCTION**

3.1 The Council is a direct provider of shared ownership housing. A review has been carried out of the Council's scheme in the context of Housing Revenue Account (HRA) self-financing, to assess whether continuing to provide this form of intermediate tenure housing should remain part of the Council's core business.

3.2 The review took place during 2013, and included assessments of the following:

- How the service fits strategically with the Council's objectives;
- The national and local market for shared ownership housing, and mortgage availability;
- The current stock;
- Current shared ownership policy;
- Sales and staircasing activity;
- The profile of Help to Buy<sup>1</sup> and Home-Link applicants;
- Discussions with other Housing Association and Local Authority providers;
- A survey of shared owners. This achieved around a 33% response rate, with respondents being generally positive about the scheme;
- A survey of applicants who had expressed an interest in shared ownership through Home-Link. The response to this was much lower, but the few received indicated that Home-Link applicants need to know more about shared ownership and how to apply for it;
- Financial issues affecting the existing stock;

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<sup>1</sup> The Help to Buy register (formerly known as Homebuy) provides a one-stop-shop for applying for intermediate housing, including shared ownership. The Help to Buy Agent for this area is currently Orbit. <http://orbithelptobuy.co.uk/main.cfm>

- Financial modelling and assessment of affordability in relation to the potential provision of new shared ownership through the Council's Affordable Housing Development Programme.

3.3 The need for a review was highlighted in the Council's Housing Strategy, and is an action in the HRA improvement plan.

## 4.0 THE MARKET FOR SHARED OWNERSHIP

4.1 The local market for shared ownership appears to be strong. It was affected by the economic downturn and shortage of mortgage finance, but Housing Associations operating locally report high demand in Cambridge compared to many other areas, both for new and resale properties. For example, some new properties on the southern fringe are reported to be selling off-plan.

4.2 At April 2012, of the 1,095 Homebuy (now Help to Buy) register applicants for intermediate tenures living or working in the sub-region, 34% were living in the City and 39% worked in the City. 70 sales were recorded in the City in the three years 2009/10 to 2011/12.

4.3 National research<sup>2</sup> and data from the Cambridge sub-Regional Strategic Housing Market Assessment (SHMA)<sup>3</sup> shows that there is a strong market for shared ownership resales. Around 40% of sales of shared ownership properties sold through the Help to Buy Agent in Cambridge between 2009/10 and 2011/12 were resales.

4.4 Recent reports from the National Housing Federation (NHF)<sup>4</sup> and Shelter<sup>5</sup> recognised the importance of shared ownership as a housing option, and that the importance is likely to grow.

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<sup>2</sup> CCHPR – Understanding the second-hand market for shared ownership properties, May 2012: <http://www.cchpr.landecon.cam.ac.uk/Downloads/Shared%20ownership%20second%20hand%20market%20-%20proofed%20final%20for%20publication.pdf>

<sup>3</sup> Cambridge sub-regional SHMA: <http://www.cambridgeshireinsight.org.uk/housing/shma>

<sup>4</sup> NHF & Moat – The role of shared ownership in the future housing market, 2010: [http://www.shared-owner.co.uk/\\_media/static/The\\_role\\_of\\_shared\\_ownership\\_in\\_the\\_fuure\\_housing\\_market\\_-\\_discussion\\_paper\\_summary.pdf](http://www.shared-owner.co.uk/_media/static/The_role_of_shared_ownership_in_the_fuure_housing_market_-_discussion_paper_summary.pdf)

4.5 Only a limited number of mortgage lenders will lend on shared ownership properties. (NHF reports that there are around twenty national and local lenders willing to lend). However, responses to our survey show that whilst around one third reported difficulties finding a lender, only one said that they had been unable to secure a mortgage at a competitive rate.

## **5.0 THE COUNCIL'S SHARED OWNERSHIP SCHEME**

### **5.1 Background**

5.1.1 Shared ownership is a form of intermediate affordable housing tenure.

5.1.2 The Council currently has 85 properties which it leases on a shared ownership basis. The leaseholder buys a share of the property (usually 50%), and the Council retains the remaining share. The leaseholder pays rent on the Council's share.

5.1.3 Leaseholders have the option to 'staircase' upwards – ie to purchase further shares. They can potentially staircase out completely, by purchasing all remaining shares and becoming the outright owner.

### **5.2 Strategic Fit**

5.2.1. The service helps to meet the Council's vision of Cambridge as a city which recognises and meets the need for housing of all kinds.

5.2.2 Consultation on the Council's Housing Strategy highlighted that there is a growing group of people who would not have any priority for social housing, but who are also unable to afford to purchase on the open market. Shared ownership provides an alternative housing option for some people in this group.

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<sup>5</sup> Shelter – Homes for forgotten families, August 2012:  
[http://england.shelter.org.uk/\\_\\_data/assets/pdf\\_file/0014/702023/Shelter\\_-\\_Homes\\_for\\_forgotten\\_families.pdf](http://england.shelter.org.uk/__data/assets/pdf_file/0014/702023/Shelter_-_Homes_for_forgotten_families.pdf)

### **5.3 Who the Scheme is Aimed At**

5.3.1 The Council's current policy is to seek to ensure that housing is made available at a price which could be afforded by a household with '1 average earner (for 1 bedroom accommodation) or 1.5 average earners for larger properties, using standard income multiples'. This is quite complex, and is not particularly clear. It was agreed when property prices were lower, and more people were able to access market housing. It is also difficult to implement where property prices are increasing, and in the context of managing a self-financing HRA. It is recommended that this policy is removed.

5.3.2 In the current climate the Council should seek to ensure that an alternative form of settled housing is available as an option to those who would not normally be eligible for social housing, but who are unable to afford to purchase on the open market

### **5.4 Property Profile**

5.4.1 Of the Council's 85 properties most were purpose-built within the five-year period 1987 to 1992.

5.4.2 Just over half are one bedroom houses and flats, and around a third are two bed houses. Seven are three-bedroom houses. Some of the one bedroom properties are quite small – data suggests that around a quarter of properties may be under 47m<sup>2</sup>, which is below the minimum standard required for grant.

5.4.3 Properties were originally leased on 99 or 125 year leases. More than half the properties now have less than 75 years remaining on the lease. Shorter lease lengths affect the value of the property and the willingness of mortgage lenders to lend where a leaseholder wishes to remortgage. There is no provision in the current leases for leaseholders to extend the length of their leases.

### **5.5 Property Condition**

5.5.1 Leaseholders are responsible for repairs. The condition of each property is not known by the Council until or unless the leaseholder wishes to surrender the lease and the Council decides to repurchase,

when an inspection is carried out. Conditions of inspected properties can vary.

