



Erewash Borough Council Tenancy Strategy - Guidance for Registered Providers

**Regarding
Social and Affordable Housing
Tenancies in Erewash**

November 2012

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INTRODUCTION

The purpose of this Strategy is to influence and guide registered providers of social housing about the choices they make regarding the tenancies and management of their properties.

This document aims to describe:

- 1) The social rent and affordable rented housing market in Erewash, and its role in helping us to achieve our vision for the Borough.
- 2) The choices which are now available to registered providers of social housing, to enable the management of social and affordable homes effectively.
- 3) How the Council decided on the factors we would like registered providers to consider.
- 4) The factors the Council would like registered providers to consider in the process of:
 - deciding whether they should introduce fixed term tenancies;
 - offering different tenure types including:
 - Social Rented.
 - Affordable Rented.
 - Shared Ownership.
 - Helping people move into full home ownership via Right to Acquire.
 - Starter Tenancies;
 - tackling under-occupancy; and
 - ensuring mixed and sustainable communities through local lettings policies.
- 5) The action the Council and its registered providers would like to take to manage choices and change so that we are able to meet housing need and demand, and achieve our longer term vision for the Borough.

Each registered provider has its own separate tenancy policy, which should have regard to this tenancy strategy for the Borough. Links to these tenancy policies are provided via the Council's website.

This document and a shorter summary document are for registered providers and other housing professionals.

However, as we realise that other organisations and members of the public may also have an interest in these issues, we have also provided a separate non-technical document. This can also be found on the Council's website.

1. PARTNERSHIP WORKING

- 1.1 The Council works well with registered providers who develop, own and manage social and affordable homes in the Borough, through groups such as the Erewash affordable housing development partners and the Housing and Homeless Forum, and on a one-to-one basis.
- 1.2 The Council recognise that registered providers want to provide good quality homes and housing services to tenants and other customers, and that this requires sustainable business plans. The Council value providers' contributions to improved health and wellbeing, economic stability and growth, quality environments and safe neighbourhoods. The Council understand that in the current climate, providers are facing a number of risks to their businesses and have to make decisions taking this into account. As many registered providers are national organisations, we also appreciate that their own tenancy policies will be formulated to cover many local authority areas, not just Erewash.
- 1.3 The Council, however, also like providers to recognise that whilst we have similar goals, the Council has a wider responsibility for ensuring a good quality of life for all residents and communities, and not just for those households already living in social and affordable housing. The Council also needs a sustainable plan (described in the Community Strategy, Corporate Plan, medium term financial plan, Local Housing Strategy and Homelessness Strategy) for which the Council is held to account by the public. The Council has a responsibility to help Erewash residents have good quality homes and housing services which meet their needs, and help create sustainable, mixed and balanced communities. At the same time, we need to ensure that those in urgent housing need are housed as soon as possible.
- 1.4 The Council acknowledge therefore that whilst our different roles as the Council and as registered providers may result in some different perspectives and practice, we will all be working together to achieve the best outcomes for the Borough, particularly for tenants and prospective tenants.
- 1.5 The Council is conscious that registered providers only need to "have regard" to the Council's tenancy strategy in formulating their own tenancy policies. The Council also appreciate that there are many valid arguments for and against some of the choices available.
- 1.6 Therefore, the aim of this strategy is to influence and guide providers into making the choices which are right for them, and for the residents of the Borough, rather than specifying the choices we think the registered providers should make. Taking into account our local knowledge and understanding, the Council have therefore outlined the factors which our registered providers need to take into consideration when making their choices.

