



To: Executive Councillor for Housing (and Deputy Leader): Councillor Catherine Smart  
Report by: Liz Bisset  
Relevant scrutiny committee: Housing Management Board 19/6/2012  
Wards affected: All Wards

## TENANCY POLICY Not a Key Decision

### 1. Executive summary

- 1.1 This report recommends a Tenancy Policy for the City Council in the context of the new Affordable Rents regime and the new flexibilities around the length of tenancy to be offered.
- 1.2 The Policy covers:
  - a) Introductory tenancies.
  - b) Security of tenure.
  - c) Affordable rents.
  - d) Succession rights.

### 2. Recommendations

The Executive Councillor is recommended:

- 2.1 To agree the Tenancy Policy.
- 2.2 To agree to the Tenancy Policy being reviewed during 2012 -13.

### 3. Background

- 3.1 Under the new Tenant Services Authority (TSA) Regulatory Framework for Social Housing in England, all Registered Providers, including Cambridge City Council as a provider of Council housing, are required to issue 'clear and accessible policies which outline their approach to tenancy management', including, amongst other things, their approach to granting tenancies.
- 3.2 This proposed Tenancy Policy outlines Cambridge City Council's approach to the types and length of tenure to be offered within the context of the new national Affordable Rents regime and new powers to offer fixed term rather than secure

tenancies. It has been drawn up in the context of a proposed Tenancy Strategy for Registered Providers operating in the City, which is being considered by the Executive Councillor and Community Services Scrutiny during this committee cycle and is attached as Appendix 1.

- 3.3 This Tenancy Policy does not include the granting of licences to occupants of the Council's designated temporary or move-on accommodation for homeless households. The Council's approach to other aspects of tenancy management can be found in its range of other tenancy management policies.
- 3.4 A Tenancy Policy on the approach to granting tenancies is required to be in place during 2012, but owing to the short timescales given there hasn't been time to fully explore the issues or consult on it in a meaningful way. Therefore, this proposed Policy will be reviewed during 2012 -13, giving tenants and applicants on the housing register the opportunity to influence the policy in an informed way. As well as reviewing the type and length of tenancies to be used in the future, a decision will also be made at that stage on how frequently the policy should be reviewed.

The following outlines our policy on the type and length of tenure to be used for Council tenancies. Most of it is already encompassed in the Council's existing policies. This Policy should be read within the context of the proposed Tenancy Strategy, Cambridge sub-regional Policy, and Cambridge City Council's own Lettings Policies.

### 3.5 **Introductory Tenancies**

Except for where transferring from a secure tenancy, or an assured tenancy with a registered social landlord (but not an assured shorthold tenancy), new tenants will be offered an Introductory Tenancy for a period of one year.

### 3.6 **Security of Tenure**

On satisfactory completion of an Introductory Tenancy, or on transfer from another secure or assured tenancy (although not a secure shorthold tenancy) the Council will continue to offer all of its tenants a secure tenancy. The Council will not offer short-term flexible tenancies, although this decision, and the Tenancy Policy as a whole, will be subject to future review during 2012 -13.

### 3.7 **Affordable Rents**

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 will continue, as far as possible, to let its homes on Social Rents, as they are currently more affordable than Affordable Rents. Existing homes built without the grant requirement to offer Affordable Rents will continue to be let at Social Rents, unless it's considered appropriate, in exceptional circumstances, to negotiate arrangements with the HCA to convert some existing homes to Affordable Rents in place of offering all new homes built by the Council at Affordable Rents. An example of where this may be considered appropriate could be where the sustainability of a new development is significantly threatened by all the homes being let at Affordable Rents, or where a scheme is built with the intention of enabling tenants to down-size to a smaller home but the rent levels are likely to significantly discourage this from happening.

### 3.8 Succession rights

The following arrangements will continue to apply if a tenant dies:

For secure tenants: For secure tenants with a joint tenancy, if one tenant dies then the surviving tenant(s) will automatically take on the tenancy.