5.5.2 Although leaseholders may potentially be deterred from carrying out improvements for which they won't recoup the full value on resale, just under half of respondents to our survey said that they had carried out improvements since they moved in, including replacement kitchens, bathrooms and new doors or windows. Most said their property was in good or average condition when they moved in. However, as some of those respondents have been leaseholders for a long time it is not clear what the current condition is of the stock overall.

## **5.6 Shares Owned, and Staircasing**

5.6.1 Nearly three-quarters of existing leaseholders own shares of between 50% & 60%. Five own less than 50% (the lowest share being 35%) and another five own over 80%.

5.6.2 Leaseholders have the option to 'staircase' upwards – ie buy further shares, or to purchase 100% of the property and become the full owner.

5.6.3 Just over a third of the Council's original shared ownership stock has been purchased outright. Since 2005/6, fifteen leaseholders have staircased out completely, but only one has purchased a larger share without staircasing out.

5.6.4 Whilst in the early days of shared ownership it was expected that most people would want to eventually staircase out, national research shows that this often doesn't happen, and that for many shared ownership has become a long-term tenure option.<sup>6</sup> In our leaseholder survey, the main reasons given for not purchasing more shares was the cost of doing so, and half of all respondents said they were happy with their current share.

5.6.5 Costs to the leaseholder include that of getting a valuation as well as capital and/or remortgaging costs. There may also be difficulties in re-mortgaging if the length of lease is less than 69 years (although the

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<sup>6</sup> Shelter – Homes for forgotten families, August 2012:  
[http://england.shelter.org.uk/\\_data/assets/pdf\\_file/0014/702023/Shelter\\_-\\_Homes\\_for\\_forgotten\\_families.pdf](http://england.shelter.org.uk/_data/assets/pdf_file/0014/702023/Shelter_-_Homes_for_forgotten_families.pdf)

Council does now enter into a 'section 442 agreement' with the leaseholder and lender, which gives lenders some protection)<sup>7</sup>.

5.6.6 Consideration needs to be given to reverting older leases back to 99 or 125 years at the point of resale where appropriate. Whilst this may increase the cost of individual properties, it may help with staircasing in the longer term.

5.6.7 Staircasing can benefit the Council where receipts can be retained and be reused. It can also benefit leaseholders; around half of respondents to our survey said they were considering or planning a move, but cost was cited as a barrier. Using financial capacity created by reduced mortgage costs over time to staircase upwards could help some people to afford to move on at a later date.

5.6.8 At the same time it needs to be recognised that staircasing will not be accessible to everyone, as it relies on incomes keeping pace with rises in valuations, or on access to capital.

5.6.9 We need to ensure that residents have enough information about staircasing to enable them to make informed choices within the resources available to them.

## **5.7 Resales**

5.7.1 When a leaseholder wants to dispose of their share of the property, the current policy is for the Council either to repurchase it to sell on as shared ownership – normally at a 50% share - or to instruct the leaseholder to sell their share on the open market.

5.7.2 There are advantages and disadvantages with both approaches. The Council repurchasing the property incurs a number of costs. (See paragraph 7.0 below) However, it does enable some control over who the property is sold to, ensuring that - as far as possible depending on demand - purchasers meet the Council's eligibility criteria. Although the cost to the Council of an open market sale is lower, properties may go to those who can already afford to purchase on the open market. Such sales may not make best use of existing homes – one of our strategic housing objectives.

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<sup>7</sup> S442, Housing Act 1985

5.7.3 The speed at which properties can be sold on where they have been repurchased by the Council varies enormously. The average void time over the past ten years is around twenty-eight weeks, with individual property void times ranging from eight to eighty-eight weeks.

Potential reasons include:

- Older properties competing with newer Housing Association properties which may be offered with additional extras such as carpets, white goods etc;
- One-bedroom properties – shared ownership purchasers generally prefer to purchase one more bedroom than they need, although general sales for one-bed shared ownership properties in Cambridge are currently strong.
- Size – some of the Council’s one-bedroom houses may be considered too small by couples wishing to purchase
- Location of properties
- Length of lease remaining
- The state of the market at the time
- The form and extent of marketing used
- Purchasers maybe preferring to purchase from a Housing Association rather than the Council
- Etc

5.7.4 However, there does not appear to be any particular pattern to void times based on these factors, except that properties tended to sell more quickly between 2006 and 2008 (just prior to the start of the economic downturn). Three bedroom properties have taken longer, but data is only based on two sales so may not be an accurate reflection.

5.7.5 The average void rent loss over the last 10 years (based on 2013-14 rent levels and the shares owned by each seller) is around £960 per property. From April 2013 the HRA is liable for Council Tax on properties void for more than a month. If this liability had existed since 2003, the average payable would have been just over £400 per void.

5.7.6 Whilst important to keep the void costs to a minimum, these levels of cost are not enough to make the scheme unviable when taking into account rents received and capital appreciation over time.

## **5.8 Leases**

5.8.1 The current form of lease has been in place for some time, and needs some updating to make it more user-friendly. We also need to consider allowing leaseholders to apply to extend the length of their lease. It would be impractical to renew them for all leaseholders, but improvements should be made for new purchasers. These should be reviewed in conjunction with the development of leases for properties on new developments.

## **5.9 Applying for Shared Ownership**

5.9.1 Historically the Council maintained a register of shared ownership applicants, made up of housing register applicants who were interested in shared ownership.

5.9.2 The Council no longer keeps a register as it was becoming increasingly difficult to find applicants on the list who wanted or were able to purchase properties as they became available. Properties are now advertised through the local Help to Buy Agent – currently Orbit.

5.9.3 Home-Link Applicants who express an interest in shared ownership are sent, as part of a package of information based on their needs, a link to the Council's website which gives information on how to apply. None of the respondents to our Home-Link survey who were still interested in shared ownership had registered with the Help to Buy Agent, and some said they did not know they had to or how to go about it. We need to review the information provided to applicants to ensure that they can make an informed choice about shared ownership as an option, and know how to apply.

## **5.10 Applicant Eligibility and Priority**

5.10.1 Currently applicants must live or work within the City, and must be first time buyers (except in exceptional circumstances in relationship breakdown where children are involved and equity is available).

5.10.2 Now that the Council no longer maintains its own list, and no longer operates a points-based lettings scheme, eligibility needs to be re-considered.



5.10.3 Applicants for grant funded intermediate housing advertised through the Help to Buy Agent need to have a household income of £60,000 or less. Providers can also stipulate further requirements. It is recommended that the £60,000 household income limit be used for the Council's scheme, in line with national requirements.