2. THE SOCIAL RENTED AND AFFORDABLE RENTED HOUSING MARKET IN EREWASH AND ITS ROLE IN HELPING US TO ACHIEVE OUR VISION FOR THE BOROUGH

- 2.1 The Council is committed to delivering our vision to *improve the quality of life for people who live, work and visit the Borough.*
- 2.2 The Council wants to *increase the availability of suitable housing and build vibrant communities where people get on well together and have pride in their neighbourhood.*
- 2.3 The Council aims to achieve this by making sure there is a *mix of housing tenures, types and sizes in order to create mixed and balanced communities, provide choice and meet needs.*
- 2.4 There are some people who, for various reasons, cannot afford to rent from a private landlord or to buy their own home. These include young people leaving home, couples starting out, families, older and disabled people. It also includes people who are working but are in a low-paid job.
- 2.5 People who have a low income (including those on benefits) may receive less money in the future as a result of changes to the welfare system. People may have less to spend on their housing costs and may need to move to more affordable housing. This is likely to increase the need for social and affordable housing.
- 2.6 Social rented and affordable rented homes and low-cost home ownership are cheaper than private homes available to rent or buy because public money is used to build them. However, there is not enough public money to build all the affordable homes we need so the Council has to make sure that the people who most need these homes are able to access them.
- 2.7 Through this tenancy strategy, the Council wants to make sure that social and affordable housing continues to enable low income households in Erewash to live in homes which meet their needs, which they can afford, and which enable them to contribute to their community.
- 2.8 From April 2012 registered providers (also known as social landlords) will be able to manage social and affordable rented housing in different ways. There are new choices to make and the Council wants to influence our housing partners to consider these choices carefully, taking into account the housing needs and aspirations of our residents and what the Council wants to achieve in Erewash.

2.9 Key Facts About Affordable Homes in Erewash

The Council's definition of an affordable home is:

"Housing which can be accessed by households with an income that is on or below the median income for the Borough and such households whose income or employment status prevents them from accessing market housing. These households should not spend more than 30% of their gross household income on housing costs (housing costs mean rent, mortgage and service charges)".

The Council does not own any of these homes, as it transferred all its Council housing to Three Valleys Housing (a registered provider) in 2002.

There are 14 registered providers in Erewash, managing just over 6,700 homes (14% of the housing stock in the Borough) with Three Valleys Housing owning 5,200 of these.

Of the affordable homes:

- 4,361 are social rented for "general needs";
- 2,058 "over 60s" housing for social rent;
- 242 shared ownership or intermediate rent;
- 30 supported housing for vulnerable people;
- it is anticipated that there will be approximately 40 affordable rented properties in Erewash by 2014, although there are none at October 2012.

Of the social rented for "general needs" properties, there are:

- 3,109 houses (the majority 3 bedroomed)
- 1,098 flats (the majority 1 bedroomed)
- 139 bungalows

(full details can be found in Appendix A).

Of the properties for older people, there are:

- 453 ground floor flats (the majority 1 bedroomed)
- 253 upper floor flats (the majority 1 bedroomed)
- 1,402 bungalows (the majority 1 bedroomed)

(full details can be found in Appendix A).

There were 538 properties which became available to rent during the year ("re-lets"). Of which:

- 147 general needs houses (the majority 3 bedroomed)
- 144 general needs flats (the majority 1 bedroomed)
- 17 general needs bungalows
- 4 general needs bedsits

- 72 “over 60s” flats (the majority 1 bedroomed ground floor flats)
- 152 “over 60s” bungalows (the majority 1 bedroomed)
- 2 “over 60s” bedsits

(full details can be found in Appendix A).

For a two bedroomed house the average rent per week in Erewash is:

- £80 for a social rented home owned by a registered provider
- £109 for a privately rented property (local housing allowance would cover up to £104 of this)
- £87 for an affordable rented home owned by a registered provider (estimated but may be more than this for a new-build property).

To buy an average terraced property in Erewash (of about £90,000) with a deposit of 10%, a household would need to provide:

- a deposit of around £9,000, and
- have an income of about £23,143.

The average household income in Erewash is around £25,000 per year, so based on this, and subject to being able to secure a deposit and mortgage, the income to house prices comparison is about 3.6 times income.

The most common income in the Borough is lower at £15,000-20,000.

45% of new households setting up home for the first time would not have the income to purchase a property.

There are 2,670 households on the Erewash Home Options Register for social and affordable homes. Only about 11% of these have an income to be able to afford affordable rented properties, the rest would need social rented properties.

