

# **NORTHUMBERLAND**

Northumberland County Council

**Northumberland County Council**

**Tenancy Strategy**

**October 2012**

<b>1. Introduction to Tenancy Strategies and Localism .....</b>	<b>3</b>
<b>1.1 Aim of the Tenancy Strategy .....</b>	<b>4</b>
<b>2. Background and Scope of Strategy .....</b>	<b>5</b>
<b>2.1 Government Policy .....</b>	<b>5</b>
<b>2.2 Social and affordable housing in the future .....</b>	<b>5</b>
<b>2.3 Tenure Options .....</b>	<b>6</b>
<b>2.4 Mobility in social housing.....</b>	<b>6</b>
<b>3. Monitoring and Reviewing the Tenancy Strategy .....</b>	<b>6</b>
<b>4. The Council’s guidance for registered providers on Tenancy Matters .....</b>	<b>7</b>
<b>4.1 Fixed term tenancies.....</b>	<b>7</b>
<b>4.2 Guidance and assistance at the end of a tenancy. ....</b>	<b>8</b>
<b>5. Under-occupation and ‘down-sizing’ .....</b>	<b>9</b>
<b>6. Properties with Adaptations.....</b>	<b>9</b>
<b>7. Rent Conversions .....</b>	<b>9</b>
<b>8. Disposals of Stock.....</b>	<b>10</b>
<b>9. Local Lettings Plans.....</b>	<b>10</b>
<b>10. Discharge of Homelessness Duty through the Private Rented Sector .....</b>	<b>10</b>
<b>11. Communications .....</b>	<b>11</b>
<b>12. Further information .....</b>	<b>11</b>
<b>Appendix 1- Contextual information .....</b>	<b>12</b>

## 1. Introduction to Tenancy Strategies and Localism

In November 2010 the Government published Local Decisions: A Fairer Future for social housing. This document sets out plans for radical reform of the social housing system, making clear the intention to change legislation governing the types of tenancies granted to social housing tenants; the way social housing is allocated; how local authorities discharge their main homeless duty; as well as legislating to improve mobility for social tenants.

These changes are intended to provide greater freedoms and flexibilities for local authorities and social landlords to meet local needs and local priorities; make better use of resources; promote fairness; and ensure support is focused on those who need it for as long as they need it.

The statutory basis for these reforms is The Localism Act (The Act) which places a new duty on every local housing authority to publish a Tenancy Strategy, by 15<sup>th</sup> January 2013.

The Act states that local authority tenancy strategies should set out their expectations for landlords in relation to:

- a) the type of tenancies they will grant;
- b) where they grant tenancies for a fixed term, the length of those terms;
- c) the circumstances in which they will grant tenancies of a particular type;
- d) the circumstances under which a tenancy may or may not be reissued at the end of the fixed term, in the same property or a different property.

Registered Providers should develop a Tenancy Policy which should cover:

- a) the types of tenancies they will grant
- b) where they grant tenancies for a fixed term, the length of those terms
- c) the circumstances under which a tenancy may or may not be reissued at the end of the fixed term, in the same property or a different property
- d) the way in which a tenant or prospective tenant may appeal or complain about the length of 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;
- g) their policy on taking into account the needs of those households who are vulnerable by reason of age, disability or illness, and households with children, including through the provision of tenancies which provide a reasonable degree of stability; and

- h) the advice and assistance to tenants on finding alternative accommodation they will give in the event they decide not to issue a tenancy.

NCC expects all Registered Providers of social housing in Northumberland to publish their policies on their website and make copies available free of charge to anyone who might request a copy. At the end of this document a list of links to Registered Providers sites is provided.

Under The Act, Registered Providers of social housing in Northumberland must 'have regard' to this strategy when formulating their tenancy policies.

### **1.1 Aim of the Tenancy Strategy**

This Tenancy Strategy is intended to provide guidance to Registered Providers operating in the County, informing their policies and practices with regards to development and allocations.

Appendix 1 contains contextual information about housing supply and demand across Northumberland and also includes housing market information. This section will be regularly updated.

In developing their policies, Registered Providers should engage with and consult the Council to ensure that their policies reflect and align with the expectations set out in this strategy and issue tenancies which are compatible with the purpose of the accommodation, the needs of individual households, the sustainability of the community and the efficient use of their stock.