5.10.4 Applicants should continue to be first time buyers except in exceptional circumstances. The exceptional circumstances should be extended to include:

- Relationship breakdown where children are involved and equity is available
- Where an owner-occupier needs significant disabled adaptations which cannot be provided in their own home and they cannot afford to purchase a more suitable home on the open market
- Existing shared owners who have medical needs which require them to move to a more suitable property

5.10.5 Historically, where more than one applicant was interested in a particular property, a priority list of applicants was drawn up according to highest number of points held, household size, and length of time on the register. The Leasehold Manager made the decision as to who should be offered the property based on this information.

5.10.6 A clearer framework is required for assessing who should have priority if there is more than one applicant interested in a property.

5.10.7 Having a local connection through living or working in the City should not be an outright requirement, as this could restrict the number of applicants and take longer to sell properties on, but should be used to help prioritise one or more applicants for the same property.

5.10.8 Whilst most shared ownership applicants are likely to be eligible for C, D or D\* priority banding for social housing through Home-Link, it would maintain some consistency to refer to the Council's Lettings policy when prioritising applicants for the sale of a shared ownership property, taking into account their level of need followed by their date of registration on the Help to Buy register.

5.10.9 Applicants for each property should be ranked in the following order:

- Applicants who have the resources to go ahead with a purchase
- Applicants who live or work within the City
- Their level of need, assessed in line with the Council's Lettings policy
- Their date of registration on the Help to Buy register

5.10.10 Where priority cannot be assigned using these criteria, the Leasehold Manager should have the final say.

5.10.11 As with Home-Link applicants, shared ownership applicants should not be able to purchase if they owe any housing-related debt to the Council where reasonable steps have not been made to repay it. Nor should those with a history of unacceptable behaviour which would make them ineligible to be accepted onto the Home-Link register.

## **5.11 Profile of applicants**

5.11.1 Since Home-Link was introduced, applicants have been asked at point of application whether they would be interested in shared ownership as an option. 208 applicants had expressed an interest at July 2013, although some of those would not have had much information about what shared ownership involved so is not a truly reliable indicator.

5.11.2 Just over one third of of City resident Help to Buy (HTB) register applicants are one-person households, with a similar proportion being two-person households. Only 13% are households of four or more. The majority of HTB applicants are currently privately renting or living with family or friends.

5.11.3 Gross average income of City households applying through HTB is just under £30k, (around £7k less than the average for all households). This is well within the £60,000 limit required nationally for applicants for HTB products.

5.11.4 Savings levels vary amongst HTB applicants, although around half of those resident in the City are recorded as having no savings or less than £5,000. Around one third have savings of £10,000 or more.

5.11.5 Households applying for social housing through Home-Link tend to be on lower incomes. For example, 94% of Home-Link applicants expressing an interest earn less than £30k, compared to 56% of

Homebuy applicants. Home-Link applicants also tend to have less in savings – 95% of those interested in shared ownership said they had savings of £0-£10,000.

5.11.6 Just under half of respondents to our survey of Home-Link applicants who had expressed an interest in shared ownership said they were still considering shared ownership as an option. Reasons for not considering it included difficulty in getting a mortgage, and cost.

5.11.7 This suggests that Home-Link applicants do not form the main market for shared ownership properties. Indeed in 2010 only 8% of HTB applicants resident in Cambridge said that they were also on the local housing needs register.

## **5.12 Marketing of Properties**

5.12.1 The Council's properties are competing with newer properties provided by other Registered Providers, many of which are offering incentives such as carpets and white goods to purchasers.

5.12.2 Other providers also employ a range of marketing techniques to target purchasers, and the Council needs to review how properties are marketed to ensure that they can be sold on as swiftly as possible to those in the greatest need.

5.12.3 Officers from other local authorities providing shared ownership housing report that marketing is often under-resourced and they find it difficult to compete with other providers.

## **6.0 CURRENT COSTS AND INCOME**

### **6.1 Revenue Expenditure**

6.1.1 Revenue expenditure on the current service is made up of the following:

- Administration of the service, including that arising from sales, repurchases and staircasing;
- Marketing;
- Legal costs around repurchases and sales;

- Estate management costs;
- Void rent loss and Council Tax liability where properties are repurchased;
- Overheads;
- Stamp duty on repurchases of higher value properties or those where the leaseholder is selling back a larger share.

6.1.2 It is difficult to separate out the revenue costs of the service completely accurately as costs for the service are not recorded separately. Costs also vary considerably from year to year depending on sales and staircasing activity, amount of management activity required, etc

## **6.2 Capital cost**

6.2.1 There is currently £300k allocated in the housing capital programme as a recyclable fund for repurchasing properties and selling them on.

## **6.3 Revenue Income**

6.3.1 The main income streams are:

- Rental income based on the share owned by the leaseholder (discounted to reflect the leaseholder's responsibility for repairs and improvements).
- Legal fees
- Service charges (on flats)

6.3.2 Rental income is more than sufficient to cover the costs of managing the shared ownership service, and there is no subsidy from rents on general needs housing. Because of this, and from the positive overall response from our leaseholder survey, the service is considered to represent good value for money for the Council.

## **6.4 Use of Capital Receipts**

6.4.1 Government guidance on how capital receipts from shared ownership sales can be used is not entirely clear. Based on current interpretation the Council is presently working on the assumption that:

- Any receipt for more than a 50% share of a dwelling is subject to HRA pooling for the first ten combined Right to Buy and Shared Ownership sales in each financial year. ie 75% of the receipt from those sales is required to be pooled. The unpooled balance is split between the allowable debt and the one-for-one retained receipt.
- If a receipt is in relation to staircasing and takes the proportion of the dwelling sold to the leaseholder to more 50% within two years of the date of the original share sale, then similar pooling requirements apply.
- Any receipts for less than 50% of a dwelling, and receipts from any further sales over and above the ten allowed in each financial year can be retained by the Council and re-invested in new affordable housing.

6.4.2 We are seeking updated clarification on this. How receipts can be treated – and any change in the advice given - will need to be taken into account in the business decision made on each available property.

## **7.0 COST AND VALUE TO LEASEHOLDERS**

### **7.1 Cost to leaseholders**

7.1.1 The costs incurred by leaseholders include:

- Purchase cost and any mortgage interest
- Rent and any service charges
- Valuation costs and legal fees around purchase, staircasing, lease surrender etc
- Resale costs if selling on the open market
- Cost of maintenance and any home improvements

### **7.2 Value to leaseholders**

7.2.1 Our survey asked leaseholders whether they considered their property had been good value for money. Only two said that it had not. A number of positive comments were made about the scheme being beneficial.

