

Lichfield
District
Council



Tenancy Strategy

May 2012

V2 Minor amendments

September 2013

Lichfield
district council
www.lichfielddc.gov.uk

1. Introduction

1.1 Under the Localism Act 2011, local authorities have a duty to produce a tenancy strategy setting out the matters to be considered by Registered Providers (RPs)¹ with stock in its area when they are formulating their tenancy policies. The tenancy strategy must also explain the local authorities responses to the changes to affordable housing tenures introduced through the Act.

1.2 This strategy is Lichfield District Council's response to that duty and it sets out how the Council would like RPs with stock in Lichfield district to respond to the relevant changes introduced by the Localism Act. The changes that this strategy covers are:

- The new affordable rent product
- The use of flexible/fixed term tenancies
- The housing register and potential to make changes to the allocations criteria

1.3 It is important to note that RPs must 'have regard to' this tenancy strategy in formulating their own tenancy policies. Due to the spending round for 2011-15, RPs that wish to develop homes under the new affordable rent framework have already signed contracts with the Homes and Communities Agency (HCA) setting out their plans over this four year period and many have developed policies to enable them to let affordable rented homes under the new regime. However whilst recognising the contracts and plans that RPs already have in place, we ask that all RPs review their own policies to ensure that they complement our strategy.

2. Background

2.1 The Localism Act introduced new powers and responsibilities relating to the letting of affordable housing and also the way in which local authorities can use the private rented sector to discharge their homelessness duty.

2.2 Recent government housing reforms have also given housing providers greater freedoms that will allow them to:

- Provide new tenants with a fixed-term tenancy if it is felt to be more appropriate than the offer of a lifetime tenancy.
- Determine the length of the fixed-term offered to each tenant on an individual basis
- Develop their own policy setting out the criteria to be used to determine whether or not to reissue a new tenancy at the end of a fixed-term

¹ Registered Providers (RPs) include Housing Associations and Councils with housing stock.

- Build new homes and re-let existing homes under the new ‘affordable rent’ tenure, which enables housing providers to charge up to 80% of the market rent for a comparable property.

2.3 In accordance with the legislation, this strategy sets out what RP’s in the district must have regard to when they develop their policies relating to:

- The kind of tenancies that they should grant
- The circumstances in which they will grant a tenancy of a particular kind
- Where they grant tenancies for set terms the length of those terms
- The circumstances in which they will grant a further tenancy on the ending of the existing tenancy

2.4 This strategy also goes further and outlines the Council’s position on:

- The use of the new affordable rented tenure
- The opportunity to make changes to the eligibility criteria for acceptance onto our housing register

2.5 The strategy has been developed within the context of the council’s overarching strategic objectives for housing, as set out in the Housing Strategy 2013-17 and Homelessness Strategy 2008-13. It is also an important project for delivery in the Plan for Lichfield District 2012-2016 and the strategic theme of ‘We’ll shape place people’ there is the following long term outcome:

‘We’ll work with others to provide access and choice to a range of market, specialist and affordable homes that meet the needs of our existing and future residents’

3. Local Context

This section examines some of the key housing issues in Lichfield District in relation to rents, affordability and housing need.

3.1 Rental costs in Lichfield district

All social housing is currently let at social rent which is significantly lower than market rent. Although market rents vary significantly across the district the table below shows the average differences in rents between social rent, market rent and also at what an affordable rent would be and how this differs to social rents.