There may be a number of new households emerging in the future who are unable to purchase a property, who may seek affordable housing and access the Home Options Register. The proportion of those able to afford affordable rented properties may therefore change in the future.

Since 2009, 176 affordable homes have been built or acquired (an average of 59 per year) of which:

- 149 for Social Rent and 27 for shared ownership or intermediate rent; and
- 105 houses, 70 flats and 1 bungalow

The majority of registered provider tenancies are currently on a social rented “Assured” or “Secure” tenancy basis. This means that people can remain living in the property “for life”, as long as they pay their rent, do not cause anti-social behaviour problems or break their tenancy conditions in any other way.

3. THE CHOICES WHICH ARE NOW AVAILABLE

- 3.1 The framework under which social housing is resourced, allocated and managed will in future be radically different to that of a few years ago.
- Firstly, the government has set out a far-reaching programme of reform through the Localism Act 2011; and
 - Secondly, service delivery is taking place in the context of economic downturn, drastically reduced funds to local authorities and their partners, and welfare reform.
- 3.2 The government has introduced some of the changes because it would like affordable rented housing to:
- be targeted at those in greatest housing need;
 - offer value for money and not cost the public purse more than it needs to;
 - not be seen as somewhere where only people without work are able to live; and
 - be used fairly, for those people who need it most, when they need it.
- 3.3 In addition to this, registered providers and the Council want to make sure that the affordable housing stock is let and used efficiently.
- 3.4 Registered providers will therefore be making choices about how they manage social and affordable housing. These choices were considered and discussed by our partners in developing this strategy and advantages, disadvantages, issues and concerns highlighted. Full details can be found in Appendix B.

In summary, the choices available are:

Fixed Term Tenancies (sometimes referred to as “flexible tenancies”)

- 3.5 Registered providers may choose to introduce different types of tenancy agreements for new tenants that last for fixed periods of time, for example five years (existing tenancies are protected). Fixed term tenancies can be used with social rented tenancies and affordable rented tenancies.
- 3.6 A review will be made by the registered provider before the end of the tenancy period. The provider will discuss the options with the tenant to either continue, change or end the tenancy. This will depend on the circumstances of the tenant and their family at that time, and whether they still need this type of property and tenancy (for example - can they now afford to privately rent, or to buy; could a smaller property meet their needs; do they no longer need a property specially designed or adapted for a person with disabilities?).

The registered providers will need to outline the details in their tenancy policies and tenancy agreements.

Affordable Rents

- 3.7 Subject to certain conditions, a proportion of new-builds and re-lets can be designated 'affordable rent' properties with rents charged at up to 80% of a market rent (market rent being what a private landlord would charge for that property).
- 3.8 The intention is that the additional funding generated by the higher rents can be used to support new build investment in a time where Homes and Communities Agency (HCA) subsidy is falling dramatically.
- 3.9 New affordable rented housing is likely to be more expensive than existing social rent housing. At the moment, affordable rented properties are only about £7 more per week than social rented properties, although the difference may be much greater for new-build affordable rented homes in higher value areas. *(see Appendix C for more information).*
- 3.10 However, social rents are worked out to a formula and would only increase by an agreed percentage set centrally, rather than be subject to market forces (whereas the affordable rents can increase or decrease dramatically if market rents increase or decrease dramatically).
- 3.11 Registered providers who are developing new affordable rent homes can "convert" a number of their existing social rented homes to a higher "affordable rent" 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. At the moment, registered providers are not "converting" great numbers of properties in Erewash, but this could change in the future.

Shared Ownership

- 3.12 Shared ownership is designed to help people who cannot afford to buy a home on the open market become homeowners.
- 3.13 With the scheme people can buy a share of a property of between 25% and 75% and pay rent to a registered provider on the remaining share. Shared ownership owners will therefore normally be paying mortgage plus rent. They are normally also responsible for any repairs on the property.
- 3.14 People may have moved into the property originally on a shared ownership basis, or they may be offered this option at the end of a fixed term social rented or affordable rented tenancy. They may also have originally had Rent-to-Buy tenancy where they paid an intermediate rent whilst saving for a deposit and arranging a mortgage to buy the property on a shared ownership basis in the future.

