

Stevenage Borough Council

Tenancy Strategy

2013 Onwards

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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 of social housing (RPs) 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 RP must in turn have its own tenancy policy which outlines its approach to letting tenancies, having regard to the Local Authority's tenancy strategy².

Stevenage Borough Council, as a stock-holding authority and the largest RP in the town, 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. The document looked at investing in housing for the purposes of social mobility, health and well-being, stimulating economic growth, and affordable rents.

The introduction of affordable rents, set at a level of up to 80% of local market rents, allowed for 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 an option to enable RPs to offer fixed term tenancies, rather than having to give tenants lifetime 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.

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

² Homes and Communities Agency Regulatory Framework:
<http://www.homesandcommunities.co.uk/ourwork/regulatory-framework>

³ Laying the Foundations, national housing strategy:
<http://www.communities.gov.uk/publications/housing/housingstrategy2011>
SBC Tenancy Strategy January 2013

3. Stevenage Borough Council's strategic aims

One of the Council's key priorities is to provide quality affordable homes to meet the needs of the community. There are a number of key corporate documents that underpin this strategy and provide contextual information such as the corporate plan, the housing strategy, the housing revenue account (HRA) business plan, HRA asset management plan, the homelessness strategy and the allocations policy.

This tenancy strategy has been developed alongside a review of the Council's housing strategy, the draft outcomes of which are intended to be:

- People live in a home they can afford
- People live in a warm, safe home in a well-managed neighbourhood
- People can live independently or move home if they need to
- An inclusive community that actively involves customers
- Funding the investment needed to realise Stevenage's housing vision

4. Stevenage – local context

In the 2012 resident survey, 80% of those surveyed reported they were 'satisfied with Stevenage as a place to live'.

Stevenage benefits from excellent primary schools and many local secondary schools have specialist status and boast good records of academic achievement. Stevenage is also a comparatively safe place to live. Overall, total crime reduced by 29% and continues to fall as tackling crime remains a high priority.

Whilst house prices are the lowest in Hertfordshire these, coupled with rents in the private sector, are rising beyond the reach of many residents. Stevenage experiences significant levels of housing need and demand is high for housing of all tenures. There are over 7000 households on the Council's housing register.

Housing in Stevenage has an important part to play in supporting the local 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 to meet a wide range of housing needs.

Statistical information used to inform this tenancy strategy is given in the text, and in more detail at Appendix 2. Further details will be available following a review of the Stevenage Strategic Housing Market Assessment (SHMA), due for publication in March 2013.

5. Affordability of Housing

- The 2010 SHMA showed 25% of the population of Stevenage earning less than £19,233 and 40% earned less than £24,036. In 2011 the Office for National Statistics gave the average gross annual income for Stevenage as £27,612.

- The average price for a 1 bedroom property in Stevenage is £109,200, rising to £187,700 for a 3-bed family home (June 2012 figures).
- The average monthly private sector rent for a 1 bed property is £572, rising to £823 for a 3 bed property (June 2012 figures).

A resident of Stevenage on a salary of £24,036 would be required to borrow 4.5 times their annual salary to buy a 1 bedroom home, or use 28% of their gross salary to rent a similar property.

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.

The Council also wants to ensure that affordable housing is as accessible 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 impact of welfare reform will also affect affordability of housing, and the Council will continue to review and improve its affordability data as these reforms come into effect.

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 Stevenage

- An independent assessment of housing need in Stevenage projected a need of 520 new affordable homes would need to be built in the town each year over the next five years to meet existing and newly arising housing need.

The Council recognises that many RPs in the town operate in other parts of the Eastern Region and beyond, and that they will want to provide homes outside of the town. With high levels of housing need in Stevenage, the Council's preference would be for the funding raised through charging affordable rents in the town to be used to fund new affordable homes within Stevenage.

With capital subsidy in short supply, using local authority or other public sector land is an obvious way forward. Members are keen for Stevenage Borough Council to have a direct role in increasing the supply of affordable homes in the town. This could involve collaboration and joint working between ourselves and RPs and private developers. A shorter term strategy to delivering additional affordable housing in Stevenage includes the potential for the Council to purchase units 'off the shelf' directly from private developers at below open market values.

7. Type of tenancy

The Council's preference is for lifetime tenancies, to promote settled lifestyles and achieve and maintain sustainable communities. It will not be issuing fixed term tenancies.

