



TENANCY STRATEGY MARCH 2012

Foreword

Cannock Chase Council remains committed to working with our partners to provide affordable homes in a sustainable environment for those in housing need in the District.

Our Tenancy Strategy is intended to provide guidance to Registered Providers in the light of the significant changes that are taking place in social housing. The document also outlines the Council's position regarding the management of our own housing stock.

Thank you to all Registered Providers who provided comments on the Consultation document.

1. Introduction

The Localism Act 2011 places a duty on all local authorities to produce a Tenancy Strategy that sits alongside the Housing Strategy, Homelessness Strategy and Allocations Policy. As the Council has retained its own housing stock the Strategy sets out both the Council's plans in response to the Government's social housing reforms and the considerations that Registered Providers should take into account when formulating their own policies.

The legislation requires the Strategy to cover:

- What kind of tenancies to offer
- Circumstances in which the landlord will grant a tenancy of a particular kind
- Where a tenancy is set for a term, the length of term
- Circumstances where the landlord will grant a further tenancy on the ending of the existing tenancy

This Strategy will also outline our position on:

- Application of the affordable rent tenure

The Government has made it clear that it wants local authorities to have a degree of strategic influence over how affordable housing providers implement the social housing reforms. Registered Providers are expected to give 'due regard' to the objectives and principles set out in local authority Strategic Tenancy Policies.

The Council will have regard to the Tenancy Strategy when determining potential grant funding or providing free/discounted land for affordable housing delivery.

2. Local Context

This section explores some of the key housing issues in the District relating to housing need and affordability.

2.1 Rental costs

The current average social rents for both Council and Registered Provider tenants are shown in the table below by property type, with an estimate of what the affordable rent would be at 80% of current average market rents. The figures suggest that the rent an RP can choose to charge will increase from £47.59 per calendar month for a 1 bed property to £185.00 for a 4 bed house.

Bed Size	Ave Council rent pcm	Average RP rent pcm	Average private rent pcm	80% of market rents (affordable rent)	Potential increase in rental income pcm
1	262.43	268.41	395.00	316.00	47.59
2	302.21	316.20	500.00	400.00	83.80