7.2.2 However, there were some additional concerns raised in the survey. These included:

- Dissatisfaction that leaseholders are responsible for repairs and improvements
- More information should be provided to leaseholders about the scheme.
- One expressed concern about shared ownership properties being bought and let out (although it is not clear whether this refers to properties which have been purchased outright).
- Wanting to be able to move when older and no longer able to manage stairs

## **8.0 PROPOSALS GOING FORWARD**

### **8.1 Business decision on each property becoming available**

8.1.1 As properties become available the Council will generally repurchase them and sell on on a shared ownership basis, or instruct the leaseholder to sell on the open market, based on officer judgment.

8.1.2 As mentioned previously, selling on the open market may not be making the best use of that property. A business case should be drawn up for each property which becomes available, to decide the best course of action, depending on the circumstances which exist at the time.

8.1.3 The options available should be to:

- Buy the property back and sell to another applicant
- Buy the property back to use as rented stock
- Buy the property back and sell the whole property on the open market
- Advise the seller to sell their share on the open market.

8.1.4 Criteria to be taken into account should include:

- The costs to the Council of each of the options, the funding available, and the potential impact on the Business Plan
- Whether there is an identified alternative need for that property which should take priority over re-selling as shared ownership. Eg: a property which is disabled adapted or particularly suitable to be

adapted to meet the needs of an identified housing applicant; one which would suit the needs of a leaseholder needing to move as part of the Council's Affordable Housing development programme; etc.

- Rental and shared ownership demand for particular types or sizes of property
- The condition of the property
- A property in a specific location that could free up land or access to land, or otherwise facilitate affordable housing development.
- The anticipated capital receipt, subject to pooling requirements
- Housing market conditions at the time, including mortgage availability
- Any planning restrictions which may apply (eg s106 restrictions around disposal on the open market)
- Any other factors which need to be taken into account to ensure that the best use is made of the property and where value for money can be clearly demonstrated

8.1.5 These proposed criteria are aligned, where appropriate, with those in the Council's HRA Acquisition and Disposal policy.

## **8.2 Using existing rented properties as shared ownership**

8.2.1 The Council should allow existing HRA rented properties to be used in some circumstances to enable more flexibility within both the shared ownership and rented stock.

8.2.2 There is significant demand for social housing for rent, with 4,242 applicants on the Council's housing register (Home-Link) at September 2013. Therefore use of rental stock as shared ownership should not lead directly to a reduction in the number of rented properties. However, there are a number of examples where use of existing stock could be beneficial:

- For disabled applicants or existing shared owners needing to move who need adaptations, but for whom no suitable alternative properties are available;
- For leaseholders needing to move for redevelopment through the Council's Affordable Housing Development Programme, who are unable to purchase on the open market;

- For older shared owners who are unable to access market housing but who need to move because their property is no longer suitable for their needs;
- Where the profile of the stock in an area needs to be rebalanced – eg to improve community sustainability or where there is a need for properties of a particular size or type;
- Etc.

8.2.3 This option is not likely to be used very often, but should be available as circumstances require.

8.2.4 Where a rented property is to be used as a shared ownership property, arrangements should be made for an appropriate replacement rental property to be provided from the shared ownership stock as soon as is reasonably practicable, so that the rented stock is not reduced as a direct result of this policy.

### **8.3 Shared Ownership for New Properties**

8.3.1 The Council has a programme of new and re-development of affordable homes on HRA land. Government grant has been secured for 146 properties to rent, and there will be an opportunity to bid for further grant in the 2015-18 bid round.

8.3.2 As well as development on smaller sites, there are plans for around one hundred new properties on housing-owned land at Clay Farm.

8.3.3 Modelling has been done on providing shared ownership at Clay Farm, based on a number of scenarios looking at different balances between rented and shared ownership properties, and different percentage shares sold.

8.3.4 Providing a percentage of shared ownership properties would help to subsidise the development of properties for rent, and should lead to a decrease in the time taken to repay the debt. It would meet the requirements of the Council's Affordable Housing SPD which requires a percentage of homes on new developments to be provided as intermediate tenure, and would play an important role in ensuring a mixed and sustainable community.



8.3.5 This does raise some issues in relation to affordability. As new properties these will inevitably be more expensive than most of our existing shared ownership stock. At current valuations and rent levels, smaller properties are expected to be affordable to those on average incomes (using one third of annual earnings being spent on household costs as a measure) provided purchasers are able to pay a reasonable deposit. However, larger properties are more likely to be only accessible to those on above average incomes but who are still unable to purchase on the open market. Future rises in interest rates will also influence who is able to afford shared ownership properties. Provision within new developments needs to be considered as part of a package which also includes ongoing provision of smaller and cheaper existing properties, to provide options to as wide a range of applicants as possible.

8.3.6 The details would need to continue to be developed as part of the planning for new development.

8.3.7 The Council should also consider providing some shared ownership properties in other new developments in certain circumstances where required to make the finances stack up and ensure mixed communities. These decisions will need to be made on a site by site basis, and subject to negotiation with the Homes and Communities Agency if grant is awarded.

8.3.8 Providing shared ownership in new developments would help to ensure an ongoing supply of this form of tenure as leaseholders staircase out of existing properties.

## **8.4 Information for Leaseholders**

8.4.1 The leaseholder survey identified the need for more information to be provided to shared owners on their rights and responsibilities, staircasing etc. It is recommended that a regular newsletter – maybe annually - be re-established to ensure that leaseholders are kept appropriately informed.

## **8.5 Applications and Eligibility for Shared Ownership**

8.5.1 Eligibility criteria should be amended (as detailed above) and prioritisation based on that used for allocating properties through Home-Link

8.5.2 We need to improve the information available to Home-Link applicants who may be interested in shared ownership as an option.

## **8.6 Marketing**

8.6.1 A range of marketing methods needs to be employed to ensure that they reach as wide a market as possible and that they go to those most in need.

## **8.7 Shared Equity**

8.7.1 Consideration has been given to introducing a shared equity product, where a buyer would purchase a percentage share of the property, with the balance provided as an interest-free equity loan. On re-sale, the percentage share on which the loan was granted would be repaid, with the Council and the seller benefiting from any increase in the value of their respective shares. A form of this has already been used as an option for a leaseholder needing to move as part of the Council's development programme.

8.7.2 Whilst this might be expected to generate a profit for the Council (subject to house prices continuing to rise), with no rental income the returns are much longer term than for shared ownership, and the timing of repayments is unpredictable. Use of equity share at this stage, other than for one-off exceptional cases, is not likely to make a significant contribution to the current requirements of HRA business plan.

## **8.8 Repairs and Maintenance**

8.8.1 Although the cost of repairs and maintenance was raised in the leaseholder survey, the Council already offers a discounted rent to reflect that this is the leaseholders' responsibility. The Council taking on responsibility for repairs would lead to increased responsibility for the Council and an increase in weekly rent for the leaseholder. It is therefore not considered necessary to change the current arrangements.