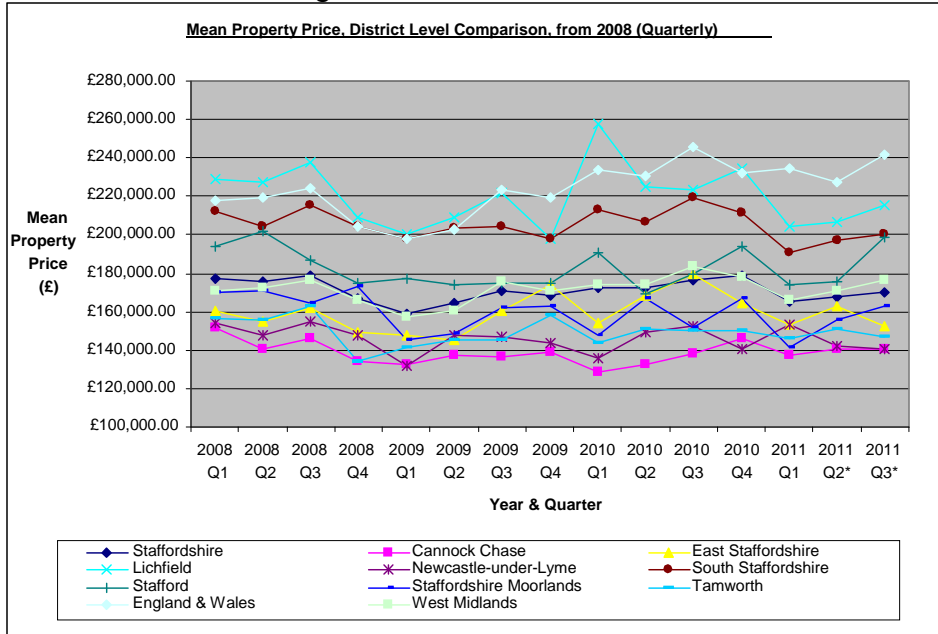
Bed size	Average social rent per week	Average market rent per week	An ‘affordable’ rent at 80% of market rent	Local Housing allowance	Difference between social rent and affordable
1 bed	66.36	115.62	92.49	90	26.13
2 bed	75.44	147.74	118.19	113.08	42.75
3 bed	82.60	176.45	141.16	126.92	58.56
4 bed	94.49	256.44	205.15	167.31	110.66

Source: TSA, Right move, Lichfield Mercury, VOA, LHA. February 2012

These figures suggest that the introduction of the new affordable rent regime could potentially lead to increases in rental prices ranging from £26.13 for a 1 bed to £110.66 for a four bed house.

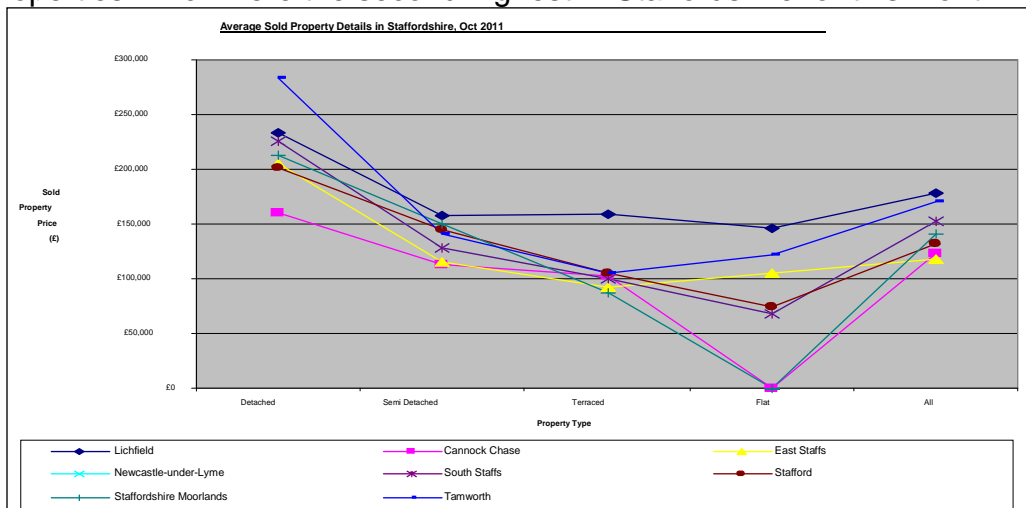
3.2 Property prices

The mean average prices for Lichfield District compared at district, regional and national level is set out in the graphs below. Property prices are generally consistently higher in Lichfield District compared to others in Staffordshire County and to the West Midlands Region as a whole.



Source: Communities.gov.uk, February 2012

The graph below shows the mean average property price and number of properties sold in Lichfield District as a snap-shot view for Oct 2011. Lichfield has the highest property prices for all property types, with the exception of detached properties which were the second highest in Staffordshire for this month.



Source: Land Registry via Right move, extracted 7th March 2012.

3.3 Housing need and demand

The need and demand for social rented homes in Lichfield District remains high and at March 2013 there were in the region of 2900 applicants registered on UChoose, the sub- regional choice based lettings system. The Council is currently finalising its Core Strategy and has commissioned studies to provide a robust evidence base to support our emerging housing policies. A Strategic Housing Market Assessment (SHMA) was carried out by Outside UK in 2007/8 and was recently updated by Nathaniel Lichfield and Partners² Both studies demonstrate a high affordable housing need³ in the district and are available to view on our website⁴.