3	317.76	351.48	600.00	480.00	128.52
4	345.41	395.00	725.00	580.00	185.00

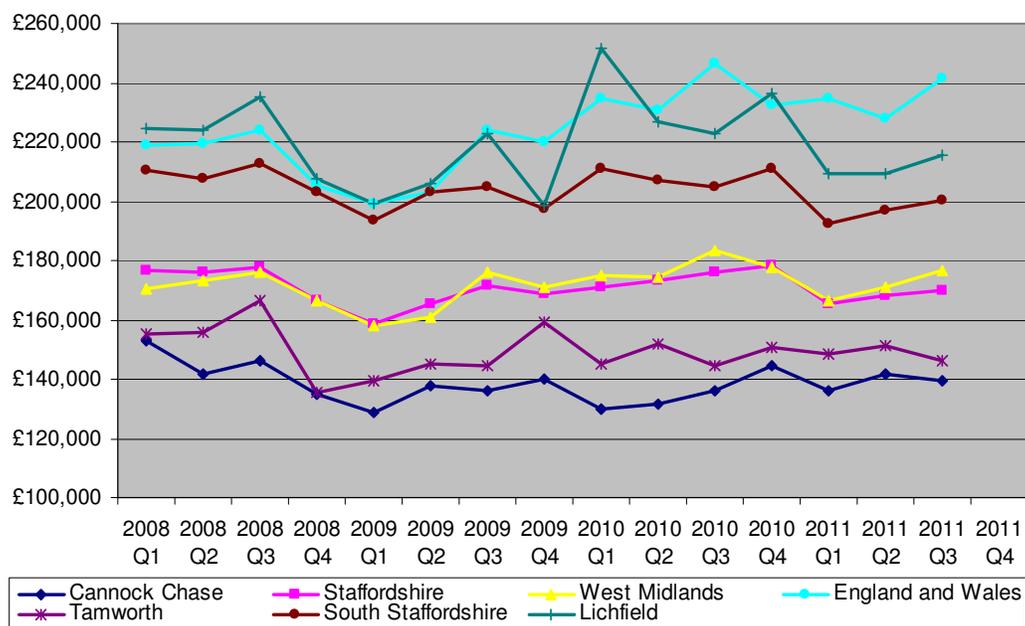
Source: CCDC/TSA/RightMove

The draft 2011 Southern Staffordshire Districts Housing Needs Study and Strategic Housing Market Assessment (SHMA) update found that 23% of existing households and 37% of newly forming households cannot afford existing social rents in Cannock Chase. Some 30% of existing households and 48% of newly forming households in Cannock Chase would not be able to afford an affordable rent of 80% market rent.

N.B. Findings from the 2011 Housing Needs and SHMA Update study may be subject to change as the report is currently in draft form.

2.2 Property Prices

The average house price in Cannock Chase at Q3 2011 was £139,358 according to the Land Registry. House prices in Cannock Chase have typically been lower than neighbouring authorities, Staffordshire, West Midlands and England averages. The graph below demonstrates the recent house price levels.



The Land Registry figures show that the average house price in the District has remained fairly stable since 2009 at between £135,000 and £140,000.

The recovery of house prices has not been as rapid or as positive as seen against the national benchmark in the graph above. The Districts average house price at the middle of 2011 remains at a similar level to that at the middle of 2008.

2.3 Housing affordability

Despite house prices remaining stable, buying on the open market is still out of reach for many people on low to moderate incomes in the District. The average full time income in the District for an individual is £25,770 (ASHE 2010). This is the lowest in Staffordshire and one of the lowest in the West Midlands. This means the average house price in 2011 (Q3 figure) is 5.4 times the average full time income.

The 2011 Southern Staffordshire Districts Housing Needs Study and SHMA Update carried out affordability calculations to assess the proportion of existing and newly forming households that could not afford to buy or rent privately in the District. The report found that approximately 54% of the population could not afford to buy in the District. A larger proportion could afford to rent in the District, but the market still excludes 37% of households from accessing private rented accommodation.

The situation for newly forming households is much worse: 80% of newly forming households cannot afford to buy in the District; Rugeley was slightly less affordable with 84% of households unable to buy, whilst 79% cannot buy in Cannock.

Private rental accommodation was similarly more difficult to access for newly forming households as 63% of households could not afford to rent privately.

2.4 Housing Need

In December 2011 there were approximately 2,450 households on the Council's housing register.

The 2011 Housing Needs and SHMA Update study found that there is a net need in the District for 213 affordable housing units per annum.

The SHMA update also found that 37% of existing households in the District were unable to afford market housing, either to buy or to rent. It is much harder for newly forming households to access market housing, 63% of households could not afford to buy or rent privately in the District.

N.B. Findings from the 2011 Housing Needs and SHMA Update study may be subject to change as the report is currently in draft form.

2.5 Housing Tenure

According to 2010 Council Tax Valuation List there are 41,498 dwellings in the District. Census 2001 data shows that 73% of households either own their property outright or with a mortgage or loan. 17% rent from the Council, 3% from a Registered Social Landlord and 5% rent from a private landlord.

Tenure	Cannock Chase	England
Owned	73%	69%
Mortgage	46%	39%
Outright	27%	29%
S/O	<1%	1%
Social Rent	20%	19%

<i>Council HA</i>	17% 3%	13% 6%
Private Rent	5%	10%
Other	2%	2%

Source: Census 2001

In comparison to national levels the District has a higher level of home ownership, of which there is a larger proportion of mortgage occupied but less outright occupiers. Social renting in the District is slightly higher than the national average, with a larger proportion renting from the Council than a Registered Provider. The private rented sector in the District is smaller than the national average.