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

Fixed term tenancies should be an absolute exception, such as for designated supported move-on accommodation where it is anticipated that the tenant will be able to live independently after a certain period of time, or where the home is in a regeneration area and has been identified as having a limited life-span. In all other cases, this Council would encourage RPs to adopt life-time tenancies.

9. Renewal of fixed term tenancy

Whilst this Council will not be making use of fixed-term tenancies, it recognises, however, that some RPs may choose these as an option. Where an RP takes the decision to use fixed-term tenancies, this Council expects these 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
- 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 and such alternative accommodation is available

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 within a reasonable

timescale before the end of the tenancy. The Council would be supportive of RPs using the private rented sector to meet housing needs in such circumstances, 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 10,300 social homes in Stevenage; around 80% are owned by Stevenage Borough Council, and the remainder by 20 Registered Providers.
- As well as general needs homes owned and let by RPs in the town (including the Council), there are also homes for older people, and properties let as supported and/or or temporary accommodation. Temporary accommodation is generally let on licences, and therefore not eligible to be let at affordable rents.

Whilst the Council recognises that RPs may wish to convert some existing homes to affordable rent to raise money for new affordable housing, it does not support this strategy. If an RP takes such a decision, the Council expects RPs to do the following:

- Maintain a mix of tenure types in different parts of the town
- Maintain a mixture of sizes and types of housing available in different parts of the town 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 and we intend to monitor the impact of affordable rents combined with other national and local policies.

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 Stevenage are currently 'under-occupied', or how many will be affected by the welfare benefit change.

Whilst the Council do not want to see RPs using the termination of fixed-term tenancies as a tool to reduce under-occupancy, we do support RPs in taking positive action to help tenants to move to smaller accommodation where they 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 town in tackling under-occupancy in order to make better use of existing homes.

13. Scheme for the allocation of housing

The Council is in the process of reviewing its scheme for the allocation of housing, and in doing so will take into account the introduction of affordable rents and fixed term tenancies, as well as other national policy issues.

14. Local lettings plans

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

15. Appeals and complaints

The HCA 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 and complaints process to be followed
- Timescales for reviewing appeals and 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)

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 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 RPs operating in the town, 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.

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.

An Equality Impact Assessment is being carried out on this strategy to ensure that the needs of all groups are taken into account, and that particular groups of people are not adversely affected by it. The Council also expects RPs to carry out Equality Impact Assessments on their own tenancy policies.

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. (See definition in the National Planning Policy Framework)
Affordable rent	<p>Rented housing provided by Local Authorities and 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>
Fixed term tenancy	<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, Registered Providers are able to offer fixed term tenancies instead of having to offer long term security of tenure as previously required.</p>
Local Housing Allowance (LHA)	<p>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.</p>
Local lettings plan	<p>Details how homes will be let in a particular area or development</p>

Registered Provider (RP)	Landlords who are approved and regulated by the Homes and Communities Agency to provide social housing. It includes <ul style="list-style-type: none"> • Not-for-profit organisation, previously known as Housing Association (HA) or Registered Social Landlords (RSLs), • Council's such as Stevenage Borough Council that still have their own stock; and • Some private for-profit companies providing social housing.
Security of tenure	Legal rights and protection given to tenants of dwelling houses in relation to a landlord's attempts to repossess the property.
Strategic Housing Market Assessment (SHMA)	A collection of data and survey information about all parts of the local housing market. The Stevenage SHMA 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	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: <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: Supporting data

Appendix 2 Social housing data for Stevenage

1. Social housing stock for Stevenage

Housing stock in Stevenage owned by private registered providers (housing associations) and SBC