Full Home Ownership

- 3.15 There will be a number of people who are paying social rents or affordable rents who will be encouraged to, or will be choosing to step from renting to home ownership. This may be suggested to them at the end of a fixed term tenancy, if their situation has changed such that they are now in a position to get a mortgage and buy the property they have been renting.
- 3.16 Under the Localism Act, registered providers should encourage their tenants into these options, where appropriate. Subject to various conditions – people who have been registered provider tenants of five years or more can get a discount on the value of their home of up to £9,000 under “Right to Acquire”. People who were Erewash Council tenants at the time of the transfer of the homes to Three Valleys Housing in 2002, could be eligible for much larger discounts, under the “Preserved Right to Buy”.

Starter Tenancies

- 3.17 Registered providers can give new tenants a “starter tenancy” as a 12 month trial period at the beginning of their tenancy. During this time they will have fewer rights so can be evicted more easily. They are designed so that registered providers can tackle anti-social behaviour and rent arrears at an early stage.
- 3.18 At the end of the starter tenancy, tenants should automatically become an assured tenant with more rights, unless the registered provider takes steps to evict them. Reasons for eviction may include not paying the rent, causing nuisance to neighbours, using the property for illegal activities or sub-letting the property.

Tackling Under-Occupation

- 3.19 The “choice” for registered providers is how they will try to tackle under-occupation, and the associated reduction in benefits.
- 3.20 People under pensionable age who receive housing benefit towards their rent, will have a deduction of benefit made, if they have one or more “spare” bedrooms. The assessment of whether a household has a “spare” bedroom, includes the fact that children of the same gender under the age of 18 are expected to share a bedroom.
- 3.21 This may mean that people will have to find the additional rent themselves or try to find a more suitably sized property, otherwise they may get in to rent arrears. This is a particular difficulty in Erewash, where there are a large number of three-bedroomed family homes (2,207) in comparison to two-bedroomed (831), so there will be a large number of households who have been “under-occupying” throughout their tenancy.

- 3.22 Registered providers cannot *make* people move because they are under-occupying (except at the end of a fixed term tenancy) but many tenants may be seeking to move for the reasons outlined above. Registered providers can also offer incentives for people to move to smaller homes (e.g. single pensioners living in family homes moving to smaller “over 60s” flats or bungalows). Such incentives can include cash for re-location, priority on the Home Options scheme, help with packing and moving etc.
- 3.23 The full impact of the reduction of benefit for people “under-occupying” is not yet known, as it is not being implemented until April 2013. The government’s intention is to reduce housing benefit expenditure and encourage tenants into work. However critics suggest that many people will be unable to secure work which takes them out of the benefits system.

Local Letting Policies

- 3.24 Registered providers can use local lettings policies to achieve a wide range of policy objectives. The Home Options Policy highlights that local lettings policies have an important role in widening housing choices for local people and helping to provide sustainable communities.
- 3.25 National and local housing agendas encourage mixed tenures that cater for a range of households with varying needs and aspirations, rather than a concentration of households with particular support needs.
- 3.26 Therefore, local lettings policies and plans can outline variations from the normal allocations policies on specific sites or areas. This could include: allocating a certain percentage of properties to people in work; or letting certain properties to people with disabilities, or for shared housing for vulnerable people.

Further Information

Appendix C includes an assessment of the difference between social rents and affordable rents by property size.

You can see what approach each social landlord is taking by viewing their tenancy policy and affordable rent policy (if they are offering this type of home). As these might be updated on a more regular basis than this document we do not provide a summary of what these say here. You can access them via the links on the Council’s website

http://www.erewash.gov.uk/housing_and_homeless/tenancystategy/default.asp

Choices Available to Local Authorities

This section is for information only.