3. Cannock Chase Council Policies

3.1 Fixed Term Tenancies

The Localism Act enables registered providers to let affordable housing to new tenants on fixed term assured tenancies as an alternative to “lifetime” tenancies. The Government consider that lifetime tenancies do not take into account how a household’s circumstances may change in the future and the change in national policy is to encourage people living in affordable housing to move on when their circumstances change or improve. This would then free up the affordable housing for a household in greater need. At the end of the fixed term and depending on the circumstances of the individual household, the following options could be available:

- To remain in their existing home or another affordable home, either at a social rent or affordable rent
- To move into the private rented sector
- To move into homeownership

Cannock Chase Council has retained its housing stock (5,405 properties) and as a social housing provider can introduce fixed term tenancies for future lettings to new tenants.

It has however, been decided not to introduce fixed term tenancies at the present time but to continue the current policy of:

- Granting introductory tenancies to all new tenants
- Offering a secure “lifetime” tenancy provided that the introductory tenancy has been conducted satisfactorily (i.e. a Possession Notice has not been served for a period of 12 months or 18 months in cases where an introductory tenancy has been extended)

The Council’s policy regarding fixed term tenancies will be reviewed as part of the Tenancy Strategy review in two years time.

4. Guidance to Registered Providers on Tenancy Policy

4.1 Affordable Rent

The Government has developed an 'affordable rent model' alongside the provisions of the Localism Act. This is intended to increase investment through increased rental income as Registered Providers can set rents at up to 80% of the market rent for a comparable property. Registered Providers can also re-let a proportion of their housing stock at affordable rent. Whilst it is recognised that Registered Providers have already signed their contracts with the Homes and Communities Agency regarding their development of programmes for new affordable homes there are a number of issues that the Council wish to be considered when Registered Providers further develop or review their tenancy policies.

It is the Council's aim that rent levels in the District remain affordable. As a result it is expected that rents set by Registered Providers for affordable rented properties do not exceed the relevant Local Housing Allowance (LHA) rate, applicable for the property at the time of rent setting.

Consideration must also be given to setting rent levels at below 80 per cent of market rent to take into account local circumstances. Those in need of social housing are not necessarily in receipt of housing benefit but may be in low paid employment. The Council do not wish to see rent levels set that are a disincentive to work and negatively impact on sustainable communities.

There is no standard or official definition of housing affordability but research has set the threshold of affordable housing costs at between 25% and 35% of household income. The following table illustrates the maximum income that is required for households in Cannock Chase to afford an affordable rent property at 25% of their gross monthly income.

Bed Size	80% Market Rent pcm	Income Required
1	£316.00	£15,168
2	£400.00	£19,200
3	£480.00	£23,040
4	£580.00	£27,840

Although the average household income in the District in 2011 is £34,218, there are a large number of low income households, with over 60% of households earning much less. 23% of households earn less than £15,000 per annum whilst 34% of households would be unable to access larger family sized properties at 80 per cent of market rent as they earn under £20,000. Only 55% of households have an annual income of over £25,000.

Issues for Consideration

- That affordable rents are set no higher than the Local Housing Allowance.
- That Registered Providers take local circumstances into account and assess the need to set rents at below 80% of market rent to ensure that affordable rents are not set at levels which are a disincentive to work.

- The Council will seek commitments from Registered Providers that a level of reinvestment monies generated from the higher rent levels will be utilised to provide additional affordable housing in the Cannock Chase area.
- Vacant Affordable Rent properties must be advertised through the UChoosehomes Choice Based Lettings Scheme to ensure transparency and fairness.
- 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. Registered providers should also take into account the impact of conversions upon the tenure profile and overall sustainability of the communities within which they operate.
- The Council will not support the conversion of social rented properties that were provided under section 106 agreements to affordable rent.
- When considering the provision of free or discounted land or grant from the Council to Registered Providers, the Council may require the resultant dwellings to be provided at social rents and on secure lifetime tenancies.