For a secure tenant who is a sole tenant who has not succeeded to the tenancy, the tenancy can be passed on to the tenant's spouse or civil partner, provided they are living with the tenant when the tenant dies. If there is no spouse or civil partner, then certain members of the family may succeed to the tenancy, provided they have been living with the tenant for at least 12 months at the date of the tenant's death.

For introductory tenants: For introductory tenants with a joint tenancy, if one tenant dies the surviving tenant(s) will automatically take on the tenancy.

For an introductory tenant with a sole tenancy who has not succeeded to the tenancy, the tenancy can be passed on to the spouse or civil partner provided they are living with the tenant when the tenant dies. If there is no spouse or civil partner, then certain members of the family may succeed to the tenancy provided they have been living with the tenant for at least 12 months at the date of death.

The tenancy will become secure at the end of the introductory period (or any extension of the introductory period) provided that no steps have been taken to end the tenancy.

For demoted tenants: For demoted tenants with a joint tenancy, one tenant dies the surviving tenant(s) will automatically take on the tenancy.

For a demoted tenant with a sole tenancy who has not succeeded to the tenancy then the tenancy can be passed to the spouse or civil partner, provided they have been living with the tenant for at least 12 months at the date of death. If there is no spouse or civil partner, then certain members of the family may succeed to the tenancy provided they have been living with the tenant for at least 12 months at the date of death.

The tenancy will become a secure tenancy at the end of the demotion period provided that no steps have been taken to end the tenancy.

For all tenants: If there is no right of succession under the above policy, the Council will offer advice and support to help the person or household to find suitable alternative accommodation, taking into account the circumstances of the people concerned. The Council may consider, where appropriate, re-letting the home or offering a new home to a vulnerable occupant through the Council's Lettings Policy.

## **4. Implications**

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

There are no specific financial implications of this report.

### **(b) Equal Opportunities Implications**

There are no specific Equal Opportunities implications of this report.

## **5. Appendices**

Appendix 1 – Cambridge City Council's draft Tenancy Strategy.

## **6. Inspection of papers**

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

Author's Name: Andrew Latchem  
Author's Phone Number: 01223 - 458402  
Author's Email: [Andrew.latchem@cambridge.gov.uk](mailto:Andrew.latchem@cambridge.gov.uk)

Cambridge City Council

# Tenancy Strategy 2012 Onwards

CONSULTATION DRAFT

May 2012

## 1. Introduction

The coalition government has given Registered Providers (RPs) the power to grant fixed term tenancies on new Affordable Rents, at up to 80% of market rents.

The Localism Act 2011 requires each local authority, in its strategic role, 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 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.<sup>1</sup>

Each Registered Provider must in turn have its own Tenancy Policy which outlines its approach to letting tenancies, having regard to the Local Authority's Tenancy Strategy.<sup>2</sup> Cambridge City Council, as a stock-holding authority and the largest RP in the City, is developing its own Tenancy Policy within the context of this broader Tenancy Strategy.

Appendix 1 to this Tenancy Strategy gives a summary of the consultation questions. Appendix 2 is a glossary of terms, and Appendix 3 gives additional data used in developing the Strategy

## 2. Consultation

Copies of this draft Tenancy Strategy will be sent to all Registered Providers operating within the City of Cambridge.

A list of consultation questions is at Appendix 1.

Consultation will run from **4th to 30<sup>th</sup> May 2012.**

## 3. Government Policy

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<sup>1</sup> Localism Act, Chapter 2: <http://www.legislation.gov.uk/ukpga/2011/20/contents/enacted>

<sup>2</sup> Tenant Services Authority Regulatory Framework:  
<http://www.tenantservicesauthority.org/server/show/ConWebDoc.20175>

In November 2011 the government published a new national housing strategy, Laying the Foundations.<sup>3</sup> It is aimed at investing in housing for the purposes of social mobility, health and well-being, and to stimulate economic growth.