	2009	2010	2011
Registered providers	1,750	1,810	1,948
SBC	8,348	8,303	8,286

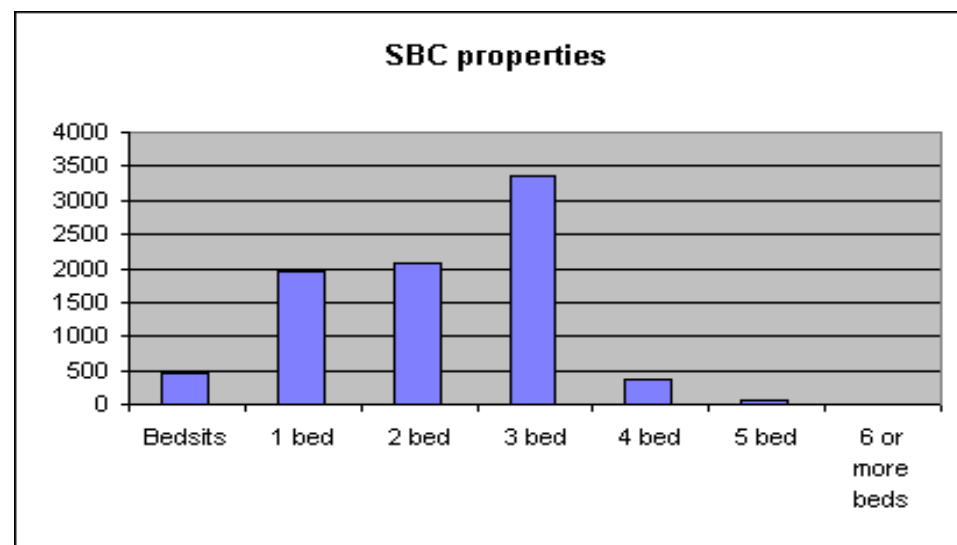
Data source: DCLG

2. SBC properties

SBC properties by type at March 2012

Property Type	Numbers
Bedsits	470
1 bed	1,960
2 bed	2,065
3 bed	3,357
4 bed	366
5 bed	50
6 or more beds	3
Total	8,271

Data source: Elash return, 2012



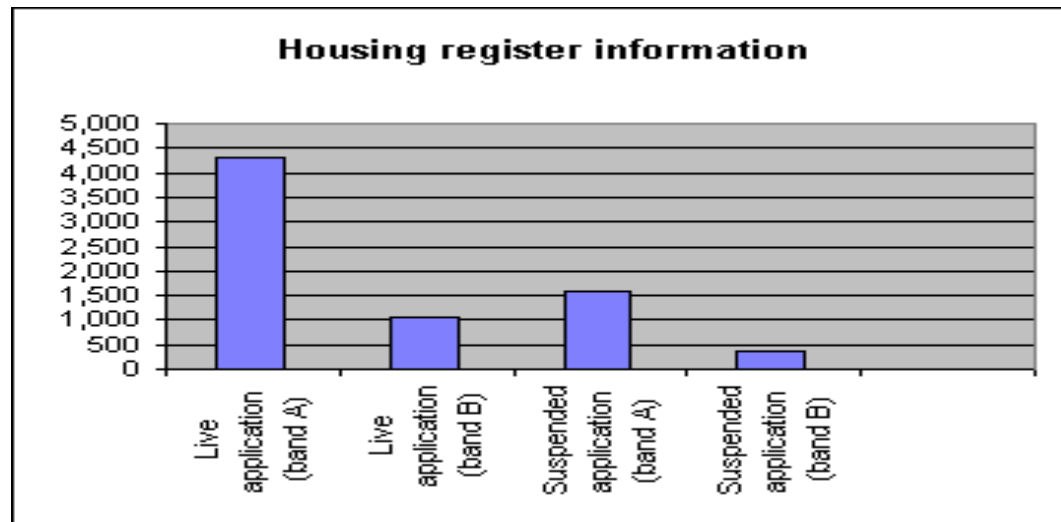
3. Stevenage housing register

Number of applications on the housing register, June 2012

Application type	Live application (band A)	Live application (band B)	Suspended application (band A)	Suspended application (band B)	Total
Homeseekers	3,030	987	1,105	342	5,464
Transfers	1,268	62	493	17	1,840
Total	4,298	1,049	1,598	359	7,304*

source: SBC, Locata

* The Locata system does not include registered applications that are being amended in the individual category totals shown above. Nor does it show applications where offers or nominations have been made. If these applications are added back in, the total number of applicants recorded at end June 2012 stood at 7,400 (as appears below in section 4).