4.2 Fixed Term Tenancies

The Government believe that social housing should be a step on to other types of housing and that tenancies for life offer limited flexibility to respond to local circumstances or make best use of housing stock. The Council recognise that fixed term tenancies will help Registered Providers to make the best use of their housing stock but do not wish to undermine the creation of mixed and sustainable communities. It is considered important not to discourage people from seeking employment and if the security of their tenancies were linked to them not improving their circumstances it could help to create a 'benefit trap'. In addition, fixed term tenancies may not be appropriate for all tenants, particularly older people and vulnerable people e.g. people with learning or physical disabilities or mental health problems who are receiving support that is linked to their accommodation.

Issues for Consideration

- Five years should be typically used as the minimum term for all fixed term tenancies.
- Lifetime tenancies should continue to be used by providers of extra care housing.
- Those receiving long term support linked to their accommodation or have properties that have received major adaptations should receive lifetime tenancies or longer fixed terms based on an assessment of their future needs.
- Fixed term tenancies should be renewed unless there has been a change in the tenants circumstances to the extent that they are able to afford a different tenure or they are under occupying their home by two bedrooms or more.
- Advice and guidance on alternative housing options must be given by the provider as soon as a decision is made to end the tenancy and a minimum notice period of six months should be given.

4.3 Facilitating appropriate move-on

The Council are committed to preventing homelessness and do not want to see an increase in homelessness due to decisions taken to terminate a fixed term tenancy. Tenants who have had their tenancy reviewed should be given a minimum of six months notice if the provider

plans to end the tenancy. Reasons for the decision must be given to the tenant and information on their right to appeal the decision.

Registered Providers must provide households affected by the termination of a tenancy with advice and assistance to secure alternative accommodation. This could include:

- Identifying more suitable accommodation that meets the households needs within their own stock
- Providing advice on low cost home ownership options
- Welfare related advice and/or signposting to appropriate advice services
- Advising on renting in the private rented sector and assistance in identifying and securing a suitable property

আপনি অনুরোধ জানালে এই কাগজপত্রগুলোর বাংলা অনুবাদের ব্যবস্থা করা যেতে পারে।

如有要求的話我們可將此文件翻譯成中文

বিন্‌তী ক্রবাথী তমনে আ দস্তাবেজ তমারী মাতৃভাষামাং মণী শঙে চে.

ने तुमीं चरुं उं एरु धरुचरु तुगुडी घेली वरुं मरुल सरुदरु रै

یہ دستاویز آپ کی زبان میں، گزارش پر دستیاب کی جا سکتی ہے۔

Ten document jest dostępny na żądanie w twoim języku

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Glossary

Affordable housing: Housing options available to residents who cannot afford to rent or buy in the open market. Options include social rented housing, affordable rent housing and intermediate housing solutions such as shared ownership.

Affordable Rent: Rents offered by Registered Providers of social housing at up to 80% of the rent that would be charged if the property were let on the open market.

Fixed term tenancy: A tenancy with a fixed start and finish date.

Homes and Communities Agency: The national housing and regeneration agency for England, responsible for allocating funding for affordable housing.

Homelessness duty: A local authority owes the “main homelessness duty” when the authority is satisfied that a homeless household is eligible for assistance, unintentionally homeless and falls within a specified priority need group. Where this duty is owed, the authority must ensure that suitable accommodation is available to the household.

Local Housing Allowance: The current form of housing benefit paid to people with low incomes who are renting in the private sector.

Market rent: The rental income that a property would most probably command on the open market.

Registered Providers: The term Registered Provider was introduced by the Housing and Regeneration Act 2008 and is applied to an English body who is concerned with the provision of affordable housing. A Registered Provider must be registered with the Tenant Services Authority (TSA).

Section 106 Agreement: Legally binding agreements made under Section 106 (S106) of the Town and Country Planning Act 1990. They can include an obligation for a developer to deliver affordable housing.

Social rent: Housing for which guideline target rents are determined through the National Rent Regime. Rents are usually significantly lower than market levels.

UChoosehomes Choice Based Lettings Scheme: As part of a sub-regional choice based lettings scheme the Council maintain a list of people who are registered to express an interest for affordable housing in the District.