Consultation on this Tenancy Strategy was carried out during June and July 2012 and the final document reflects the responses received. Every Registered Provider in Northumberland were provided with an opportunity to consult on a draft document.

The Council will review the Tenancy Strategy annually and before making a modification to the strategy reflecting a major change of policy the Council will consult with Registered Providers.

The Council also expects Registered Providers to assist in the ongoing monitoring and review of the strategy.

This Tenancy Strategy has also been developed following discussions held with Registered Providers in October 2011 at a regional event facilitated by the Northern Housing Consortium. While this has informed the contents of this document, it does not imply a fixed or static position of either Northumberland County Council or the Registered Providers that operate across the county.

In developing this strategy together we will also have had regard to our allocation scheme and homeless strategy.

## **2. Background and Scope of Strategy**

### **2.1 Government Policy**

Through the Localism Act and Laying the Foundations: A Housing Strategy for England, the Government have stated their key housing goals and are seeking to:

- achieve a wide choice of high quality homes, both affordable and market housing, to address the requirements of the community,
- widen opportunities for home ownership and ensure high quality housing for those who cannot afford market housing, in particular those who are vulnerable or in need,
- improve affordability across the housing market, by increasing the supply of housing and;
- create sustainable, inclusive, mixed communities in all areas, both urban and rural.

### **2.2 Social and affordable housing in the future**

The Government, through the Localism Act 2011, has enabled Registered Providers to make choices about how they manage social and affordable housing. In summary:

- 2.2.1 Registered Providers may choose to introduce different types of tenancy agreement for new tenants that last for fixed periods of time, for example five years.
- 2.2.2 Affordable rents are likely to be more expensive than existing social rents as social rents have historically been approximately 50% of a market rent whereas 'affordable rent' can be up to 80% of market rent.
- 2.2.3 Registered providers who are developing 'affordable rent' homes can 'convert' a number of their social rented homes to 'affordable rents' when they become available to let to a new tenant. The number of conversions is critical to the financial viability of providing new affordable homes, as the additional income resulting from these conversions can be used to subsidise new development.
- 2.2.4 The council could change who can access social and 'affordable rent' homes – they can decide to limit access to the housing register. The council will also be able to use the private rented sector more to meet housing needs and can make the decision to discharge their homelessness duty by offering accommodation in the private sector.
- 2.2.5 From April 2012 the Council will have a self-financing Housing Revenue Account and will in future be able to decide on how to spend its own resources.

2.2.6 People who have a low or no income and receive benefits are likely to receive less money in future due to changes to the welfare system. People may have less to spend on housing costs and may need to move to more affordable housing which might actually not be available, if they are considered to be under occupying their property. The move to Universal Credit and the proposal to pay rent direct to tenants via a bank account on a 4 weekly basis will also have a significant impact on the management of social housing.

## **2.3 Tenure Options**

Registered Providers who have entered into a contract with the HCA to deliver new homes will be able to offer fixed term tenancies with a minimum of 2 years as well as 'life time' tenancies at affordable rents on new properties and conversion of some of their existing stock. The Government has stated that only in exceptional cases will the term be less than five years.

Registered Providers who are not developing or developing without HCA resources can continue to offer assured 'lifetime tenancies'.

Registered Providers will continue to be able to offer introductory tenancies.

Nomination arrangements would be unaffected and lettings would continue through existing arrangements; mainly via Northumberland Homefinder.

Existing tenants will not be affected by any changes to tenancy arrangements and will only be affected by changes to affordable rent where tenants choose to move to properties on which affordable rent is charged.

## **2.4 Mobility in social housing**

The Act promotes mobility in social housing, which essentially means making it easier for tenants to move homes should their circumstances change i.e. they need to move to be closer to work.

NCC recognises the need for tenants to be able to move to be closer to work, family support or for other reasons and support initiatives to facilitate this.

## **3. Monitoring and Reviewing the Tenancy Strategy**

It is proposed that NCC will monitor the Tenancy Strategy through the existing Social Housing Partnership arrangements and individual liaison meetings. This will support the Council in its role of monitoring and reviewing the effectiveness of this strategy.