It should also be noted that the following options are now available to Local authorities:

Discharge of Homelessness Duty to the Private Rented Sector

- 3.27 It will be possible to discharge the duty to homeless households by the offer of suitable accommodation in the private rented sector (PRS) (previously the household could refuse an offer in the PRS and insist on an offer with the Council or a Housing Association). The minimum term of tenancy in the PRS for it to be considered “suitable” is 12 months.
- 3.28 This change is intended to respond to the shortage in social housing while also reducing the substantial costs that can arise from accommodating households in temporary facilities.
- 3.29 At the current time, in Erewash, there are very few private landlords who are willing to grant minimum tenancy terms of 12 months, unless the Council or another organisation took responsibility for managing the properties and the tenants. So a PRS offer is not normally used in Erewash to discharge homelessness duties, except where the household is happy with this as a housing option.
- 3.30 The Council will continue to explore ways to use the PRS effectively to discharge its homelessness duties in the future. In the meantime we work closely with private landlords and potential tenants, encouraging advertising on the Home Options website; encouraging tenants to access voluntarily the private sector (particularly those who are unlikely to get an offer of a suitable social home); and providing advice to landlords and tenants.

Allocations

- 3.31 Whereas previously almost anyone could apply for social housing, local authorities will now have the freedom to set their own eligibility criteria to join the lists, according to local needs and priorities. For example, they could “exclude” people with little realistic chance of being housed in social housing.
- 3.32 This measure, as with tenure reform, is primarily intended to allow housing to be targeted at those in most need.
- 3.33 The Home Options Partnership have taken a view not to restrict home options eligibility in this respect as the whole idea of the scheme was to promote the full range of housing options, not just social housing. Therefore, some people who are registered may have only a small chance of being housed in social housing but will have full access to support and advice on alternatives such as private renting and shared ownership.

4. HOW THE COUNCIL HAS DECIDED ON THE FACTORS WE WOULD LIKE REGISTERED PROVIDERS TO CONSIDER

Perspectives

4.1 In developing this strategy, the Council has considered the impact of changes from four different perspectives:

- ***The customer.*** The primary interests of this group are security of tenure, stability and affordability in the long term. The ability to move within and outside the social and affordable housing market may be of interest to some customers.
- ***The Council in its strategic housing role.*** The primary interests of the Council are to meet the need and demand for social and affordable housing and to achieve the vision for the Borough (this includes sustainable neighbourhoods and communities) and making the best use of resources in the area.
- ***The registered provider.*** The primary interests of providers are to meet the need for social and affordable housing, to enable sustainable neighbourhoods and communities, and to manage sustainable, not-for-profit businesses.
- ***Other interested parties.*** Eg, health and social care, advice agencies, etc. Primary interests include improved health and wellbeing, and reducing inequalities and disadvantage.

Issues Relating to Specific Groups

4.2 The Council has taken note of the issues and concerns relating to specific groups.

- Families with children of school age or younger;
- Single and couple households under the age of 60;
- Households on a low income, but not in receipt of housing benefit;
- Households including a person with a disability; and
- Older people over the age of 60.

These are outlined in Appendix D.

Other Strategic Documents and Policies

This guidance and strategy has been developed with full regard to existing Erewash strategies and policies.

This is outlined in more detail in Appendix E.

Workshops and Consultation

4.3 The Council has developed this strategy with our partners in workshops and consultation on drafts with registered providers, supported housing providers, voluntary and community agencies; health and social care colleagues, and neighbouring local authorities. Details of the outcomes from some of these workshops can be found in Appendix B.

5. THE FACTORS THE COUNCIL WOULD LIKE REGISTERED PROVIDERS TO CONSIDER

5.1 We wish to influence and guide providers into making the choices which are needed to sustain their role in providing affordable housing for our residents, rather than specifying the choices we think the registered providers should make.

5.2 Taking into account our local knowledge and understanding, we have therefore outlined the local issues and factors which our registered providers need to take into consideration when making their choices.

Fixed term tenancies (flexible tenancies)

The Council accepts that more effective matching of stock with people in most need is essential. However, registered providers need to consider the following local issues and factors if they are to offer fixed term tenancies.

