

Report to Cabinet
14 January 2013
Report of Head of city development services
Subject Tenancy strategy

Item

6

Purpose

To approve a tenancy strategy for Norwich.

Recommendation

To approve the draft tenancy strategy.

Corporate and service priorities

The report helps to meet the corporate priority “Decent housing for all” and the service plan priority to publish a tenancy strategy.

Financial implications

All actions arising from the strategy will be met from existing budgets (e.g. monitoring) and review activity.

Ward/s: All wards

Cabinet member: Councillor McDonald – Housing

Contact officers

Laura Compton

01603 212871

Background documents

None

Report

Background

1. The Localism Act 2011 requires the council to publish a tenancy strategy by 15 January 2013 to provide guidance to social landlords on:
 - a) The type of tenancy that they offer
 - b) The circumstances in which they will grant a tenancy of a particular kind and where tenancies of a certain term are offered, the length of the tenancy.
 - c) The criteria to be used when determining whether or not to renew a tenancy at the end of a fixed-term.
2. The strategy must also summarise the registered providers' policies or signpost people to where they can be found. In developing the tenancy strategy, the council must have regard to its allocations policy and the homelessness strategy.
3. The tenancy strategy is appended at Appendix 1 and has been informed by the council's existing policies, an analysis of local market conditions and the views of a small group of registered providers who attended a workshop on 13 August, 2012.
4. Consultation on the strategy began on the 22nd October and ran for 7 weeks. Seven responses were received; two from housing associations and three from individuals. A summary of responses to the consultation and the council's comments is shown in Appendix 2. Broadly, respondents were in favour of the council's expectations in relation to the use of affordable rent and fixed-term tenancies.
5. However, there was one main area of disagreement. This was in relation to the factors that should be taken account of when social landlords are deciding whether or not to renew a fixed-term tenancy. Most respondents disagreed with the council's position that review of fixed-term tenancies should not take account of the conduct of the tenancy. There was also a view that prospective tenants who have a history of rent arrears and anti-social behaviour should not be offered tenancies.
6. The council's position on the use of fixed-term tenancies to regulate anti-social behaviour and rent-arrears is that there are more appropriate powers available to tackle these issues and that the tenancy strategy should not therefore be amended.

Integrated impact assessment



NORWICH
City Council

The IIA should assess **the impact of the recommendation** being made by the report

Detailed guidance to help with completing the assessment can be found [here](#). Delete this row after completion

Report author to complete

Committee:	Cabinet
Committee date:	17 October 2012
Head of service:	Andy Watt
Report subject:	Tenancy Strategy
Date assessed:	11 December 2012
Description:	Report proposing the council's tenancy strategy

	Impact			
Economic (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Finance (value for money)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Other departments and services e.g. office facilities, customer contact	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The strategy is essentially guidance to registered housing providers, including the council. It sets out the considerations that registered providers should have regard to when formulating their tenancy policies.
ICT services	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Economic development	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Financial inclusion	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Draft policies in the tenancy strategy are intended to assist financial inclusion
Social (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments

	Impact			
Safeguarding children and adults	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>The strategy has been guided and underpinned by three main principles:</p> <p>Equality in meeting housing needs, ensuring access to appropriate and good quality housing</p> <p>Ensuring accommodation is affordable, having regard to the local market context in different parts of the city</p> <p>Continued promotion of and investment in the creation of mixed, stable and sustainable communities.</p> <p>The provision of secure and affordable accommodation in mixed and stable communities is fundamental for safeguarding children and adults. The strategy expects registered housing providers to offer assured tenancies (not fixed-term tenancies) to tenants in sheltered accommodation and households assessed as being in need of lifelong support.</p>
<u>S17 crime and disorder act 1998</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>The council's continued use of secure tenancies in its own stock supports the principle of creating mixed, stable and sustainable communities. The strategy expects all fixed-term tenancies to be renewed on expiry of the fixed-term. It expressly does not expect registered providers to take account of the conduct of the tenancy when reviewing whether or not to renew the tenancy.</p>
Human Rights Act 1998	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>The strategy's principles support Article 8 of the European Convention on Human Rights which protect the 'right to respect for private and family life'.</p>

	Impact			
Health and well being	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	There is a wide body of evidence demonstrating the links between housing, health and wellbeing, including the valuable role of mixed, inclusive communities in creating social capital. The strategy's principles and support for fixed-term tenancies of 8 -10 years (where they are used) recognise and underline these important linkages.
Equality and diversity (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Relations between groups (cohesion)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Eliminating discrimination & harassment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Advancing equality of opportunity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The strategy's principles support equality in meeting housing need, ensuring access to appropriate and good quality housing. The strategy expressly does not expect registered providers to take account of the conduct of the tenancy when reviewing whether or not to renew the tenancy.
Environmental (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Transportation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Natural and built environment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Waste minimisation & resource use	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Pollution	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

	Impact			
Sustainable procurement	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Energy and climate change	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
(Please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Risk management	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Recommendations from impact assessment				
Positive				
The strategy sets out the key considerations to which the council expects registered providers to have regard in formulating their tenancy policies. The strategy will help to mitigate some of the perceived concerns regarding the use of Affordable Rent and Fixed Term tenancies in Norwich.				
Negative				
Neutral				
Issues				