## **9.0 COST OF IMPLEMENTING RECOMMENDATIONS**

### **9.1 Revenue Costs**

9.1.1 Revenue costs of developing and assessing the business case on each property, improved marketing, improved information to leaseholders, balancing of the shared ownership portfolio etc will be delivered using existing resources.

9.1.2 Revenue costs for new shared ownership homes will be factored into the financial modelling.

## **9.2 Capital Costs**

9.2.1 Additional capital would be required to enable properties to be bought back and retained as rental stock, and for any work required to bring them up to the Decent Homes standard.

9.2.2 A capital allocation of £200,000 per year has been incorporated for this purpose as part of the HRA budget setting report for 2014/15 onwards. It is proposed that this is combined with the budget for repurchasing properties under the Right of First Refusal, to allow for flexibility in expenditure. This should allow for up to two repurchases per year over the next five years – depending on property valuation and size of share being repurchased. This will be reconsidered in three years' time when the new arrangements are reviewed.

9.2.3 Government grant will be sought to support the cost of developing new shared ownership homes.

## **9.3 Generating Capital receipts**

9.3.1 It is hoped that promotion of staircasing will generate some additional capital receipts, although it is not possible to forecast the impact at this stage. Promotion activity will need to be kept under review.

## **10.0 ALTERNATIVE SHARED OWNERSHIP MODELS**

10.1 Shared ownership has its issues as a housing option. Even though it is cheaper than market purchase, increasing rent levels (and service charges), interest rates, repair costs, and increases in valuations where leaseholders wish to staircase will affect affordability over time. It tends

also to be less flexible for service users than some other forms of intermediate tenure, including being subject to eligibility criteria, restrictions on selling on the open market, not being allowed to sub-let, etc. It is therefore only going to be attractive to a limited market.

10.2 Providers have trialled different models over the years, including selling much smaller shares, rent-to-buy where tenants rent for a period whilst saving for a deposit, do-it-yourself shared ownership (DIYSO) where purchasers buy on the open market, etc. This Council investigated setting up a DIYSO scheme around ten years ago, but the costs – either of setting up and managing it internally, or procuring through another Registered Provider, were considered prohibitive.

10.3 These schemes have had mixed success, and the tension between viability and affordability tend to be key issues. There is no one tried and tested alternative to basic shared ownership.

10.4 However, with the current lack of housing supply, and high levels of buyer interest in the new national Help to Buy shared equity scheme, there have been calls for government to re-examine shared ownership as a model.<sup>8</sup> The Council needs to keep an eye on developments in this area, and take these into account in future reviews of the service.

## **11.0 CONCLUSIONS**

11.1 Whilst there are issues to be resolved, there would be no justification for terminating the existing scheme. Indeed the scheme is judged to represent value for both the Council and leaseholders, and provides an additional housing option for those unable to access social housing or shared ownership.

11.2 As house prices and private rent levels continue to increase, shared ownership is the only option available to many to enable them to access settled accommodation and to get onto the housing ladder.

11.3 Improvements to the existing scheme, and extension into new developments as required, will help to ensure that the needs of this growing group continue to be addressed.

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<sup>8</sup> Resolution Foundation – One Foot on the Ladder, November 2013:  
<http://www.resolutionfoundation.org/publications/one-foot-ladder-how-shared-ownership-can-bring-own/>

11.4 The recommendations in this report need to be viewed as a package to ensure an ongoing supply of shared ownership housing which supports the HRA Business Plan, and continues to provide value for money for leaseholders.

11.5 Revised arrangements need to be reviewed in around three years' time to assess ongoing suitability of the scheme.

Helen Reed  
Housing Strategy Manager  
November 2013

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## Shared Ownership Review 2013 -Action Plan

Action	Completion date	Lead Officer	Progress
Agree roles and responsibilities in, and process for, developing business case for available properties	Mar-14	Head of City Homes (Robert Hollingsworth)	
Agree process for converting appropriate rented properties to shared ownership, ensuring no direct loss of overall numbers of rented properties	Mar-14	Head of City Homes (Robert Hollingsworth)	
Continue to model and plan for, and deliver shared ownership properties on Clay Farm. Monitor delivery.	Dec-16	Development Officer (Sabrina Walston)	
Model and plan for provision of shared ownership properties on other Affordable Housing Development sites as appropriate. Monitor delivery.	Apr-18	Development Officers (Gary Norman & Sue Dellar)	
Implement new applicant eligibility criteria	Mar-14	Leasehold Manager (Carol Amos)	
Implement new criteria for prioritising applicants	Mar-14	Leasehold Manager (Carol Amos)	
Provide information annually to shared ownership leaseholders on staircasing and Council & leaseholder rights and responsibilities	Around the beginning of each financial year	Leasehold Services Officer (Lorna Winn)	
Improve provision of information to Home-Link applicants on shared ownership as a housing option	Mar-14	Housing Advice Service Manager (David Greening)	
Restart leases at 99/125 years on properties at point of re-let where appropriate, to support leaseholders who may want to remortgage in future	Ongoing as properties are resold	Jackie Griffiths	

Action	Completion date	Lead Officer	Progress
Review lease terms in conjunction with development of Clay Farm leases	tbc	Senior Legal Officer (Jackie Griffiths)	
Agree arrangements for improved marketing of properties	Mar-14	Leasehold Manager (Carol Amos)	
Seek to clarify requirements around pooling of capital receipts	Dec-13	Principal Accountant (Julia Hovells)	
Contact all leaseholder survey respondents who asked to be contacted about issues raised	Dec-13	Leasehold Services Officer (Lorna Winn)	
Contact all applicant survey respondents who asked to be contacted about issues raised	Dec-13	Housing Advice Service Manager (David Greening)	
Review the revised service	Mar-17	Housing Strategy Manager (Helen Reed)	





To: Executive Councillor for Housing, Councillor Catherine Smart

Report by: Liz Bisset, Director of Customer & Community Services

Relevant scrutiny committees: Housing Management Board 7/01/2014

Wards affected: All Wards

## **Tenancy Policy 2014 - 2016 Key Decision**

### **1. Executive Summary**

- 1.1 This Tenancy Policy sets out Cambridge City Council's approach to tenancy management, tenancy sustainment and the types of tenancy we will offer. The City Council will usually offer secure tenancies and to those new to social housing a one year introductory tenancy.
- 1.2 The Localism Act 2011 gives Local Authorities the power to offer fixed term tenancies to new social tenants. The Council's preference is for Lifetime tenancies, to promote settled communities. However, fixed term tenancies could be offered for properties with 4 or more bedrooms, properties with significant adaptations, for move on accommodation and specific one off properties.
- 1.3 The use of fixed term tenancies will enable the Council to recover large properties when the number of bedrooms is no longer required. There are about 100 Council properties with four or more bedrooms. However, as this Policy only applies to new tenancies made available from April 2014 it may take several years to recover large properties when the fixed term expires.