- That fixed terms of less than five years may lead to a great deal of uncertainty and upheaval, and may provide only similar stability to private rented homes.
- The length of the initial fixed term should be variable according to circumstances and the needs of the individual household.
- That vulnerable people, such as elderly people living in “over 60s” homes, are unlikely to have changed circumstances in terms of under-occupation or income at the end of the term. Therefore the insecurity felt by the tenants of having a fixed term tenancy in these situations may be unjustifiable and detrimental to health and well-being.
- Terminating tenancies on the basis of income may result in disincentives to aspiration and the ‘residualisation’ of estates.
- Those with incomes to now enable them to buy, should be offered the opportunity and encouragement to buy the property either outright or on a shared ownership basis, as long as this option will still be genuinely affordable.
- People need to know that wherever possible, they will be able to remain within the same community which they are part of, even if their

circumstances have changed. So even if they have to move from their current property, there should, wherever possible, be alternative long-term accommodation available to them in the area, if that is what they wish. This is particularly pertinent to families with children settled in local schools, or people who need to remain in the area to give or receive support.

- The impact of a fixed term tenancy should be made clear to the tenants at the beginning of their tenancy – not only in written form, but also verbally on a face-to-face basis to ensure that they fully understand what this means.
- The terms and conditions of the fixed term tenancy should be clear and unambiguous. Tenants should know when the tenancy will be reviewed, and the conditions under which they would have to surrender or change their tenancy.
- On the review of the tenancy, the tenant should receive comprehensive and independent advice regarding the options available to them, at least six months before the end of the term.
- Where possible, tenants should not have to move to a short term private rented sector tenancy at the end of their fixed term – unless they choose to do so, having fully understood the implications of what this means.
- People leaving a tenancy at the end of the fixed-term period should not be in the position of being homeless or living in unsuitable or temporary accommodation.
- The cost of administration for the registered provider of fixed term tenancies should be balanced against the advantages of fixed term tenancies in making the best use of stock, and ensuring social and affordable housing is available to those who need it.
- There is a shortage of suitable properties for people with physical disabilities, and therefore it seems reasonable to ask those in significantly adapted or purpose built properties to leave these at the end of the fixed term, if they no longer need it. However, the situation should be dealt with sensitively, and an alternative long-term property offered.
- The use of fixed term tenancies as tools to address anti-social behaviour and severe rent arrears should be considered only where other legal remedies are not appropriate.

Affordable Rents

The Council accepts that the additional funding generated by the higher rents can be used to support new build investment in a time where Homes and Communities Agency (HCA) subsidy is falling dramatically. There is a significant need for more affordable properties in the Borough. We accept therefore that new-build HCA funded rented properties will normally have to be affordable rented, and a certain number of “conversions” of re-lets will have to take place.

Registered providers need to consider the following local issues and factors if they are to develop and convert to affordable rented homes.

- At the current time, only about 11% of the 2,670 households on the housing register would be able to afford affordable rents (based on incomes) therefore the needs of many households may not be met.
- There is great concern that as affordable rents are subject to market forces they can increase dramatically if market rents increase dramatically. This leads to uncertainties, particularly about the future affordability of affordable rents.
- Affordable rents should normally be within Housing Benefit Local Housing Allowance limits (LHA). However, the impact of the transition of Housing Benefit into Universal Credit is not yet known. As the LHA limits are based on market rents, then even rents within the LHA limits could be “unaffordable” to new tenants in the future.
- Affordable rents should meet our affordability criteria, as outlined in Key Facts wherever possible. This means that households should not spend more than 30% of their gross household income on housing costs (housing costs mean rent, mortgage and service charges).
- As the rents of many new-build affordable rented homes will have significantly higher rents than social rented, there is a danger that many people on the housing register will be precluded from accessing new-build (often more energy-efficient) properties.
- If registered providers did convert 50% of their re-lets to affordable rent, and concentrated this on family houses, there is potential in principle for all family houses to have been converted within 10-20 years, thus leaving the Borough with no social rented family homes.
- There is a particular shortage of 4 bedroomed affordable properties, and purpose built or significantly adapted properties for people with physical disabilities, and very few become available for re-letting. The affordable rents on such properties would be significantly higher than social rents, and therefore it would normally be undesirable to convert these.
- High affordable rents will impact on Housing Benefit expenditure.
- Because of the concerns about affordable rent highlighted above, and in trying to ensure a mix of tenures to meet needs (particularly family and disabled housing) the Council will be encouraging and enabling the