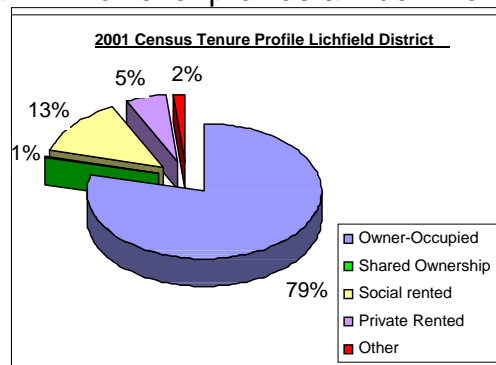
3.4 Housing affordability

In the SHMA update NLP have done some analysis on the affordability of rented housing for existing and newly forming households. It found that 16% of existing households and 28% of newly forming households cannot afford existing social rent and 22% of existing and 47% of newly forming households could not afford to pay new affordable rent⁵ levels(at 80% of market rent).

They also looked at the impact of affordable rent solely on those households that are unable to access market housing due to insufficient income. They found that 52% of such household's in Lichfield have sufficient income to be able to afford existing social rent without benefits. However affordable rents at 80% of market rent would have a significant impact as an estimated 82% would be unable to afford it without benefits. NLP have done further analysis to suggest that affordable rent in the region of 65% of market rent would be more suitable as then only a low proportion (3.55%) would be unable to afford affordable rent⁶.

3.5 Housing tenure

The next chart shows the tenure levels from the 2001 Census; 2011 Census results due later this year will however provide a much more accurate picture.



Source: ONS via Nomis 2001 Census Statistics, March 2012 & Communities.gov.uk, March 2012

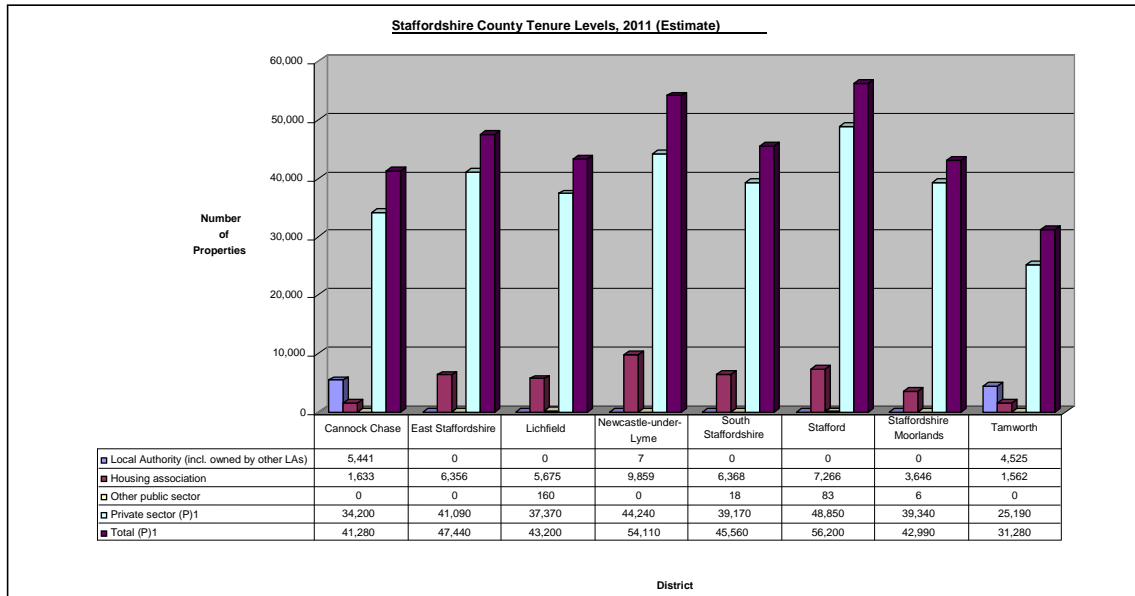
² Southern Staffordshire Districts Housing Needs Study and SHMA update 2012 Nathaniel Lichfield and Partners

³ The Outside UK SHMA found that there was an annual affordable housing need of 581 homes per annum and results from the draft NLP study have identified a range of need from 377 to 702 homes based on two methodologies.