Affordable Rents have been introduced to help meet these aims. These are to be set at up to 80% of local market rents, with the additional revenue raised to be re-invested in providing new Affordable Housing. To access Affordable Housing grant through the Homes and Communities Agency (HCA), registered providers will be required to let the new homes at Affordable Rents. Existing homes may also be converted to Affordable Rents when they are re-let, subject to agreement with the HCA.

The government has also introduced new flexibilities to enable RPs to offer Fixed Term Tenancies, rather than having to give tenants security of tenure.

At the same time, the government is implementing fundamental reforms to the welfare benefits system, including reductions in the Local Housing Allowance payable to tenants in the private rented sector, reductions in benefits available to social tenants who are deemed to be under-occupying their homes, and the introduction of a new Universal Credit as a single welfare payment for benefit claimants of working age.

#### **4. Cambridge City Council's Strategic Aims**

Part of the Council's vision is for a City which recognises and meets the need for housing of all kinds.

This Tenancy Strategy has been developed alongside a review of the Council's Housing Strategy, and within the context of the following key objectives, to:

- Increase the supply of good quality, energy efficient affordable housing
- Create mixed and sustainable communities
- Make best use of existing homes
- Promote community cohesion
- Prevent homelessness and rough sleeping
- Promote sustained and settled lifestyles and minimise social exclusion
- Ensure that housing meets a range of specialist needs

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<sup>3</sup> Laying the Foundations, national housing strategy:  
<http://www.communities.gov.uk/publications/housing/housingstrategy2011>

- Understand the dynamics of the local housing market and use that information to influence the delivery of new homes and housing related services

Within the context of these objectives, the following priorities in the revised Housing Strategy are relevant to this Tenancy Strategy:

- Maintain an appropriate balance of sizes, types and tenures of homes
- Ensure that Affordable Housing remains as affordable as possible to local people
- Maximise the positive and minimise the negative impact of growth on existing homes and communities
- Increase access to the private rented sector for those who are homeless or at risk of homelessness and those on welfare benefits
- Support vulnerable households and chronically excluded adults in accessing and retaining suitable housing and in moving on from temporary accommodation
- Ensure appropriate housing is available so that older people who wish to move have a range of housing options to choose from
- Promote and support home energy improvements across all tenures
- Support the improvement of health outcomes for older and vulnerable people
- Develop methods of forecasting and measuring the impact of national change on the local housing market –particularly in relation to Welfare Reform and Affordable Rents.
- Develop a Tenancy Strategy advising local Registered Providers on what the Council expects in relation to use of Affordable Rents and fixed term tenancies

## **5. Cambridge City – Local Context**

Cambridge has a thriving, buoyant and dynamic economy, with high house prices, high private rental costs, and high demand for housing of all tenures.

Housing in Cambridge has an important part to play in supporting both the local and national economy, as well as being critical in promoting well-being and achieving positive health outcomes. It is important to maintain a mix of different types of sizes, types and tenures of housing, including Affordable Housing, to meet a wide range housing needs.



Statistical information used to inform this Tenancy Strategy is given in the text, and in more detail at Appendix 3. Further details are available in the Cambridge sub-regional Strategic Housing Market Assessment.

## **6. Affordability of Housing**

- Around 60% of applicants on the Home-Link housing register are thought to have household incomes of under £15,000 per year, and with average income levels considerably lower than the Cambridge population as a whole.
- Only 18% of Housing Register applicants are estimated to have sufficient incomes to be able to afford 80% of the market rent on a one-bedroom home, reducing to 13% for a two-bedroom and 9% for a three-bedroom room home.

The Council recognises that Affordable Rents are being introduced to raise funds for the delivery of new Affordable Housing, and that developer viability will be a factor in the setting of rent levels. The Council wants to continue to ensure that RPs are able to provide appropriate levels of Affordable Housing.