Monitoring will need to include trends in:

- housing needs
- homelessness (aligning with the Homeless Strategy)
- Reviewing the effectiveness of the allocation policy
- Rent levels across all tenures

- Registered Providers activity
- Number of new homes built including affordable, and which tenure(s)
- Any effect on site viability
- Changing trends in housing benefit paid.
- Lettings of affordable rents including number of bids and acceptances
- The numbers of conversions of social rents to affordable rents and the changing balance of the housing stock.

#### **4. The Council’s guidance for registered providers on Tenancy Matters**

We acknowledge that the decision to use fixed term tenancies, and the length of these tenancies, lies with the registered provider. We also accept that a number of homes in the county will be rented at ‘affordable rent’ levels in the future and that as new developments are occupied that this is likely to mean an increase in the number of properties let on ‘affordable rent’.

##### **4.1 Fixed term tenancies**

NCC considers that “lifetime” secure tenancies are the preferred tenancy, both for the tenant and for delivering successful sustainable communities. We do not feel that it is right for people to be in fear of losing their home if their circumstances change or improve as this could lead to a disincentive for people to gain employment or invest in their home and community. We do however acknowledge the importance of making best use of stock and will support schemes that help tenants move to the most appropriate sized accommodation.

We do not accept that people of different ages or in different circumstances should be treated differently in respect to the type of tenancies they receive and believe that introductory tenancies followed by secure “lifetime” tenancies should be available to all households that are eligible to join the register.

We do however accept that there are circumstances where the use of fixed term tenancies may present an opportunity. Examples could include a regeneration area where uncertainty over the future of the stock exists or where the use of fixed term tenancies will provide additional property for affordable housing, an example being where a registered provider engages in a private sector leasing scheme and is therefore unable to offer a “lifetime” tenancy.

We recognise that shorter tenancies may be deemed appropriate by providers and their health and care partners. An example being where a two year tenancy in an adapted home may be deemed appropriate where a household member has a recoverable injury/condition and is fully expected to move on into a non-adapted home.

We consider the use of fixed term tenancies as a management tool to be inappropriate, particularly in relation to tenants who are perceived to present a greater risk to tenancy sustainment or neighbourhood sustainability. Existing

management tools are available to social landlords and should therefore be used for this purpose.

Should Registered Providers choose to adopt the use of Fixed Term Tenancies then our guidance would be that:

- A minimum of a five year fixed term tenancy for all households to keep in line with the government's preferred minimum tenancy length. Should Registered Providers want to offer a shorter term than five years we would expect that the Council would be given an opportunity to comment.
- For fixed term tenancies to be re-issued at the end of the term unless there is a significant change of circumstance.
- Timely information and advice services are provided to help people understand their housing options which should include, where appropriate, opportunities to move within and outside the social and affordable rent sectors e.g., into accredited market rent properties or home ownership (including low cost).
- Support to improve financial inclusion, beginning at the start of a tenancy
- Clear criteria against which the decision to re-issue the tenancy will be made
- A clear and transparent review process which is understood by the tenant at the time of tenancy sign up
- Information sharing between registered providers and the council when the decision not to reissue a tenancy has been taken should be provided six months before the tenancy ends, so as to possibly avoid homelessness.

#### **4.2 Guidance and assistance at the end of a tenancy.**

Guidance states that Registered Providers are required to provide Advice and Assistance at the end of a Tenancy. This should be sufficiently detailed to allow a resident to make informed decisions about their housing options.

It is generally accepted that creating increased churn in the housing stock is not desirable as keeping people in established communities is more sustainable and for landlords it reduces management costs. Therefore the occurrences when tenancies are not renewed are likely to be by exception and it is expected that unless there has been a significant change in circumstances following a review, the tenancy will be renewed.

If Fixed Term Tenancies were to be a significant issue across Northumberland an option for consideration is that the NCC Housing Options Team could take a central coordinating role in supporting individuals 'housing pathways' and coordinating the review process. This potentially removes the Registered Provider directly from any decision not to renew, provides support to the tenant for options / next steps, and provides input from a third party which



helps ensure that the renewal assessment is as neutral and impartial as possible. This will be kept under review.

## **5. Under-occupation and ‘down-sizing’**

NCC supports landlords taking positive action to facilitate a move to more suitable accommodation where a household’s circumstances change and their current home is too large or too small or a family member with a disability no longer occupies that home.

NCC would encourage partners to work together to address the issue of under occupancy and this will be progressed via the established partnership arrangements in place.

