

Draft West Suffolk Councils' Tenancy Strategy

Consultation draft
9 October 2018

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1. Introduction to the West Suffolk Tenancy Strategy

The tenancy strategy provides guidance for registered providers (RPs) operating throughout West Suffolk, the area covered by Forest Heath District and St Edmundsbury Borough Councils. Registered providers are the bodies that own and manage affordable housing, they tend to be non-commercial, not for profit organisations.

The Localism Act (2011) introduced a duty for local authorities to produce a tenancy strategy which outlines both the councils and registered providers approach to issues which affect tenants living in their area. This tenancy strategy is an updated version of the previous strategy which ran from 2012 – 2018, and incorporates all applicable changes from updated legislation.

This tenancy strategy sets out our position on the provision of affordable housing including the use of flexible tenancies, affordable rents and the use of private sector tenancies for homeless households. It should be read in conjunction with the West Suffolk Housing Strategy 2018-2023, which sets out our wider ambitions for housing.

2. Vision and objectives

Our West Suffolk Strategic Framework 2018-2020 sets out the vision for the local area and contains strategic priorities that we are committed to in order to deliver this vision. Our strategic priority that specifically focuses on housing is to:

Increase and improve the provision of appropriate housing in west Suffolk in both our towns and rural areas.

To deliver this strategic priority, we will use our roles as a local housing and planning authority, a regulatory, an investor and local influencer to:

- Housing priority one: Plan for housing to meet the needs of current and future generations throughout their lifetimes that is properly supported by infrastructure, facilities and community networks.
- Housing priority two: Improve the quality of housing and the local environment for our residents.
- Housing priority three: Enable people to access suitable and sustainable housing.

Through this vision we will seek to work with RPs to provide good quality housing where successful tenancies can be sustained. This vision is at the heart of our aims to support vibrant, mixed communities and to encourage and manage ambitious growth to deliver prosperity and quality of life for all.

This strategy is intended to promote clarity and fairness, and to offer a guide to registered providers who may manage stock within West Suffolk. While we no longer own our own housing stock, having transferred them to two registered providers, Flagship Housing Group (Forest Heath in 2004) and Havebury Housing Partnership (St Edmundsbury in 2002), we still have an interest in how these properties are managed for the residents of West Suffolk.

The objectives of this tenancy strategy are to:

- provide access to decent accommodation that people can afford
- stimulate a diverse and resilient economy
- provide opportunities for all the community.

These objectives reflect priorities within [West Suffolk's Housing Strategy 2018](#) as well as reflecting the councils' approach in its allocation policy and its homeless action plan.

3. Scope of the West Suffolk Tenancy Strategy

This strategy mainly covers the following areas, as required by Section 150 of the Localism Act (2011):

- Flexible tenancies
- Affordable rents
- The housing register
- Using the private sector to house homeless people
- Disposals of social and affordable housing stock.

Although the Voluntary Right to Buy does not fall into the category of prescribed policies set out in the Localism Act, it is included in this strategy update as it relates closely to the other subjects covered.

4. Housing in West Suffolk

West Suffolk covers a large geographic area within Suffolk and is one of five district council areas in Suffolk. As of March 2017, there were 12,812 social and affordable properties across West Suffolk including General Needs, Support Housing and Low Cost Home Ownership **Update to 2018 if possible and include reference**. This represents approximately 16.5% of West Suffolk's total housing stock. These dwellings are split between the twenty nine RPs currently operating throughout our area, many of whom are also actively developing new affordable housing. **List in appendix**

Population

There are approximately 176,700 people living in West Suffolk, according to [Nomisweb](#) 2016 estimates. West Suffolk's main urban settlements are Brandon, Bury St Edmunds, Clare, Haverhill, Mildenhall and Newmarket which together

account for 60% of the population. The rest of the population is spread across the rural area, living in various sized villages.

Housing need

West Suffolk has high levels of housing need and demand for affordable housing. The combined Housing Register had over 2,280 applicants as of June 2018. The annual number of new lets and relets via the Housing Register over the past two years was:

Year	Number of lets
2016/2017	737
2017/2018	829

There is also a high demand for private rented accommodation, in 2015 37.2% of Forest Heath's and 25.54% of St Edmundsbury's total housing stock was privately rented (include source link) which compares to % for Suffolk. This is partly fuelled by many residents being unable to buy housing on the open market due to the inability to be able to access mortgage finance (including the need for large deposits) and because of the high house prices in the district, when compared to average earnings in the district. The average house price in West Suffolk in December 2017 was £284,363 (source: <https://cambridgeshireinsight.org.uk/wp-content/uploads/2018/06/hmb-edition-37.pdf>). The cost of private renting in certain parts of West Suffolk is also very high, largely influenced by the presence of two USAFE air bases, that inflate rental levels.