However, the Council also wants to ensure that Affordable Housing is as affordable as possible to local people. Although we recognise that the Council cannot specify rent levels, we expect RPs to take affordability into account when deciding on the rent and service charge levels to apply.

At the same time the Council does recognise that the cost of running a home may also be relevant when assessing affordability, and that higher rents may be partly offset by high levels of energy efficiency provide good levels of affordable warmth.

The Council itself, through its own newbuild programme, has demonstrated to the Homes and Communities that 80% of market rents in the City would be unaffordable to most people on the Housing Register, and that rent levels should be around 65% of market rents and as close to Local Housing Allowance rates as possible.

The impact of welfare reform will also affect affordability of housing, and the Council will, with its sub-regional partners, continue to review and improve its affordability data.

The Council is keen to work with RPs and the HCA to achieve a balance between increasing supply and ensuring that rented homes are affordable to applicants on the Housing Register.

## **7. Increasing the Supply of Affordable Housing in Cambridge**

- The ratio of average house prices to average incomes in Cambridge City stands at around 9:2
- Private rent levels are also high, with median rents being around £725 per month on a one bedroom property, and £875 on a two bedroom home. Local Housing Allowance is not sufficient to cover the rent on any of the private rented homes in the City.
- 2,140 new Affordable Homes would need to be built in the City each year over the next five years to meet existing and newly arising housing need.

The Council recognises that many RPs in the City operate in other parts of the Eastern Region and beyond, and that they will want to provide homes outside of the City. However, with high levels of Housing Need in Cambridge the Council's preference would be for the funding raised through charging Affordable Rents in the City to be used to fund new Affordable Homes within and/or on the urban fringes of Cambridge.

## 8. Type of Tenancy

The Council's preference is for Lifetime tenancies, to promote settled lifestyles and achieve and maintain sustainable communities. However, we do recognise that some RPs may wish to use flexible tenancies in order to re-base rents after a period of time.

## 9. Length of Tenancy

- Although nationally there is relatively high turnover of social housing in the first four years, at around 36% (including transfers), 65% of tenants nationally have remained in their homes for five years or more, and 43% have stayed for ten years or more

Two-year tenancies should be an absolute exception – eg for designated supported move-on accommodation where it is anticipated that the tenant will be able to live independently after two years.

In all other cases, tenancies should be for a minimum of five years, and preferably longer.

**Question 1:** Are there other circumstances where, in your view, it might be appropriate to offer a tenancy for less than five years duration? If so, please specify what these might be.

## 10. Renewal of Fixed Term Tenancy

The Council expects fixed term tenancies to be renewed at the end of the fixed term, other than in exceptional circumstances. It would be acceptable to decide **not** to renew a tenancy in the following circumstances:

- Where the tenant wishes to end the tenancy at that point
- In the case of homes with 4 or more bedrooms, where 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 where the tenant is now able to live independently in more permanent accommodation

The Council would prefer RPs not to base decisions on whether to renew tenancies on grounds of breach of tenancy conditions, as there are other tools available to RPs to tackle such issues.

The Council does not want tenants to be disincentivised from bettering their circumstances, and therefore would not be supportive of the approach of deciding not to renew a tenancy on the basis that the tenant had gained work or otherwise improved their financial circumstances.

**Question 2:** Are there other circumstances where it might be appropriate not to renew a tenancy at the end of the fixed term? If so, please specify.

## 11. Where a tenancy is not to be renewed

Where a tenancy is not to be renewed, the Council expects the RP to provide advice and support to the tenant in finding suitable alternative accommodation. The Council would be supportive of RPs using the private rented sector to meet housing needs, provided the tenant or a member of his/her household is not considered vulnerable. The Council plans to do more work with landlords, letting agencies and other partners to identify private sector housing options for people in housing need, and would welcome the involvement of RPs in this work.

