



# Cambridge City Council

## Tenancy Strategy 2020 refresh

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## 1. Introduction

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. There is also a statutory duty to keep the Strategy under review.<sup>1</sup>

This was in the context of the introduction of Affordable Rents for social housing, at up to 80% of market rents.

Each Registered Provider (RP) 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, has its own Tenancy Policy within the context of the council's broader Tenancy Strategy.

Cambridge City Council published its first Tenancy Strategy in 2012. This 2020 refresh takes into account more recent changes to national policy, current data, and the new Greater Cambridge Housing Strategy which was adopted in spring 2019.<sup>3</sup>

Annex A to this Strategy provides additional data used to inform the Strategy refresh. Annex B is a glossary of terms.

## 2. Government Policy

In November 2011 the government published a new national housing strategy, Laying the Foundations.<sup>4</sup> It was aimed at investing in housing for the purposes of social mobility, health and well-being, and to stimulate economic growth.

Affordable Rents were introduced to help meet these aims. These were 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 Registered Providers (RPs) were, at the time, required to let the new homes at Affordable Rents.

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<sup>1</sup> [Localism Act, Part 7, Chapter 2](#)

<sup>2</sup> [Social Housing Regulatory Framework](#)

<sup>3</sup> [Greater Cambridge Housing Strategy 2019-2023](#)

<sup>4</sup> [Laying the Foundations, national housing strategy](#)

RPs were also permitted to convert existing homes to Affordable Rents when they were re-let, subject to agreement with the Homes and Communities Agency (now Homes England).

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

Since then, although some grant is now available again for Social Rent as well as Affordable Rent housing, many of those new homes are being, and will continue to be delivered at Affordable rather than Social Rents.<sup>5</sup> The council, through its own house-building programme, is having to charge rents on new homes at levels higher than Social Rents, to make development viable.

The Localism Act also introduced new flexibilities to enable RPs to offer fixed term rather than lifetime tenancies. These must be for a minimum of five years, or exceptionally a minimum of two years.<sup>6</sup>

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

The Tenancy Strategy has been refreshed in the context of the vision set out in our new Greater Cambridge Housing Strategy: 'Healthy, safe, affordable: homes & communities for all.'<sup>7</sup>

Relevant objectives from the Housing Strategy include:

- Everyone has access to a suitable home, and residents are able to live as healthily, safely, and independently as possible.
- The housing market functions effectively, providing homes which are affordable to people on all incomes; to meet the needs of residents and support the local economy.
- There is a wide and varied choice of good quality, sustainable homes of different sizes, types and tenures, including new provision of council homes, to meet the needs of a wide range of different households and age groups.

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<sup>5</sup> [Shared Ownership & Affordable Homes Programme 2016-2021](#)

<sup>6</sup> [Regulatory Framework for Social Housing](#), and Localism Act 2011

<sup>7</sup> [Greater Cambridge Housing Strategy 2019-2023](#)

- Homes are affordable to live in, located in high quality sustainable environments, served by jobs and neighbourhood facilities, appropriate green space, effective and sustainable transport links and other necessary infrastructure.
- People from all walks of life live in harmony, within mixed, balanced and inclusive communities; and homes and communities continue to meet the needs of residents into the future.

Relevant priority headings in the Housing Strategy include:

- Building the right homes in the right places that people need and can afford to live in;
- Enabling people to live settled lives;
- Building strong partnerships.

## 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 Appendix 2 provides links to more detailed data.

## 5. Affordability of Housing

- ❖ 816 general needs properties in Cambridge, owned by Private Registered Providers, are recorded as being let at Affordable Rents. (See Table 1 at Annex A).
- ❖ Local research<sup>8</sup> suggests that around 35% of Cambridge residents may be unable to afford a 1 bed home in Cambridge with rent set at 80% of market

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<sup>8</sup> [Cambridge sub-regional housing market bulletin September 2019, ladders of affordability and weekly housing costs \(June 2019 data\)](#)

rents. The proportion drops to 20% for a 1 bed Housing Association Affordable Rent, and to around 12% for a Housing Association/ council social rent. Any service charges would further impact on affordability.

- ❖ Similarly, around 49% of residents are estimated to unable to afford a 3 bed rent at 80% of market; 27% would be unable to afford a 3 bed Housing Association Affordable Rent; and 20% a Housing Association/ council social rent.
- ❖ The average income of applicants on the council's Home-Link housing needs register is around £369 per week (around £19,200 per year).
- ❖ Around 38% of applicants on the Home-Link register are recorded as having household incomes of under £15,000 per year, with average income levels considerably lower than the Cambridge population as a whole.
- ❖ Only 20% 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 7% for a two-bedroom and just 3% for a three-bedroom home. (Based on spending 35% of income on housing costs). (See Table 2 & Figure 1 at Annex A).

The council recognises that developer viability will be a factor in the setting of rent levels, and we want 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. For those on low incomes, local housing options are scarce with a reliance on social housing for rent. 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. However, the issue remains that even so-called 'Affordable Rent', if set at 80% of market rents, is unaffordable to many on the Housing Register.

In light of this our Housing Strategy includes a requirement that Affordable Rents, including service charges, be capped at Local Housing Allowance rates.