The Localism Act changes the rules on succession. In future they will be the same for all new council and Registered Providers tenants. For all new tenancies (‘lifetime’ and fixed) in future, the spouse or partner of the tenant will have an automatic legal right to succeed, as long as the current tenant isn’t a successor. However, landlords will be able to give additional succession rights in the tenancy agreement, if they choose. The changes to succession will not affect existing secure tenants who stay in their current home or move using the nationwide social home swap scheme. They will also not affect the right of a joint tenant to take over the tenancy when the other joint tenant dies.

## **6. Properties with Adaptations**

Adaptations are made to homes to make it easier to access facilities within it and to facilitate continued occupancy. It is desirable that adapted properties are lived in by those requiring adaptations and our preference would be that for adapted properties, these should be allocated to people who need the adaptations.

## **7. Rent Conversions**

Registered Providers must set rents in accordance with the national Regulatory Framework for Social Housing. In setting rent levels, a crucial balance must be struck between ensuring that housing let by Registered Providers is affordable, including those on low incomes and in receipt of benefits, and maximising income to enable the development of more housing.

The decision to convert rents rests with the Registered Provider who will decide how many conversions and in what locations are required to deliver on their contract with the Homes and Community Agency. NCC have concerns that in areas of high housing pressures there are already likely to be lower levels of social housing following the impact of Right to Buy. The remaining units will be able to attract a significantly higher rent under the Affordable Rent regime and if unchecked this could result in the loss of social rent properties in some areas resulting in serious affordability and sustainability issues.

For this reason we want Registered Providers to discuss with us their conversion policies and that we want to work collaboratively and understand the numbers of remaining social rents within an area with regards to sustainability, retention of mixed communities and access to affordable homes.

To support this we have obtained stock information from all Registered Providers and also will consider second homes, holiday homes and long-term empty properties across Northumberland to build a picture of housing that is available. As more properties are converted to Affordable Rents this information will be incorporated into the data base to inform our discussions with Registered Providers.

This over time will support and inform decisions on where and what to build and will be linked to information obtained from Homefinder, house price analysis and data forthcoming from the Housing Needs Assessment.

The table below illustrates the stock levels across Northumberland as at August 2012. This information can be presented at various geographical levels.

<i>Total</i>	<i>Second Homes</i>	<i>Holiday homes</i>	<i>Long Term empties</i>	<i>Social Rents</i>	<i>Affordable rents</i>
146,989	3091	1353	2123	26,517	To be added

## **8. Disposals of Stock**

NCC in general terms would not wish to see the disposal of housing stock although it is recognised that in certain circumstances Registered Providers may consider this justifiable. NCC will consider such proposals and may support these if it allows for future investment within the County in more appropriate housing or alternatively disposal is a result of a management efficiency approach with other providers.

## **9. Local Lettings Plans**

To allow Registered Providers to create sustainable communities local letting plans may be required where appropriate and where agreed between NCC Registered Providers and other key stakeholders.

## **10. Discharge of Homelessness Duty through the Private Rented Sector**

Local authorities are now able to discharge their duty to homeless households with an offer of suitable accommodation in the private rented sector provided the tenancy is for a minimum of one year. This option is already available to local authorities but it must be with the agreement of the household, a requirement which this new provision removes.

NCC actively works with the private rented sector (for example through a scheme of Landlord Accreditation and Landlord Forum meetings) and will

consider in discussion with our private landlords whether or not this option will be used. A determining factor as to when to make use of this new power will be the availability of affordable, good quality private rented accommodation on an annual tenancy.

## **11. Communications**

Working within the County, NCC intends to:

- Minimise and reduce confusion
- Make housing options as clear as possible through the Homefinder system and wider communication
- Clarify housing choices under the system without reducing applicants' involvement and participation
- Support and maintain strong links with Registered Providers

## **12. Further information**

To ensure that this document is regularly updated and refined we would welcome any comments you have that may assist us in this process.