## 12. Conversions to Affordable Rent

- There are an estimated 11,700 social homes in Cambridge; around 62% are owned by Cambridge City Council, and 38% by Private Registered Providers (Housing Associations).
- As well as 9,924 general needs homes to let owned by RPs in the City (including the Council), there are also 1,099 homes for older people, and 677 homes let as supported and/or or temporary accommodation. Temporary accommodation and some of the supported housing may be let on licences, and therefore not eligible to be let at Affordable Rents.

The Council recognises that RPs may wish to convert some existing homes to Affordable Rent to raise money for new Affordable Housing. In doing so, the Council expects RPs to do the following:

- Maintain a mix of tenure types in different parts of the City
- Maintain a mixture of sizes and types of housing available in different parts of the City so that existing tenants with security of tenure are able to move locally or to other areas without losing that security
- Ensure, as far as possible, that housing remains affordable to local people (see above)

We will continue to assess what is an appropriate mix in the context of local housing need. We do not intend, at this stage, to specify a maximum percentage of homes to be converted to Affordable Rents. However, we intend to monitor the impact of Affordable Rents combined with other national and local policies, and do not rule out specifying a maximum conversion rate in the future.

**Question 3:** Does this give an appropriate framework for RPs to make decisions on conversions to Affordable Rent? If not, what further information would be helpful?

## 13. Under-Occupancy

- Nationally around 670,000 households of working age are expected to be affected by reductions in housing benefit for those deemed to be under-occupying their homes. It is unclear how many social rented homes in Cambridge are currently 'under-occupied', or how many will be affected by the welfare benefit change.

Whilst, in tackling under-occupancy, the Council wants to restrict the decision not to renew a fixed term tenancy to homes of 4 bedrooms or more, we do support RPs in taking positive action to help tenants to move to smaller accommodation where tenants wish to do so. This will become increasingly important in the light of the planned reductions in benefits for those deemed to be under-occupying their homes. The Council would like to work more closely with RPs in the City in tackling under-occupancy in order to make better use of existing homes.

**Question 4:** Would RPs be interested in working more closely with the Council to tackle under-occupancy in the City?

#### **14. Lettings Policy and Operation of Home-Link**

The sub-regional lettings policy, and the lettings policy for Cambridge are currently being reviewed, and will need to take into account the introduction of Affordable Rents and Fixed Term Tenancies, as well as other national policy issues.

The Home-Link application and lettings process is also being reviewed to allow for the new types of tenancy to be let appropriately.

#### **15. Local Lettings Plans**

The Council will continue to use local lettings plans to inform the letting of homes on new developments.

#### **16. Monitoring and Review**

The Council will continue to monitor the impact of Affordable Rents, fixed term tenancies and other national and local policies on the housing market, both internally and through the sub-regional Strategic Housing Market Assessment. We will actively encourage the input of providers into this process, to ensure that sufficient and appropriate information is available.

This Strategy will be reviewed periodically in light of this market information.

#### **17. Improving Joint Working**

The Council has historically had a good working relationship with Registered Providers operating in the City. However, we want to improve this further, and

**Question 5:** Would RPs be interested in working more closely with the Council on implementing and reviewing this strategy? If so, please give any suggestions you might have on how to take this forward.

involve RPs more closely in the implementation and future review of this strategy. We would also welcome views from RPs on whether there are particular areas where better joint working would be beneficial.

## **18. Equalities**

An Equality Impact Assessment will be carried out on this draft Strategy to ensure that the needs of all groups are taken into account in the Strategy, and that particular groups of people are not adversely affected by it.

Cambridge City Council expects RPs to carry out Equality Impact Assessments on their own Tenancy Policies.

## **19. Further Data and Information**

**Question 6:** Is there further data or information in addition to what is available in Appendix 3, which RPs would find useful in developing and reviewing their Tenancy Policies? If so, please give some indication of what might be useful.