⁴ The studies are available at http://www.lichfielddc.gov.uk/info/856/local_development_framework/1014/evidence_base/3

⁵ Affordable Housing and Affordable rent is defined in the National Planning Policy Framework-see <http://www.communities.gov.uk/publications/planningandbuilding/nppf>

⁶ NLP study as above -section 9.22 pages 146-149



Source: Communities.gov.uk, March 2012

The graph above shows the estimated current levels of tenure across Staffordshire County. All districts have similar proportions of stock with Lichfield having 86.5% private sector housing, compared to Tamworth with the lowest at 80.5% and Staffordshire Moorlands having the highest at 91.5%.

4. Guidance for Registered Providers on Tenancy Policy

4.1 Affordable rent

The new affordable rent model has been introduced to help fund new affordable housing development by RPs. All RPs that have entered contracts with the HCA will be able to charge affordable rents up to a maximum of 80% of market rents on new homes and also on a proportion of their relets. Affordable rent only applies to homes built using grant funding from the HCA; affordable housing on developments built without grant (such as s106 sites) can be built as traditional social housing. Affordable rent tenancies will be let and managed in the same way as social rent and tenants will still be eligible for housing benefit.

The Council wants to ensure that social housing rent levels in the district remain truly affordable for local residents; market rents can vary considerably and we do not want affordable rents to differ in this way. We also want rents to remain affordable for low income and working households and that they are not a disincentive to work or make households dependant on welfare benefits.

To ensure consistency the Council would therefore like RPs to ensure that rents charged for affordable rented properties do not exceed the relevant Local Housing Allowance (LHA) rate that is applicable for that property size at the time that the rent is set.

Currently tenants moving into affordable rent properties will be eligible for housing benefit which means that any gap between social and affordable rent may be paid through housing benefits to qualifying tenants. The government however plans to introduce a universal credit system and benefit cap in April 2013 which will limit the amount of benefit available to families to £500 per week including housing costs. In setting rents for parts of the district with high market rents or on homes of four bedrooms or more providers should also be mindful of the potential impact of the proposed benefit cap.

4.1.1 What we expect Registered Providers to consider

- To set affordable rents at no higher than the Local Housing Allowance.
- To take local circumstances into account and consider the need to set affordable rents at below 80% of market rent to ensure that they remain affordable and are not a disincentive to work.
- That RPs work with the Council to look for opportunities to reinvest monies generated from higher rent levels and sales in providing additional affordable housing in the district.
- That tenants who are likely to be affected by welfare benefit changes will be offered advice and information about what these changes will mean to them, having particular regard to the introduction of the universal credit and housing benefit changes for example under occupancy changes
- That all vacant affordable rent properties will be advertised through UChoose our choice based lettings scheme to ensure transparency and fairness unless a separate agreement is reached with the Council.
- That the conversion of social rented properties to affordable rent will be based on the agreed contract with the HCA and those numbers should be shared with the Council for monitoring purposes. RPs should also take into account the impact of conversions upon the tenure profile and overall sustainability of the communities within which they operate.
- That the Council will continue to seek social rented homes on new developments where no HCA grant has been given subject to the viability of the scheme on a site by site basis.
- The Council will not support the conversion of social rented properties that were provided under previous section 106 agreements to affordable rent.

4.2 Fixed Term tenancies

The Localism Act enables RPs to let affordable housing to new tenants on fixed term tenancies as opposed to the assured or lifetime tenancies that they currently use. The fixed terms should be set at a minimum of 5 years in all but exceptional cases, when two years (in addition to any one year starter tenancy) may be considered. At the end of the fixed term and depending on the

circumstances of the individual household, tenants will be advised on the following options:

- To remain in social housing, either in their current home or at another home at a social or affordable rent
- To move into the private rented sector
- To move into home ownership via low cost home ownership or otherwise

The Council is committed to meeting the housing needs of residents and we recognise that these new flexibilities provide an opportunity for RPs to address under occupation, improve stock turnover and encourage the best use of the affordable housing stock. However we must also be aware of the need to create sustainable communities and neighbourhoods and we must ensure that this concept is not undermined if there is too much transience in local populations. We must also be aware of the likelihood of people becoming caught in a 'benefits trap' if the security of their tenancies is linked to them not improving their own circumstances.