Andy Clarke  
Housing Strategy & Policy Manager  
Northumberland County Council  
Council Offices  
Front Street  
Bedlington  
NE22 5TU  
Telephone 01670 623067  
Email [andy.clarke@northumberland.gov.uk](mailto:andy.clarke@northumberland.gov.uk)

## Appendix 1- Contextual information

### Stock and tenure profile

In 2008 there were 146,989 dwellings across Northumberland. The 2001 Census shows that 67% of the stock was owner occupied, 22% social rented and 8% in the private rented sector. In January 2012 there are 26,517 dwellings managed by Registered Providers across Northumberland. Of these 8486 are owned by the Council. General needs dwellings account for 78% of the social stock whilst supported housing is 5% and housing for older people at 17%.

In August 2012 there were 2123 properties classed as long term empties whilst a further 1353 were classed as holiday homes and 3091 second homes. These figures impact significantly on a household's ability to access housing and varies remarkably across the county with certain areas being dominated by a mix of holiday homes and second homes.

The most prominent property size in Northumberland within social stock is 2 bedrooms. The breakdown of the 26,517 by bed size is as below:

RSL	0 bed	1 bed	2 bed	3 bed	4 bed	5 bed	6 bed	Total
Home Group	0	110	129	255	8	0	0	502
ISOS	6	2097	2690	1621	98	0	0	6512
Bernicia	74	1415	2008	2266	119	0	0	5882
Riverside	0	39	44	22	6	0	0	111
Anchor	0	519	0	0	0	0	0	519
Homes for Northumberland	20	1898	3287	3171	146	5	1	8528
Places for People	0	163	223	188	12	0	0	586
Berwick Borough Housing	29	417	973	491	13	5	0	1928
Two Castles	2	12	165	62	0	0	0	241
Housing 21	0	75	13	0	0	0	0	88
Johnny Johnson	47	373	219	124	9	3	0	775
Northern Counties	0	65	34	84	3	0	0	186
<b>Totals</b>	<b>181</b>	<b>7187</b>	<b>10222</b>	<b>8493</b>	<b>420</b>	<b>13</b>	<b>1</b>	<b>25,860</b>

Registered Provider stock list as at March 2012

### Housing needs register data

The Northumberland Homefinder Register is open to anyone aged 16 or over, unless specifically ineligible. Councils are now able to set the rules which decide who qualifies to go on the waiting list. At the moment Councils have to keep an 'open' waiting list, which means that people can get onto any councils waiting list whether they are in need of social housing or not.

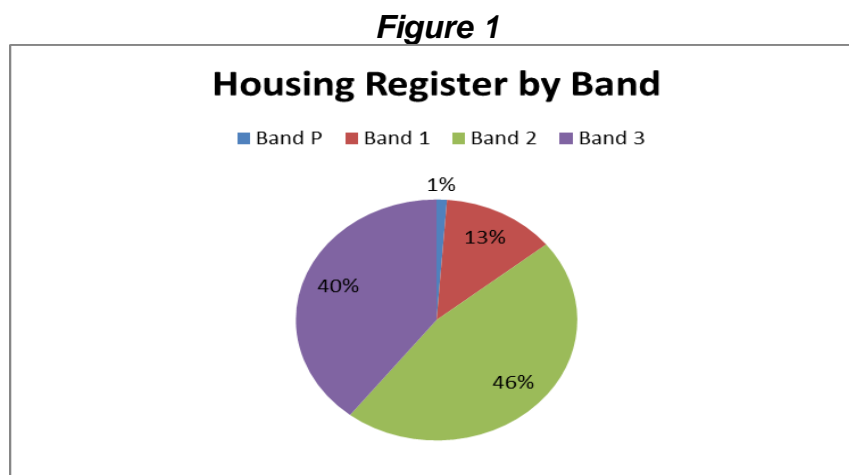
The rules determining priority for social housing will continue to be set by central government, by means of the Statutory Reasonable Preference categories. This ensures that priority continues to go to the most vulnerable and those who need it.

Landlords will be able to develop their own policies for those transferring tenants so tenants who want, rather than need, to move may no longer have to compete with other people on the waiting list if this policy is adopted.