majority of s106 rented units to be for social rent, and hope registered providers will support us in this. We will, of course, fully support funding bids and development of non-s106 units for affordable rents.

Shared Ownership

The Council encourages measures to assist people into home ownership, such as shared ownership. This may be as their first step into independent living; or following a fixed term tenancy; or as part of a Rent-to-Buy scheme.

Registered providers need to consider the following local issues and factors when encouraging people into shared ownership. This is particularly when residents are remaining in their previously tenanted properties.

- Good, independent advice should be given to explain what shared ownership entails, the advantages and disadvantages compared to renting or full ownership. This advice should be given in written form, as well as verbally on a one-to-one basis to ensure that this option is fully understood.
- Particular issues which should be highlighted include the responsibility and cost of maintenance and repairs; the repossession actions likely to be taken by mortgage lenders if the mortgage is in arrears; and the impact of changes in variable mortgage interest rates.
- Shared ownership housing costs should meet the affordability criteria, as outlined in Key Facts, wherever possible (that households should not spend more than 30% of their gross household income on housing costs (housing costs mean rent, mortgage and service charges)).

Full Home Ownership

The Council encourages measures to assist people into home ownership, such as Preserved Right to Buy or Right to Acquire.

Registered providers need to consider the following local issues and factors when encouraging people into full home ownership. This is particularly when residents are remaining in their previously tenanted properties.

- Good, independent advice should be given to explain what home ownership entails, the advantages and disadvantages compared to renting or shared ownership. This advice should be given in written form, as well as verbally on a one-to-one basis to ensure that this option is fully understood.
- Particular issues which should be highlighted include the responsibility and cost of maintenance and repairs; the repossession actions likely to be taken by mortgage lenders if the mortgage is in arrears; and the impact of changes in variable mortgage interest rates. Of particular concern are the number of households who get into arrears and/or repossession due to

additional lending for home improvements, extensions etc.

- People taking up home ownership need to ensure that they will be able to afford their mortgage and other housing costs in both the short term and long term. Guidance should be given about affordability, for example that households should not spend more than 30% of their gross household income on housing costs, wherever possible (housing costs mean mortgage and service charges), but also taking into account other loans and living expenses.

Starter Tenancies

The Council encourages measures to enable anti-social behaviour and rent arrears to be tackled at an early stage.

Registered providers need to consider the following issues and factors when deciding whether to issue starter tenancies.

- It may be inappropriate for people who have been good tenants with other registered providers, particularly those who are moving from an assured tenancy because of under-occupation deductions, or from fixed term tenancies.
- It may be inappropriate for older people moving from secure accommodation – including as owner-occupiers or assured or secure tenancies – to be moved to a less secure tenancy.

Tackling Under-Occupation

The reduction of benefit through under-occupation of properties is not a “choice” for registered providers, but it is important for them to outline how they will tackle this issue – whether this is outlined via their tenancy policies or elsewhere.

The Council encourages the most efficient use of properties, freeing up homes for those who need them, and encouraging people into work.

Registered providers need to consider the following local issues and factors when deciding how to tackle under-occupation:

- As at May 2012, there are concerns about the lack of information and understanding of the levels of under-occupancy, and difficulty in identifying the households likely to be affected.
- There will be ongoing discussions between the Council’s Housing Options team and Housing Benefit section, and registered providers about how to tackle the issues.
- There are 2,207 general needs social rented or affordable rented three-

bedroomed family houses in Erewash but only 831 two-bedroomed, so there will be a large number of households who have been under-occupying throughout their tenancy.