5. Providing new affordable homes

The Strategic Housing Market Assessment (include link) identifies an annual need for 320 new affordable homes to be built across West Suffolk until 2031 in order to meet our current and future demand. However, over the last five years a total of only 842 new affordable homes have been delivered, which means the need for additional affordable homes continues to increase.

Year	Forest Heath	St Edmundsbury
2012/2013	51	68
2013/2014	49	96
2015/2016	15	185
2016/2017	33	109
2017/2018	61	175

Delivery

There are two main routes for the delivery of new affordable housing, these are:

Registered Provider led sites

The Homes and Communities Agency (now Homes England) signed agreements with registered providers to provide homes under the 2015 – 2018 Affordable Homes Programme and now the Shared Ownership and Affordable Homes

Programme 2016 – 2021, and made it clear that new affordable homes should be provided with a minimum of public subsidy. Registered providers are expected by Homes England to use their income generation facilities through the use of the affordable rent model, together with their own resources to fund the building of new homes.

S106 planning gain

Homes provided on open market developments as part of s106 planning agreements, these are normally provided without any public subsidy. The West Suffolk Economic Viability Report 2012 [\(include link\)](#) identified that should be financially viable to deliver 30% affordable housing on sites within West Suffolk, provided they do not have additional factors affecting viability.

The rate of delivery through both these routes has slowed over recent years due to both financial uncertainty in the housing development sector and delays in some large strategic sites coming forward, coupled with changes in rent levels RPs have been able to charge leading to the reductions in their development programmes.

6. Tenancies provided by registered providers

Affordable rented housing

Rented housing let by RPs to households who are eligible for social rented housing. Affordable Rent is not subject to the national rent regime but is subject to other rent controls that require a rent of no more than 80 per cent of the local market rent.

Social rented housing

Usually owned by local authorities and RPs, for which guideline target rents are determined through a national rent regime, rents are normally around 50-60% of local market rents.

Intermediate housing

Refers to homes where the purchaser buys a proportion of the property, usually up to **XX%** and pays rent on the remainder at a cost above social rent but below market levels subject to the affordable housing definition as defined by the NPPF. This type of housing can include shared equity (shared ownership and equity loans), other low cost homes for sale and intermediate rent, but not affordable rented housing.

Tenancies available to new social tenants in West Suffolk

Flexible tenancies

The Localism Act gave RPs the ability to offer flexible tenancies with the aim of making better use of existing homes in a diminishing market and encouraging

tenants to use affordable housing opportunities as a springboard to other more aspirational tenures. These tenancies included:]

- fixed term tenancies at Social Rent (circa 50% of open market level rent)
- fixed term tenancies at Affordable Rent (80% of open market level rent)
- starter tenancies (which has the option to convert to a fixed term tenancy after one year)
- introductory tenancies (which has the option to convert to a fixed term tenancy after one year).

Fixed term tenancies

The minimum recommended term for fixed term tenancies is two years, with five years as the norm, although the Housing and Planning Act (2016) gave an additional option of offering ten year fixed term tenancies, if the household has a child under the age of nine years.

We want to continue to see a balance of available tenancies which shows an effective use of stock; creating sustainable communities where affordable housing tenancies can provide an opportunity for households to build a stable future.

The previous Tenancy Strategy recommended that fixed term tenancies should be for a **minimum of five year tenancies** and we still support this statement.

Lifetime tenancies

We believe that for some tenants the offer should still be a lifetime tenancy and we would expect this to apply to long term supported housing for people in long term accommodation requiring support. (But in most cases, not in adapted properties). This is because for these groups of people, social housing is likely to fill the need for a secure home; rather than act as a springboard to other tenures. A lifetime tenancy gives security to these tenants as well as to their carers and families. (Insert how many lifetime tenancies have been granted in past five years)

7. Challenges faced by affordable rents in West Suffolk

Affordability

Affordable rent was introduced as a means to assist RPs to raise funds to build additional affordable homes. RPs can charge up to 80% of the local open market rent levels – higher than the social rents previously charged, which were nearer to 50-60% of open market rents. Affordable rents can be charged on all new properties and on a proportion of re-let homes.

Ability to afford

The government has an aim of promoting work to reduce levels of benefit dependency, so it is important that rent levels do not deter tenants from entering employment.

The introduction of the benefit cap in April 2019 is likely to impact on those tenants who are dependent on benefit payments to meet their rental responsibilities. The aim of the benefit cap is to set a maximum level of benefit that will be paid to an individual or family and will therefore set a limit on the amount they have available to meet their rental costs.

Nationally it is also considered a reasonable benchmark that an individual or family should spend no more than 35% of their total household income on their housing costs, including any benefit awarded towards paying their rent, [\(add link to source\)](#) We strongly supports this statement.