In Northumberland under the Common Allocations Policy applicants are required to register with Northumberland Homefinder and are placed in 1 of 4 bands according to their housing need:

- Band P for those with an urgent and severe housing need
- Band 1 for those who are in high housing need
- Band 2 for those who are in medium housing need
- Band 3 for those who are adequately housed

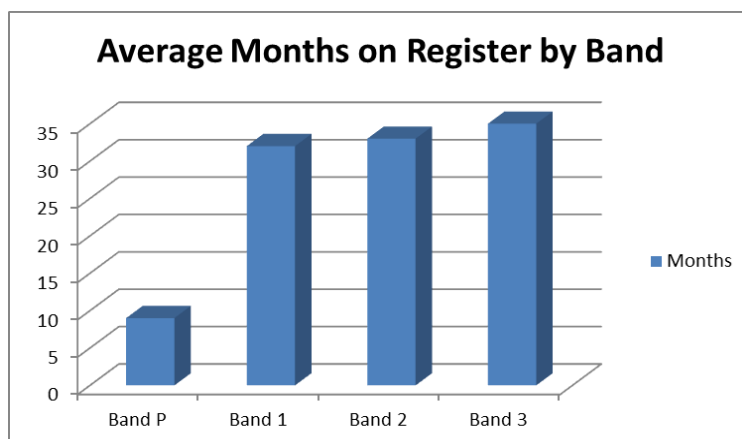
Figure 1 shows the number of current applicants registered with Northumberland Homefinder by band.



*Source: Housing Register 03/09/12*

Figure 2 shows the average number of months an applicant has been registered by band. There are currently 10,333 applicants registered of whom 39% are band 3, therefore 61% of the applicants are in housing need. In 2010/11 1698 properties were allocated to households in need.

**Figure 2**



Source: Housing Register 08/02/11

Of these 10,333, 383 were seeking a transfer from one social property to another. The Northumberland Housing Needs Assessment will be completed in October 2012 and evidence from this will inform this Strategy.

In terms of ages of applicants (new or transferring):

Under 29	30-39	40-49	50-59	60+
2981	1746	1483	1320	2805

Source: Housing Register 03/09/12

In Bands 1, 2 and 3 there were also:

- 140 transfer applicants under occupying by 1 bedroom
- 66 transfer applicants under occupying by 2 bedrooms
- 666 applicants lacking 1 bedroom
- 256 applicant lacking 2 bedrooms

### Current market rents and affordability

Market rents are significantly higher than current RP rents, particularly when comparing larger homes.

Tenure	1 bed	2 bed	3 bed
Private rent (per week)	£80	£100	£114
Council rent	£43	£50	£55
RSL rent	£55	£62	£67
Affordable rent	64	80	91.20
Local Housing Allowance	£75	£87	£104
LHA for Tynedale closely matches that of North Tyneside	£91	£104	£114

Source Hometrack 2012

### Definitions of Affordable Housing and Affordability

## **Affordable housing**

Essentially affordable housing is housing provided at below market cost, either through renting or by a mixture of renting and buying part of the property, the latter is more commonly known as shared ownership.

The Department for Communities and Local Government SHMA guidance suggests using 3.5 times gross income ratios for single income households and 2.9 times gross income for dual income households for market purchase. This is roughly the level mortgage lenders lend at. It also suggests 25% of gross income on rent (regardless of whether dual or single income household).

National Planning Policy definition of affordable housing has been amended during 2011 and now includes 3 types of affordable housing:

- a) social housing up until the introduction of affordable rents was the main model provided by housing associations and refers to housing that is subject to strict rent controls, which are around 50% of the market rents.
- b) the new affordable rents which are up to 80% of market rent.
- c) intermediate housing, which includes shared ownership

It also states that affordable housing should:

- 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.”

## **The housing market and access to housing**

### **Prices across Tenures- (data taken from Hometrack October 2012)**

Affordability is a serious issue across Northumberland with the lowest quartile house price to income ratio in Northumberland at 8:1. An average priced 2 bed property costs **£85,300**, or **£83** per week with a standard mortgage. This compares with open market rental (**£103**), Homebuy at 40% (**£58**), Intermediate Rent (**£82**) and renting from a Registered Provider (**£62**).

In 2012 (YTD) there have been 1186 property sales in Northumberland (UA), down from 6864 in 2007, illustrating the down turn in the housing market and availability of accommodation.

The average property price in Northumberland is £181,000 and this is further broken down by bedroom size as follows:

- 1 bed flat £54,300
- 2 bed flat £78,900
- 2 bed house £112,100
- 3 bed house £148,900
- 4 bed house £259,700

### **Links to Registered Providers Tenancy Policies**

At the time of writing Registered Providers are still developing their Tenancy policies. This document will be updated as and when these policies are made available.