## Appendix 1 - Consultation Questions

**Question 1:** Are there other circumstances where, in your view, it might be appropriate to offer a tenancy for less than five years duration? If so, please specify what these might be.

**Question 2:** Are there other circumstances where it might be appropriate not to renew a tenancy at the end of the fixed term? If so, please specify.

**Question 3:** Does the information provided give an appropriate framework for RPs to make decisions on conversions to Affordable Rent? If not, what further information would be helpful?

**Question 4:** Would RPs be interested in working more closely with the Council to tackle under-occupancy in the City?

**Question 5:** Would RPs be interested in working more closely with the Council on implementing and reviewing this strategy? If so, please give any suggestions you might have on how to take this forward.

**Question 6:** Is there further data or information in addition to what is available in Appendix 3, which RPs would find useful in developing and reviewing their Tenancy Policies? If so, please give some indication of what might be useful.

**Question 7:** Please let us know if you have any further comments to make on this Strategy?

## Appendix 2 - Glossary of Terms

Term	Definition
<b>Affordable Housing</b>	<p>Affordable housing includes social rented, affordable rented and intermediate housing, provided to eligible households whose needs are not met by the market. Affordable housing should:</p> <ul style="list-style-type: none"> <li>▪ Meet the needs of eligible households including availability at a cost low enough for them to afford, determined with regard to local incomes and local house prices</li> <li>▪ Include provision for the home to remain at an affordable price for future eligible households or, if these restrictions are lifted, for the subsidy to be recycled for alternative affordable housing provision.</li> </ul>
<b>Affordable Rent</b>	<p>Rented housing provided by Local Authorities and Private Registered Providers 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 (including service charges, where applicable).</p> <p>From April 2012, most new homes funded by government grant have to be offered at Affordable Rents, to generate funding for further new Affordable Housing. Some existing Social Rent homes may also be converted to Affordable Rents in agreement with the Homes and Communities Agency.</p>
<b>Fixed Term Tenancy</b>	<p>A tenancy which runs for a fixed period of time and is reviewed, and either renewed or terminated, at the end of the fixed term. From April 2012, Councils and Housing Associations are able to offer fixed term tenancies instead of having to offer long-term security of tenure as previously required.</p>
<b>Local Housing Allowance (LHA)</b>	<p>LHA is used to calculate how much Housing Benefit a tenant in the private rented sector will be</p>



	entitled to. LHA rates are set at different rates for different sizes of accommodation in different local areas.
<b>Local Lettings Plan</b>	Details how homes will be let in a particular area or development
<b>Registered Provider (RP)</b>	Providers of social housing. Includes Private Registered Providers (Housing Associations) and Councils – including Cambridge City - who still have their own housing stock.
<b>Strategic Housing Market Assessment</b>	A collection of data and survey information about all parts of the local housing market. The Cambridge SHMA covers the Cambridge housing sub-region, and helps in planning for housing and related services in the area.
<b>Tenancy Policy</b>	A policy which, under the Regulatory Framework for Social Housing in England, Registered Providers are required to have in place showing various information, including: the types of tenancy they will grant, the length of any fixed terms, circumstances in which fixed term tenancies will/ will not be renewed etc
<b>Tenancy Strategy</b>	A document which, under the Localism Act, all local authorities are required to produce, setting out the matters to which Registered Providers operating in the area are to have regard to in formulating policies relating to: <ul style="list-style-type: none"> <li>▪ The kinds of tenancies they grant</li> <li>▪ The circumstances in which they will grant a tenancy of a particular kind</li> <li>▪ Where they grant a tenancy for a ‘term certain’ (ie a fixed term), the lengths of the terms, and</li> <li>▪ The circumstances in which they will grant a further tenancy at the end of a fixed term.</li> </ul>
<b>Universal Credit</b>	A single welfare payment for working age claimants, to be introduced from 2013 to replace the range of existing benefits payable

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