### **2. Recommendations**

The Executive Councillor is recommended:

- 2.1 To approve the Tenancy Policy.

2.2 To approve the use of fixed term tenancies from April 2014 for:

- a) properties with 4 or more bedrooms – 5 years
- b) significantly adapted disabled properties – 5 years
- c) move on accommodation – 3 years
- d) one off properties – 5 years

### **3. Background**

3.1 The idea of a Tenancy Policy was introduced as part of a wider package of social housing reforms implemented through the Localism Act 2011. Under this Act, local authorities with a strategic housing role are required to have a Tenancy Strategy setting out the issues which registered providers operating in the local area must have regard to when deciding the types of tenancies to offer, the circumstances in which they will offer a tenancy, the length of any fixed-term tenancy and the circumstances in which they will grant a new tenancy when a fixed-term tenancy comes to an end. As a housing provider Cambridge City Council is required to have a Tenancy Policy and to take account of the Tenancy Strategy.

3.2 The Tenancy Policy intends to set out how Cambridge City Council as a landlord will manage tenancies and support tenants to sustain their tenancies as well as making a statement on dealing with fraud.

3.3 An Equalities Impact Assessment has been completed for this Policy. This has identified a couple of actions to be addressed including the need for clear information to be given to prospective tenants.

3.4 By only adopting fixed term tenancies for large properties and maintain a preference for lifetime tenancies younger people seeking housing may be disadvantaged. People occupying significantly adapted properties may be asked to move at the end of the fixed term if the adaptations are no longer required.

### **4. Implications**

#### **(a) Financial Implications**

There are no direct financial implications of this report.

#### **(b) Staffing Implications**

There are no staffing implications identified as a consequence of this report.

(c) **Equal Opportunities Implications**

An equality impact assessment has been completed.

(d) **Environmental Implications**

There are no direct implications.

(e) **Procurement**

There are no direct procurement implications associated with this report.

(f) **Consultation and Communication**

A small group of tenants and Councillors have met to shape the early versions of this Policy. An article in the OPENDOOR magazine refers readers to a formal consultation on the Council's website.

(g) **Community Safety**

There are no direct community safety implications associated with the under occupation incentive scheme.

## **5. Background Papers**

The Tenancy Strategy was used in the preparation of this report.

## **6. Appendices**

Appendix 1 – Tenancy Policy 2014 - 2016

## **7. Inspection of Papers**

To inspect the background papers or if you have a query on the report please contact:

Author's Name: Andrew Latchem, Area Housing Manager  
Author's Phone Number: 01223 458402  
Author's Email: Andrew.latchem@cambridge.gov.uk

## **APPENDIX 1**

### **TENANCY POLICY Cambridge City Council      2014 - 2016**

#### **CAMBRIDGE CITY COUNCIL TENANCY POLICY 2014**

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This Policy is to be reviewed in 2016.

## **PURPOSE OF POLICY**

This is the Tenancy Policy of Cambridge City Council which is a stock retained Local Authority with over 7,300 tenancies and over a 1,000 leasehold properties. The aim of this policy is to ensure customers, tenants and applicants are clear about the Policies relating to Tenancy Management in the context of the new Affordable Rents, fixed term tenancies and succession rights introduced under the Localism Act 2011. This policy sets out the approach to tenancy management, tenancy sustainment and the types of tenancy we offer, including:

- The types of tenancies the council will offer
- The circumstances in which tenancies will be granted
- The length of tenancies
- The council's approach to tenancy management
- The council's approach to tackling tenancy fraud
- The council's approach to tenancy sustainment

This Policy should be considered in conjunction with the Lettings Policy for Cambridge City Council and the Cambridge Sub-regional Choice Based Lettings scheme.

## **INTRODUCTION**

The idea of a Tenancy Policy was introduced as part of a wider package of social housing reforms implemented through the Localism Act 2011. Under the Localism Act 2011, local authorities with a strategic housing role are required to have a Tenancy Strategy setting out the issues which registered providers operating in the local area must have regard to when deciding the type of tenancies to offer, the circumstances in which they will offer a tenancy of a particular kind, the length of any fixed-term tenancy, and the circumstances in which they will grant a new tenancy when a fixed term tenancy comes to an end.

The Tenancy Policy takes account of our Tenancy Strategy which can be found at

<https://www.cambridge.gov.uk/housing-and-related-strategies#tenancy-strategy>

All housing providers are required to publish a Tenancy Policy which is intended to set out how landlords will use the range of options made available to them. Additionally the Policy needs to clarify how landlords will support tenancy sustainment and prevent unnecessary evictions.

## **TENANCIES**

### Types of tenancies

New tenancies: the general rule is that local authorities can only grant secure tenancies. Additionally the city council has opted for introductory tenancies which have worked successfully for several years. We only grant secure tenancies where, immediately before the tenancy began, the applicant was either:

- a secure tenant or an assured tenant of a Housing Association or:-
- an introductory tenant who has successfully completed their probationary period

#### (A) Introductory tenancies

These are probationary tenancies that normally last for 12 months but can be extended for a further 6 months. Unless a prospective tenant already has a secure tenancy or an assured tenancy the council will grant an introductory tenancy for a trial period. The introductory tenancy will become a secure tenancy after 12 months if the tenancy has been conducted successfully or at the end of any extension period.

The introductory tenancy is a trial period and the tenant must show that they are able to sustain a tenancy and comply with the Tenancy Conditions. To do this they must comply with the terms of the tenancy agreement. An introductory tenant can be evicted much quicker than a secure tenant if the terms of the tenancy agreement have been breached. Introductory tenants cannot buy their home or exchange with other tenants.

Introductory tenants do not have all of the rights granted to secure tenants; these are clearly marked in the Tenancy Agreement.

#### (B) Secure tenancies

If the introductory period or the extension period, as applicable, is completed successfully then introductory tenancies automatically become secure tenancies.

The city council will grant a secure tenancy where, immediately before the tenancy began, the applicant was:

- A secure tenant: or
- An assured tenant (not an assured shorthold tenant) of social housing where the landlord is a registered social landlord; or
- An introductory tenant who has successfully completed their trial period.