Capping the level of affordable rent to match the Local Housing Allowance

We continue to support the use of affordable rents because we want to see new developments meet the housing needs of our residents.

However, in order that the affordable homes provided still meets local need, the we believe that Affordable Rents should be capped at a level to match Local Housing Allowance (LHA), the maximum level of housing benefit that can be paid to a private tenant toward their housing costs.

We expect RPs to consider the local market context when setting rents, including the relevant LHA. We want to avoid a situation where high rents prove a disincentive for people to take up employment or create tenancies which are unaffordable and unsustainable.

For the calculation of LHA West Suffolk falls into two Broad Market Rental Areas for housing benefit, Bury St Edmunds and Cambridge. However, due to the influence of two large USAFE bases in Mildenhall and Lakenheath private rents are considerably higher than the rest of Suffolk and in fact are the second highest within the Cambridgeshire Housing Sub Region [\(add link to Housing Market Bulletins\)](#). Currently in certain parts of West Suffolk the LHA cap does not meet 80% of market rents meaning that if Affordable Rent's exceed the LHA cap they can become unaffordable.

We believe that RPs should take into account the availability of property and the demographics of West Suffolk when setting rents. For example, market rents around the two USAF bases and rural areas can be extremely high, while wages can be lower than average. We would encourage RPs who are building in these specific areas to set rents lower than 80% of the market rent and we will work jointly with RPs to assess information on local incomes. We will also encourage the RPs to access Homes England funding to support this approach.

Where rents appear to be unduly high we will reserve the right to see and challenge the RPs rental valuations and if necessary refer rents to the Rent Officer service for adjudication.

We will also look to limit rents to LHA levels on all new affordable homes secured through S106 agreements.

Conversions of re-let properties to affordable rent

We understand that RPs may need to convert a level of re-let properties to Affordable Rent in order to support new development. We will support **RPs converting up to one third of their re-let vacancies (excluding supported housing) to affordable rents**, although affordability should still be monitored and rents should not exceed the LHA. (add in details to confirm that RPs have not converted more than a third of properties following consultation)

We would encourage RPs to:

- Spread the number of conversions as evenly as possible throughout the year, so that a variety of rental levels are available
- Select properties for conversion with an even distribution over West Suffolk (as far as possible)
- Select properties for conversion predominantly from two and three bedroomed stock, allowing smaller properties to be let to single persons and larger properties to be re-let at proportionately lower rent levels

We will monitor the number and proportion of conversions to ensure that:

- no more than one third of rents are converted on re-let from social rent to affordable rent
- a reasonable distribution of social rented opportunities exists across West Suffolk
- rents and service charges do not exceed the Local Housing Allowance
- monitoring the effect of affordable rents.

We will work with RPs to monitor the effect of lettings at Affordable Rents, through the use of bi-annual one-to-one meetings. We will monitor the bidding levels through Choice Based Lettings to compare the bids of all properties let, and will ask RPs to supply information on the sustainability of Affordable Rent tenancies on an annual basis.

This information will enable us to contact those applicants who have not bid on an adequate property. If this is due to the properties being unaffordable we will monitor the rent level set, property type, size and the RP to determine if there is a pattern and then use this information to review this Strategy where appropriate.

8. Specialist housing

Older peoples' housing

We would usually expect that lifetime tenancies are offered to people moving into specialist older people's housing, especially for downsizers who are giving up a larger home and a lifetime tenancy, and who might be put off from moving if a less secure tenancy is offered.

Supported housing

We expect lifetime tenancies will usually be issued to tenants in specialist supported housing as homes for life, where health conditions mean that they require long term support or who have permanent disabilities. Where support is being delivered in these circumstances it may be more appropriate for support providers to assess whether residents have an improved level of independence which would enable them to move on as circumstances change rather than at a fixed point of tenancy review.

The levels of rent and service charges for those households in specialist housing should not act as a deterrent to those people who are in a position to seek or continue with employment while receiving housing related support.

To achieve this we will require that the total sum of rent and service charge is still within the Local Housing Allowance rates.

Properties with adaptations

We will expect that homes which have been purpose built or adapted to accommodate people with physical disabilities will be let on flexible tenancies. Adaptations are made to make it easier for people with physical disabilities to occupy their homes. Such adaptations can be expensive and it is important that these homes are let to people who need them.

We believe that where there is a change of circumstances and the adaptations are no longer needed, the household should be re-housed.

We also believe that the use of fixed term tenancies can help ensure that properties adapted for use by occupants with a disability should continue to be made available for those who need adapted properties. In the past five years we have seen xxxx of new households move into adapted properties. (detail to be added following consultation)

9. Tenancy review

At the end of a tenancy

The government guidance requires that the end of the tenancy period should be accompanied by a tenancy review, conducted in good time. **We believe that this should take place between 6 to 9 months before the date the tenancy is**

due to end. RPs need robust arrangements in order to be aware of when tenancies are due for review.