The needs of particular households or groups should also be taken into account, for example the circumstances of households who have dependent school aged children attending a local school, those living in adapted properties and those with a support need should be considered when deciding on the length of a fixed term tenancy. It is important that the most vulnerable tenants are provided with the level of stability they require and fixed term tenancies will not be appropriate for certain groups, particularly older people and tenants in specialist or lifelong supported housing.

4.2.1 What we expect Registered Providers to consider

- Five years should typically be the minimum term for all fixed term tenancies
- Lifetime tenancies should continue to be used for tenants in older persons housing such as sheltered and extra care.
- Those receiving long term support that is linked to their accommodation or live in homes that have received major adaptations should receive lifetime tenancies or longer fixed terms based on an assessment of their future needs.
- The circumstances of families with school aged children should be considered when considering the length of a fixed term including attendance at local schools and access to childcare.
- Fixed term tenancies should be renewed other than where the tenants circumstances have improved to the extent that they are able to afford a different tenure or they under occupy their home. In cases of under occupation, the individual circumstances of the household will be considered on a case by case basis and where possible the tenant should be offered a smaller home with the same or another RP.
- We expect that tenants who have had a review of their tenancy to be given at least six months notice if the RP is minded to end the tenancy. The reasons

for the decision and the right of appeal should be made clear and we would also expect the RP to notify the council of the decision to end the tenancy.

- The conduct of the tenant throughout the fixed term should be considered including any anti-social behaviour issues, rent arrears or property management issues
- Advice and guidance on alternative housing options must be given by the RP as soon as a decision is made to end the tenancy and notification of this must be given to the Council to enable us to consider our statutory housing duties.

4.2.2 Other considerations over tenant mobility

The Council wants to ensure that the introduction of the new housing reforms does not restrict the mobility of existing tenants living in the social rented sector, particularly where an existing household is presently under or over-occupying their property. To enable mobility and encourage stock turnover, the Council therefore expects that social rented tenants should be allowed to retain their existing security of tenure if they choose to transfer to an alternative property.

RPs should consider carefully the size, type and location of the stock they plan to convert to the affordable rent tenure as we want to avoid particular areas experiencing a disproportionately high level of conversions which limits the opportunities available for existing social rented tenants to transfer to areas of their choice. RPs should be mindful of the impact of conversions upon the tenure profile and overall sustainability of the communities within which they operate. The Council will continue to work with private landlords to try and increase the availability of private rented accommodation in the District to ensure as wide a range of housing options as possible.

5. The Housing allocations policy

The Localism Act has enabled local authorities to determine which categories of applicants should qualify to join the register for affordable housing. This differs from the current situation where anybody (with very few exceptions) may apply to join the list no matter what their housing need. The Act now enables councils to decide to close the list to some categories of applicant; however the government has retained a role in determining priority groups by preserving the current 'reasonable preference' categories. A specific requirement of the legislation is also to give additional priority to armed forces personnel.

The housing allocation policy or Lichfield Lettings Scheme¹ was revised in 2013 to coincide with the launch of Homes Direct that replaced UChoose in July 2013. This is a common allocation policy which is used to allocate the majority of rented homes in the District with the exception of where local lettings plans exist for example in Kings Bromley or at Beacon Park village.

¹ This can be found at http://www.lichfielddc.gov.uk/downloads/file/5442/lichfield_lettings_scheme
Tenancy Strategy 2012 v2 (with minor amendments September 2013)

6. Risk

The Council has a strong approach to preventing homelessness and is committed to preventing homelessness where we can. We are aware that the changes may bring an increased risk of homelessness through an inability to afford rent levels and decisions taken to terminate a fixed term tenancy. We want to mitigate this risk where we can through early dialogue with RPs about rent levels on both new properties and conversions and by continuing the successful prevention work offered by the Housing Options team.

We also expect RPs to ensure that appropriate advice and assistance is given to secure alternative accommodation for households when necessary and advising the Council as soon as a decision is made to end a tenancy.

7. Equalities

This policy will be subject to an Equality Impact Assessment (EIA) which will be completed before it is formally approved. The Council expects RPs to carry out an EIA when developing their tenancy policies.

8. Your views and comments

The Council will be reviewing this Tenancy Strategy on an annual basis. Your views are important to us and if you have any comments to make on the document please contact:

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