A secure tenancy gives the tenant security of tenure and the following statutory rights:

- Right to buy
- Right to repair

- Right to take in lodgers
- Right to sublet part of the property with the City Council's permission
- Right to exchange
- Right to consultation and information

#### (C) Minors and tenancies

As a person under the age of 18 years cannot hold a legal tenancy we will seek to grant the tenancy to an adult, perhaps a member of the minor's family or to another adult. This person would hold the tenancy in trust for the minor's benefit until they reach 18.

#### (D) Fixed term tenancies

Section 154 of the Localism Act 2011 gives local authorities the power to offer flexible tenancies for a term certain (i.e. fixed term tenancies) to new social tenants. A fixed term tenancy is a secure tenancy for a period of not less than 2 years. The City Council's preference is generally to grant lifetime tenancies. However, due to the high demand and scarcity of certain types of properties we will grant fixed term tenancies to the following types of properties:

- Properties with 4 or more bedrooms – 5 years
- Significantly adapted properties – 5 years
- Move on accommodation – 3 years
- One off properties – 5 years

Properties with disabled adaptations will be considered by the Area Housing Manager and the Technical Services Officer (Adaptions) who will decide whether they should be designated as significantly adapted and offered as a fixed term tenancy.

Move on accommodation will be designated as such following consideration by the Manager of Temporary Housing / Housing Support and the Area Housing Manager. Move on Accommodation is provided for people who are recovering from mental ill health. The majority of referrals to the scheme are from people leaving hospital wards or moving through the supported housing system towards independent living. The accommodation is not designed for long term housing and it forms part of an overall rehabilitation process and helps facilitate discharge from much needed mental health wards.

One off properties will be designated as such by the Area Housing Manager but will only be used in exceptional circumstances. Examples may include properties in potential development areas. The period of 5 or 3 years will include the first introductory year.

### Length of fixed term tenancy.

The fixed term tenancy will usually be for 5 years except move on accommodation which will be for 3 years. The review of the fixed term tenancy will be carried out by the city council between six and twelve months before the fixed term is due to expire. The City Council will normally propose to grant another fixed term tenancy at the end of the fixed term other than where:

- In the case of homes with 4 or more bedrooms the home is now larger than required by the household
- The home contains significant disabled adaptations which are no longer required by that household and the adapted home would meet the needs of another household on the housing register
- In the case of designated move on accommodation as the accommodation is not designed for long term housing. Tenants will be offered advice and assistance to find alternative accommodation suitable to their needs.
- The tenant does not wish to be granted a new fixed term tenancy.

Tenants of fixed term tenancies will be given at least six months' notice if the decision has been made not grant another fixed term tenancy.

### Review of decision.

The tenant can ask for a review of this decision. The review process will be similar to that process in operation for Introductory Tenancies. A review must be requested in writing within 21 calendar days of the Notice being served on the tenant. The purpose of the review is to consider whether the decision is in accordance with any policy of the council as to the circumstances in which it will grant a further tenancy on the coming to an end of an existing fixed term tenancy.

The following will NOT be taken into account in the decision not to grant another tenancy:

- Where there has been a breach of the tenancy conditions, including rent arrears
- Any improvement in the tenants' financial circumstances

Possession action can be taken at any time during the fixed term if the tenant is in breach of the tenancy agreement or other grounds specified in the Housing Act 1985.

Where a decision is made not to grant a new tenancy the City Council will offer advice and support to the tenant in finding suitable alternative accommodation. The Council will offer the tenant suitable sized alternative accommodation.



## **Affordable rents**

The coalition government has introduced a new form of rent - known as 'affordable rent' - for homes provided by registered providers (mainly councils and housing associations), which can be set at up to 80% of local market rents, with the additional revenue raised to be re-invested in providing new Affordable Housing. New homes built by the Council with grant funding from the Homes and Communities Agency will, in most cases, as a condition of the grant need to be offered at an Affordable Rent.

The Council is committed to ensuring that rents remain as affordable as possible to local people, and we have negotiated with the Homes & Communities Agency that new homes required to be at Affordable Rents will be provided at rent levels set at or below Local Housing Allowance rates. We will continue to aim for rents to be set at this level in any bid for Affordable Housing grant in the 2015/18 bid round.

## **MANAGING TENANCIES**

We ensure that tenants are aware of their rights and obligations when they sign up for their tenancy. These terms are set out in the tenancy agreement. City Homes has a series of tenancy management policies outlining its approach to other tenancy issues and management of the housing stock, including abandonment, ending a tenancy, subletting etc.

### Assignment of tenancy

Secure tenants (including fixed term secure tenants) can pass on (assign) their tenancy to another person in the following circumstances:

- By mutual exchange (see below)
- Under certain court orders
- With the Council's permission to a person who would be qualified to succeed to the tenancy if the tenant died immediately before the assignment.

### Mutual exchanges

Secure (including fixed term) tenants have the right to exchange their home by assigning the tenancy to another secure tenant of a local authority or a registered social landlord such as a housing association.

In order for a tenant to exchange their home with another tenant they must get our written permission first and the other tenant must get permission from their landlord.

Either landlord may attach conditions to the agreement which have to be met before the exchange can take place. These may, for example, be to clear any rent arrears and/or correct any breach of tenancy conditions.

## Succession rights

If there is a **joint secure** tenancy and one of the tenants die the surviving tenant will automatically take on the tenancy.

If there is a **sole secure** tenant who has not succeeded to the tenancy, then the tenancy can be passed on to a spouse or civil partner providing that they are living with the tenant when the tenant dies. If the tenant has no spouse or civil partner, then certain close members of the family may be able to succeed to the tenancy if they have been living with the tenant for at least twelve months at the date of the death of the tenant. We may ask a successor to move to another home if the home they have succeeded to is larger than they would be eligible for.

Under the Localism Act the statutory right of succession to a secure tenancy for family members has been abolished. As such statutory succession will be limited to spouses, civil partners and those in equivalent relationships. Cambridge City Council secure tenants benefit from enhanced contractual rights granting qualifying family members the right to succeed through the Tenancy Agreement which was amended in 2009 following consultation.

## Tenancy changes

### **Sole to joint**

There is no right to the granting of a joint tenancy, nor to add a tenant to an existing tenancy. If a tenant requests a joint tenancy this is a matter which is at the discretion of the landlord. For housing applicants where the proposed joint tenants are both eligible for housing as defined by legislation, the tenants could be granted a joint tenancy. Existing sole tenants can request a joint tenant be added to their tenancy in the following circumstances:

- Where the proposed joint tenant is married to or is a civil partner of the existing tenant : or
- Where the proposed joint tenants live together and the relationship is an established one i.e. evidence is produced showing they have lived together for at least 12 months prior to the application.

If the sole tenant is in breach of any of the tenancy conditions the joint application may be refused.