We are pleased to note that the RPs delivering new homes in Cambridge are, in most cases, pitching affordable rents at or below LHA rates. This is backed up with evidence showing that average RP Affordable Rents in the City, including service charges, are generally below LHA rates. (See Table 1 at Annex A).

The council itself, through its own new-build programme, is committed to delivering new homes at or below LHA rates, including service charges. As well as making homes more affordable, it is important to maintain some parity of Affordable Rent levels across the City. The impact of welfare reform is also affecting affordability of

housing, and the council, with its sub-regional partners, is continuing to review and improve its affordability data.

The council is keen to work with RPs and Homes England 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 median house prices to median incomes in Cambridge City stands at around 10.5<sup>9</sup>
- ❖ Private rent levels are also high, with median rents being around £997 per month on a one bedroom property, and £1,256 on a two bedroom home.<sup>10</sup> Local Housing Allowance is not sufficient to cover the rent on homes in any parts of the City.

The council is committed to the provision of affordable housing on new developments, with delivery requirements detailed in the Local Plan and the Greater Cambridge Housing Strategy<sup>11 12</sup>. The council recognises that many RPs in the City operate nationally, and that they will want to provide homes outside of the City. However, with high levels of Housing Need in Cambridge the council would urge that surplus income raised through charging Affordable Rents in the City is used to fund new Affordable Homes within and/or on the urban fringes of Cambridge.

## 7. Type of Tenancy

- ❖ Although nationally there is relatively high turnover of social housing in the first four years, at around 34% (including transfers), 66% of tenants nationally have remained in their homes for five years or more, and 44% have stayed for ten years or more. (See table 3 at Annex A).

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.

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<sup>9</sup> [Cambridge sub-region housing market bulletin Sept 2019 \(June 2019 data\)](#)

<sup>10</sup> [Government private rental market statistics, Apr-18-Mar19](#)

<sup>11</sup> [Cambridge Local Plan 2018](#)

<sup>12</sup> [Greater Cambridge Housing Strategy 2019-2023, with appendices](#)

## 8. Length of Tenancy

The majority of fixed term tenancies should be for five years.<sup>13</sup>

Shorter tenancies may be acceptable in exceptional circumstances for designated supported move-on accommodation where it is anticipated that the tenant will be able to live independently after a shorter period, or where the home is in a regeneration area and has been identified as having a limited life-span.

Tenancies may also be for less than five years for training flats provided under the Housing First model.

## 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 tackle such issues.

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

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<sup>13</sup> [Maximum length of fixed term tenancy specified in the Regulatory Framework for Social Housing](#)

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

Where a tenancy is not to be renewed, the council expects RPs 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 in appropriate circumstances. The council will continue to work with partners to identify private sector housing options for people in housing need.

## 11. Conversions to Affordable Rent

- ❖ There are an estimated 12,200 self-contained social homes in Cambridge; around 57% owned by Cambridge City Council, and 43% by Private Registered Providers (PRPs). Whilst numbers of council homes have decreased since 2011, the number of PRP homes has increased. (See table 4 at Annex A).
- ❖ Some properties – including temporary accommodation and some supported housing may be let on licences, and therefore not eligible to be let at Affordable Rents.
- ❖ Around 116,200 homes nationally have been converted from Social Rents to Affordable Rents since 2012. Annually, numbers peaked at just under 43,500 in 2015 ; since then numbers have fallen, to just under 4,700 conversions in 2019. (See Figure 2 at Annex A).

The council recognises that RPs may still 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 section 5 above).

We will continue to assess what is an appropriate mix in the context of local housing need. We have seen no need to date to specify a maximum percentage of homes to be converted to Affordable Rents. However, we will continue to monitor the impact of Affordable Rents combined with other national and local policies, and may consider specifying a maximum conversion rate in the future if evidence suggests the need to do so.

## 12. Under-Occupancy

- ❖ At March 2019, 88 applicant households on the council's Home-Link housing register were 'banded' (ie prioritised) on the basis that they were 'under-occupying' their home, as defined in Local Housing Allowance regulations and the council's Lettings Policy.<sup>14</sup>

In tackling under-occupancy, whilst 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.

## 13. Local Lettings Plans

The council will continue to require local lettings plans to inform the letting of homes on new developments; particularly on larger sites where it especially important to ensure the creation of mixed and sustainable communities.

## 14. 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 any 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.

## 15. 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 RPs' Tenancy Policies to include details on:

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<sup>14</sup> [Cambridge City Council Lettings Policy](#)

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

## **16. Monitoring and Review**

The council will continue to monitor the impact of Affordable Rents, fixed term tenancies and other national and local policies, both internally and with sub-regional partners. We encourage the input of providers into this process, to ensure that sufficient and appropriate information is available.

This Strategy will be reviewed periodically based on up to date information at the time.

## **17. Joint Working**

The council continues to have a good working relationship with Registered Providers operating in the City. We are keen to continue to improve these relationships, and we welcome views from RPs on whether there are particular areas where better joint working would be beneficial.

## **18. 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

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

The Equality Impact Assessment on this Tenancy Strategy is being updated 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.