- The Council can use their strategic and enabling role to increase the number of two-bedroomed affordable properties being built but this will take time for these to be developed (*of 40 likely completions of affordable housing during 2012/13 – only 11 of these will be 2 bedroomed houses*).
- As soon as possible, tenants should be clearly advised about the impact of this for their particular situation and the options available to them. This should be not only in written form, but also verbally on a face-to-face basis to ensure that the tenants fully understand the options and issues.
- Assistance should be given to those who want to/need to move. Moves should be in a planned and structured way, which will not negatively impact on those on the housing register waiting to be housed. Every attempt should be made to keep people within their communities; where children are settled in school; and where people receive and give support.
- It is understood that registered providers need to collect their rents in order to sustain their businesses. However wherever possible, support and assistance should be given to tenants in arrears due to this benefit reduction, particularly to those who are unable to move.
- People will be trying to secure jobs which give them an income so that they can pay rent themselves rather than rely on benefits. From their housing providers, they may be seeking sign-posting or direct advice about jobs, training, and skills – and the advice on the impact this would have on their benefits and their ability to remain in their properties – even if they continued to under-occupy.
- Registered providers' processes and liaison with the Housing Options team should try to avoid tenants from becoming homeless or living in unsuitable or temporary accommodation due to these benefit reductions.

Local Lettings Policies

Lettings of social rented and affordable rented properties should normally be done via the normal Home Options allocations policies.

However, on specific sites, or areas, or to tackle specific issues – local lettings policies may be used to ensure mixed and balanced communities.

These local lettings policies should be developed jointly with the Council's strategic housing and housing options staff, and should be consulted on via the Home Options website before they are implemented.

These will be monitored to ensure that they are effective, and do not unjustifiably have any negative impacts on individuals or groups of people.

6. HOW THE COUNCIL WILL MONITOR THE IMPACT OF CHOICES IN EREWASH

- 6.1 The Council will be monitoring the impact of choices made by registered providers, and the Council in its role of directing housing activity.
- 6.2 The Council are working with the registered providers to build on the data and information which we already share in order to do this.
- 6.3 The Council have been, and will continue to work with registered providers to develop and revise their tenancy policies, and to check how these address the concerns and issues highlighted in this strategy. If it does appear that they have not taken local issues into account or considered the areas of concerns, we will discuss this with the registered provider and try to minimise any negative impacts on our residents.
- 6.4 The housing market is always changing and registered providers may make amendments to their policies and practices. The impact of, for example welfare reform, may highlight new issues and priorities. It may take time before the choices made by the registered providers have a measurable impact. Therefore, the intention is to keep the content of this document under regular review and revise it where necessary, particularly in light of adverse impact. Where the review results in a significant change in policy or guidance we will consult providers and stakeholders on these changes first.

ACTIONS

- 6.5 This section highlights the actions the Council and its registered providers would like to take to manage choices and change so that we are able to meet housing need and demand, and achieve our longer term vision for the district.
- 6.6 The Council has set out the general actions, although these will be updated and expanded on in annual (or more frequent) action plans, which will be made available on the Council's website:
- all registered provider tenancy policies will be on the Council's website, including any updated or reviewed versions as they are produced;
 - any tenancy policies which conflict with this guidance will be discussed to try to minimise any negative impacts on our residents;
 - relevant data and statistics will be shared and collated to inform discussions on the impact of the choices made by the registered providers;
 - the impact of the choices will be monitored and discussed in the various housing groups;
 - action plans will be written to tackle any negative impacts; and
 - this guidance will be reviewed and updated regularly as appropriate and any modifications will be published and brought to the attention of registered providers.

ACKNOWLEDGEMENTS

6.7 We would like to acknowledge the following documents which have assisted us in developing this Tenancy Strategy:

- North West Leicestershire's Tenancy Strategy Consultation Draft. February 2012
 - Derby City Council Tenancy Strategy Consultation Draft. February 2012
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