

Cambridge City Council

Tenancy Strategy 2012 Onwards

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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 housing 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 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.¹

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.² 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 Strategy is a glossary of terms, and Appendix 2 gives additional data used in developing the Strategy

2. Government Policy

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

¹ Localism Act, Chapter 2:

<http://www.legislation.gov.uk/ukpga/2011/20/contents/enacted>

² Tenant Services Authority Regulatory Framework:

<http://www.tenantservicesauthority.org/server/show/ConWebDoc.20175>

³ Laying the Foundations, national housing strategy:

<http://www.communities.gov.uk/publications/housing/housingstrategy2011>

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.

3. 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 in a range of sizes, types and tenures
- 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
- 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

4. 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 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 2. Further details are available in the Cambridge Sub-regional Strategic Housing Market Assessment.

5. 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 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 recognises 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 providing good levels of affordable warmth.

The Council itself, through its own new-build programme, has demonstrated to the Homes and Communities Agency 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 Local Housing Allowance rates.

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.

6. 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 homes in any parts of 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.

7. 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.

8. 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, or where the home is in a regeneration area and has been identified as having a limited life-span. In all other cases, tenancies should be for a minimum of five years, and preferably longer.

9. 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.

10. 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.

11. 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.

12. 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 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.

13. 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.

14. Local Lettings Plans

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

15. Developments on Growth Sites on the Fringes of Cambridge

There are a number of sites on the edges of Cambridge, the development of which is being managed jointly between Cambridge City and South Cambridgeshire District Councils. For new homes on these sites, rent levels should be consistent across each phase of development, regardless of where each home is located in relation to the district boundary.

Arrangements around use of fixed term tenancies, length of tenancy and tenancy renewal on sites where nomination rights are shared between the two Councils will be agreed in the local Lettings Plan developed for each area, which may differ in some respects to this Strategy. Where differences arise, the local Lettings Plan will take precedence in relation to those differences.

16. Appeals and Complaints

The Regulator requires RPs to set out the way in which a tenant or prospective tenant may appeal against or complain about the length of any fixed term tenancy offered and the type of tenancy offered, and against a decision not to grant another tenancy on the expiry of the fixed term.

The Council expects RP's Tenancy Policies to include details on:

- The appeals/ complaints process to be followed
- Timescales for reviewing appeals/ complaints
- How the tenant can take their appeal or review further if they are dissatisfied with the response (eg to a Tenant Panel or the Housing Ombudsman)

17. 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.

18. 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 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.

19. Equalities

The public sector equality duty under the Equality Act 2010 requires public bodies, in exercising their functions, to have due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act;
- Advance equality of opportunity between people who share a protected characteristic and those who do not; and
- Foster good relations between people who share a protected characteristic and those who do not.

The protected characteristics are: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion and belief, sex and sexual orientation

Under case-law⁴ it is likely that most RPs are carrying out public functions in rent setting, managing and terminating social housing

⁴ Weaver v London & Quadrant 2009

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

An Equality Impact Assessment is being carried out on this 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.

Appendix 1: Glossary of Terms

Term	Definition
Affordable Housing	<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"> ▪ 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 ▪ 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. <p>(See definition in the National Planning Policy Framework)</p>
Affordable Rent	<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</p>

	converted to Affordable Rents in agreement with the Homes and Communities Agency.
Fixed Term Tenancy	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.
Local Housing Allowance (LHA)	LHA is used to calculate how much Housing Benefit a tenant in the private rented sector will be entitled to. LHA rates are set at different rates for different sizes of accommodation in different local areas.
Local Lettings Plan	Details how homes will be let in a particular area or development
Registered Provider (RP)	Providers of social housing. Includes Private Registered Providers (Housing Associations) and Councils – including Cambridge City - who still have their own housing stock.
Strategic Housing Market Assessment	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.
Tenancy Policy	A policy which, under the Regulatory Framework for Social Housing in England, Registered Providers are required to have in place showing various information, including: the types of tenancy they will grant, the length of any fixed terms, circumstances in which fixed term

	tenancies will/ will not be renewed etc
Tenancy Strategy	<p>A document which, under the Localism Act, all local housing 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:</p> <ul style="list-style-type: none"> ▪ The kinds of tenancies they grant ▪ The circumstances in which they will grant a tenancy of a particular kind ▪ Where they grant a tenancy for a 'term certain' (ie a fixed term), the lengths of the terms, and ▪ The circumstances in which they will grant a further tenancy at the end of a fixed term.
Universal Credit	A single welfare payment for working age claimants, to be introduced from 2013 to replace the range of existing benefits payable

Appendix 2: Data (see separate sheet)