We do not anticipate that homelessness will be an outcome for RP tenants at the end of a tenancy, but that a variety of options will be considered. Where the decision is made to not extend a tenancy, we would expect to see that RPs are confident that tenants have received all the advice and support necessary to provide a new housing solution which better meets their needs and prevents homelessness. Where tenants who are over working age do not have their tenancy renewed we expect that the RP will make an offer of alternative accommodation that meets their needs, using existing stock available to them.

10. Disposal of homes by registered providers

We recognise that there may be good operational or financial reasons why an RP may wish to dispose of a particular property. However, when making these decisions there are two key issues that we would request are considered:

- Which specific properties and location are being identified for disposal.
- Where the income from property disposals is being reinvested.

We would request that RPs talk to us at the earliest stage about which properties they are proposing to dispose of prior to any decision being made as we may wish to:

- seek to influence the choice of individual properties
- discuss alternative options
- acquire or enable others to acquire those properties to meet housing need.

In relation to disposals RPs should focus on the settlement policies in the Local Plans published by Forest Heath and St Edmundsbury Council (prior to the completion of the West Suffolk Local Plan) in conjunction with this Tenancy Strategy, to ensure that we are able to maintain balanced communities, this is especially important where the number of affordable properties in a particular community is limited. The councils would wish to work together with RPs to explore opportunities to maximise alternatives to disposal or potential joint redevelopments to meet both housing needs and RP development programmes.

We would request that RPs share details of monies gained from disposals that have taken place in West Suffolk. We understand the need for strategic decisions relating to affordable stock but consider transparency essential so that we can aid the RPs to recycle and retain monies within West Suffolk. **(Insert number of properties disposed and their value post consultation)**

11. Mobility

Moving for employment/social and welfare reasons

We support the government's aim to make it easier for tenants who wish to move for employment or social and welfare reasons and we would expect that RPs will offer assistance to their residents in these circumstances from the stock available to them.

Downsizing

We expect all RPs to be open to their tenants wishing to downsize. While the spare room subsidy financially penalises working age Housing Benefit claimants who under-occupy social properties, downsizing also offers advantages of smaller, more accessible properties being easier and cheaper to run and also frees up much needed family accommodation for those that require it.

RPs should continue to see whether tenants who are in properties of a size they don't require would consider moving to smaller properties within their own stock, especially vulnerable tenants and older people, and offer a support service where necessary to facilitate a move. We will continue to work with RPs to aid in this activity. (Insert number of households who have downsized as a result of bedroom tax)

12. Voluntary Right to Buy

We are supportive of creating new opportunities for those who wish to get onto the property ladder and own their own home. However we are also acutely aware that the need to maintain the availability of affordable rented accommodation in West Suffolk is also paramount, with needs only increasing.

We support RPs offering the opportunity for tenants to purchase their homes where eligibility and availability avail themselves, however we ask that the following criteria be considered for creating an exemption for specific properties:

- Properties in rural locations, where there is a population of less than 3000 individuals
- Designated elderly persons accommodation
- Specialist or supported forms of housing
- Disabled adapted properties – secured through planning obligations
- Shared accommodation

We request that RPs keep us informed of any proposed Right to Buy purchases, similar to how we are currently informed of any disposals. This is to ensure that we can maintain a robust and up to date understanding of the affordable housing stock which is available within West Suffolk. (Insert number of RTB sales in past five year following consultation)

13. Governance – monitoring and reviewing

We will monitor and review the tenancy strategy in co-operation with individual RPs. This includes reviewing RPs records of tenancy sustainment. The Registered Providers Management Forum will support us in assessing the effectiveness of this strategy, by analysing trends in housing need and homelessness. The outcomes of this monitoring have influenced the updating and revision of this Strategy.

14. Risk

We has a strong, preventative approach to homelessness, which is covered by West Suffolk Homelessness Prevention Action [Plan \(insert link\)](#). Through the West Suffolk Housing Strategy ([insert link](#)) we want to create an environment which enables people to be part of their own housing solutions and we see the support offered during a social housing tenancy and at the end of the tenancy as a contributory factor.

We will aim to mitigate risk through careful discussion with RPs about rent levels, tenancies and affordability on both new properties and conversions; through partnership working to improve tenants' financial circumstances and by continuing our successful prevention work offered through the Housing Options team's early intervention protocol.

15. Equalities

The original tenancy strategy produced in 2012 was subject to an equality impact assessment which has been reviewed and updated in light of this revised strategy.

We will also expect registered providers to carry out equality impact assessments when devising their own tenancy policies.