The City Council will not normally agree to joint tenancy requests between generations – to a person who is entitled to succeed to that tenancy (e.g. mother and daughter) as this could compromise its ability to make the best use of its housing stock. In some exceptional circumstances joint inter-generational tenancies may be offered at the point of allocation if they are part of an established household.

## **Joint to sole**

Joint tenants are responsible individually and together for keeping to the tenancy conditions and making sure that rent and other charges are paid.

Service of a Notice to Quit (NTQ) in writing by one or both of the joint tenants will end a joint tenancy. If a NTQ is received from only one of the joint tenants the City Council will endeavour to contact the other joint tenant who may be absent from the property. The tenant will be advised to seek Legal advice regarding the implications of changes to a tenancy.

Where one of the joint tenants may wish to remain in the property the request for a sole tenancy should be considered by the Senior Officer Review Panel (SORP) before the remaining tenant is required to give NTQ.

## **Ending a tenancy**

Tenants must give four weeks' Notice in writing if they are going to end their tenancy. A joint tenancy will end if one or more joint tenants give us notice to end it. When a tenant dies we will normally expect their next of kin or executor to give four weeks' Notice to end the tenancy.

## **Abandonment**

Where, following investigation it appears to us that a tenant has abandoned their property we may serve a Notice to Quit to end the tenancy. When the Notice expires we may repossess the property. There may be circumstances when the Council may treat the tenancy as ended by reason of abandonment, in which cases we may resume possession of the property without serving a Notice to Quit and accept the implied surrender of the tenancy. Cases will be monitored by the Tenancy Enforcement Panel.

## **TENANCY SUSTAINMENT**

The City Council will support tenants as much as possible to sustain their tenancies. Eviction of council tenants will only be used as a last resort. We will offer advice and support when signing tenants up for new tenancies. We will ensure that tenants are informed about their tenancy rights and obligations when tenancies are signed for.

We will offer advice and assistance on financial matters, particularly where tenants may experience difficulty with rent payments. This will include assistance with Housing Benefit application forms and financial budgeting.

Where appropriate we will refer tenants to Housing Support and other support agencies.

## **TENANCY FRAUD**

Tenancy fraud presents a significant challenge to the City Council as a provider of social housing. Local authorities and housing associations have recognised that

preventing the fraudulent misuse of socially rented properties is a priority for social landlords.

Tenancy fraud may include any of the following.

- Attempting to obtain a council property using false documents
- Unlawfully subletting the property as prescribed in the Prevention of Social Housing Fraud Act 2013.

The City Council will take appropriate action against any tenant found to be committing tenancy fraud. The City Council will consider taking criminal action against tenants who unlawfully sub-let their properties using powers granted under the Prevention of Social Housing Fraud Act 2013. A secure tenant will commit an offence, if in breach of an express or implied term of their tenancy agreement; they sub-let or part with possession of the whole or part of the property and know that the action is in breach of their tenancy agreement.

### **Glossary of terms**

**Affordable rent** – Rented housing provided by Local Authorities and Private Registered Providers (includes Housing Associations) of social housing to households that are eligible for social rented housing. Affordable rent is subject to rent controls that require a rent of no more than 80% of the local market rent.

**Fixed Term Tenancy** – A tenancy which runs for a fixed period of time and is reviewed, and either a new fixed term tenancy granted or terminated, at the end of the fixed term.

**Notice To Quit** - A formal legal notice terminating a tenancy.

**Secure Tenancy** – A secure tenancy means the tenant can keep their home for as long as they want, unless there is a legal reason for the landlord to repossess the home.

**Senior officer review panel (SORP)** – A panel of senior officers who review decisions relating to the allocation policy.

**Tenancy Enforcement Panel** - A group of officers that considers and approves tenancy enforcement against tenants.

**Tenancy Strategy** – A document which, under the Localism Act, all local housing authorities are required to produce, setting out the matters to which Registered Providers have regard to in formulating tenancy policies.

**Tenancy Policy** – A policy which, under the Regulatory Framework, 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 term will / will not be renewed.



To: Executive Councillor for Housing: Cllr Catherine Smart  
Report by: Bob Hadfield Head of Estates & Facilities  
Relevant Scrutiny committee: Housing Management Board  
Wards affected: All Wards

Gas Maintenance Contract Extension

### **Key Decision**

#### **1. Executive summary**

The current gas service contract procured via the Eastern Shires Purchasing Organisation (ESPO) for an initial term of five years reaches its fifth anniversary on 30<sup>th</sup> June 2014.

The service contract provides for an option to extend for a further and final period of two years, subject to continued satisfactory performance of the service provider, Morrison Facilities Services.

The Council working in partnership with Morrison continues to meet and exceed key performance indicators and statutory compliance requirements. Cambridge City Council and South Cambridgeshire District Council have also met to review performance of the Service delivery as both authorities share the same service provider.

A two year extension will enable the Council to investigate future procurement options and possible further collaborative working with South Cambridgeshire District Council.

#### **2. Recommendations**

The Executive Councillor is recommended:

To grant permission to extend the Gas Service contract with Morrison Facilities Services for a further period of two years terminating on 30<sup>th</sup> June 2016 in line with the ESPO contract terms and conditions.

### 3. Background

Morrison Facilities Services were appointed by Cambridge City Council and South Cambridgeshire District Council to undertake the inspection, servicing and maintenance of the Councils gas-fired domestic central heating systems and appliances.

The ESPO procured Contract commenced 1<sup>st</sup> July 2009 for an original duration of five years with an option to extend by a further two years at the discretion of the authorities.

Morrison working in partnership with the City Council have attained and maintained high standards in terms of service delivery and performance through partnership working.

Statutory Landlords Annual Gas Safety Inspection and service schedule compliance is 100%. Customer satisfaction is high along with monitored quality control.

Extending the contract by a further two years will enable the Council to consider future procurement options and further collaborative working opportunities with South Cambridgeshire District Council.

Both authorities met on 24<sup>th</sup> September 2013 to review the gas contract performance and potential benefits of extending the contract. The result of which was an overwhelming consensus that joint working practices has worked well, sharing resources, implementing new initiatives and best practice, to achieving high standards and compliance with statutory regulations.

### 4. Implications

- (a) **Financial Implications**  
**To continue under the existing terms of the ESPO contract.**
- (b) **Staffing Implications** (if not covered in Consultations Section)  
N/A
- (c) **Equal Opportunities Implications**  
N/A

(d) **Environmental Implications**

N/A

(e) **Procurement**

N/A

(f) **Consultation and communication**

N/A

(g) **Community Safety**

N/A

**5. Background papers**

N/A

**6. Appendices**

None

**7. Inspection of papers**

If you have a query on the report please contact:

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