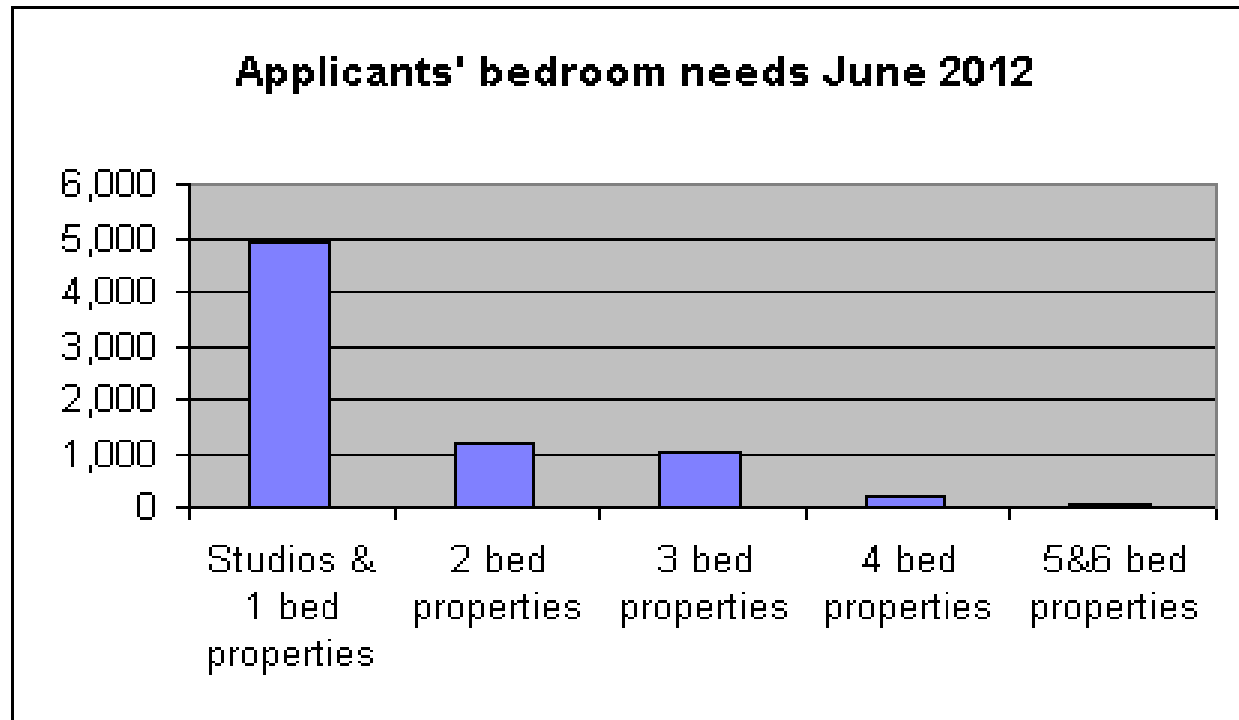


4. Property size needed by applicants

Property size needed by applicants including live and suspended applications: June 2012

Studios & 1 bed properties	2 bed properties	3 bed properties	4 bed properties	5&6 bed properties	Total
4,939	1,197	1,017	181	66	7,400

Source:
Locata



5. Lettings and nominations

Number of lettings and nominations

	2009/10	2010/11	2011/12
Total SBC lettings	471	523	462
Nominations to RP	123	156	116

Source: lettings: SBC monitoring information; nominations: Elash returns

6. Average private sector housing costs

Average property prices in Stevenage, June 2012

1 bed flats	2 bed flats	2 bed houses	3 bed houses	4 bed houses	Overall average property price
£109,200	£141,700	£164,800	£188,000	£274,900	£187,700

Data source:Hometrack

Average property prices in Stevenage, March 2012

1 bed flats	2 bed flats	2 bed houses	3 bed houses	4 bed houses	Overall average property price
£101,700	£130,300	£162,600	£187,300	£276,300	£192,200

Data source:Hometrack

Average monthly private sector rents in Stevenage, June 2012

1 bed properties	2 bed properties	3 bed properties
£572	£728	£823

Data source:Hometrack

Average monthly private sector rents in Stevenage, March 2012

1 bed properties	2 bed properties	3 bed properties
£563	£723	£823

Data source:Hometrack

7. Local housing allowance rates for Stevenage

Local housing allowance rates, April 2012 to March 2013

No of bedrooms	Category	Weekly amount	Monthly amount
Self-contained room in shared house	A	£73.50	£318.50
1 bedroom	B	£121.15	£524.98
2 bedroom	C	£150.00	£650.00
3 bedroom	D	£178.85	£775.02
4 bedroom	E	£229.62	£995.02

Data source: SBC benefits service

8 Comparative incomes in Hertfordshire

Median average gross annual incomes across Hertfordshire in 2011

Local Authority	Average weekly income	Average gross annual income
Broxbourne	£544	£28,288
Dacorum	£589	£30,628
East Herts	£595	£30,940
Hertsmere	£560	£29,120
North Herts	£619	£32,188
St Albans	£698	£36,296
Stevenage	£531	£27,612
Three Rivers	£632	£32,864
Watford	£611	£31,772
Welwyn Hatfield	£558	£29,016

Source: Office for National Statistics