APPENDIX 1

Norwich City Council Tenancy strategy January 2013

Summary

Affordable Rent Tenancies (ART)	Rents should not exceed the current Local Housing Allowance (LHA) rate. Affordable Rent tenancies should only be offered to prospective tenants if the rent is assessed as affordable to the household, particularly in light of the introduction of Universal Credit and the welfare benefit cap in 2013.
Lifetime tenancies	The council prefers that lifetime tenancies are offered to all new tenants, following any probationary period, as is the case with new council tenants. In particular, it expects registered providers to offer lifetime assured tenancies to tenants in sheltered accommodation and households assessed as being in need of lifelong support.
Fixed Term Tenancies (FTTs)	The council's own Tenancy policy states the council will not offer fixed-term tenancies. This is because the council believes to do so would undermine policies to support community cohesion and the promotion of mixed and stable communities. Therefore, where fixed-term tenancies are offered, the council expects registered providers to have regard to the principle of creating mixed, stable and sustainable communities.
<i>Circumstances under which offered</i>	The council expects that fixed-term tenancies are only offered in circumstances where it is assessed that the tenancy is appropriate to the household's housing need. It does not, therefore, expect fixed-term tenancies to be offered as the default tenancy, in particular to households assessed as being in need of lifelong support.
<i>Term</i>	<p>A recommended minimum of eight to 10 years in addition to a 12 month probationary period.</p> <p>There are no exceptional circumstances in which a fixed-term tenancy of less than eight to 10 years should be offered.</p>
<i>Renewal</i>	<p>All tenancies to be renewed on expiry of the term.</p> <p>The only exceptions are:</p> <ul style="list-style-type: none">• where the tenant wishes to end the tenancy• is under-occupying and wishes to move• where the property is fitted with disabled adaptations and the tenant wishes to move

Tenants to be offered suitable, alternative accommodation with comparable security of tenure.

When deciding whether or not to renew the tenancy, reviews should take account of an assessment of the household's housing and support needs and access to employment and schools.

The review should not take account of the conduct of the tenancy, or an increase in the household's income.

Tenant Mobility

In the interests of fairness and to promote mobility, the council expects tenants' existing security of tenure to be protected.

Conversions to AR

The council to be consulted on all proposals to convert social rented stock to an AR, especially where the council holds the nomination rights to the property(ies) concerned.

Providers are also asked to have regard to the promotion of mixed and stable communities and to ensure that there is a range of property types, tenures and sizes at rents that are affordable across the city.

Appeals and Complaints

In order to achieve parity and consistency in approach to the review process for fixed-term tenancies offered by registered providers and flexible tenancies offered by local authorities (albeit not by the council), the council would encourage registered providers to have regard to the Flexible Tenancies (Review Procedures) Regulations 2012 in formulating their own policies.

The council also expects registered providers' appeals and complaints policies to set out how tenants and prospective tenants can take their appeal/complaint further if they are dissatisfied with the outcome of the review process.

Introduction

- 1.0 Part VII, s.150 of the Localism Act 2011 requires the council to publish a Tenancy strategy by January 2013. The purpose of the strategy is to set out the matters that registered providers should consider when formulating their tenancy policies in respect of the following:
 - the type of tenancy they offer
 - the circumstances in which they will grant a tenancy of a particular kind
 - where they grant tenancies for a certain term, the length of the term
 - the circumstances in which they will grant a further tenancy at the end of the existing tenancy
- 2.0 This strategy has been developed in the context of the council's corporate plan and alongside formulation of the Housing strategy 2013-18. The document reflects the council's Tenancy policy in key areas and also has regard to the Norwich Home Options Allocation Scheme and the 2011 Homelessness strategy which was developed in partnership with Broadland District Council and South Norfolk Council.
- 3.0 Background information including housing market information is contained in Appendix 1. The city council consulted a small group of registered providers during the early stages of developing the strategy to seek their views on the council's emerging policy. This was followed by a 7 week public consultation period from 22 October to 7 December 2012. The council wishes to thank everyone for their participation and contribution towards formulating this policy. A summary of the council's response to issues raised during the consultation is contained in Appendix 2. It is acknowledged that the council's policy differs in key areas from those of the registered providers such as in respect of fixed-term tenancies. Notwithstanding this, it is important that the council and registered providers work together to manage these differences and provide the best service possible for the people of Norwich.

Affordable rent tenancies

- 4.0 The evidence (Appendix 1) shows the need to secure a supply of genuinely affordable accommodation in Norwich. A sample of average private sector rents in Norwich has shown that these are largely unaffordable to low-income households, particularly those wholly reliant on welfare benefits. Even at an Affordable Rent (80 per cent of market rent), the rent for most accommodation types is above the Local Housing Allowance (LHA) rate, in particular two and three bedroom properties.
- 5.0 Therefore, in order to minimise rent disparities, the council would expect registered providers to ensure that affordable rents do not exceed the current LHA rate for a given property type.
- 6.0 The evidence suggests that the introduction of the benefit cap in April 2013 may create affordability issues for larger families living in higher value areas. Therefore, in order to ensure that affordable rent homes are affordable, the council expects registered providers to take account of the impact of the benefit cap in setting the rents, particularly for larger properties in the more expensive parts of the city. Further, affordable rent tenancies should only be offered to prospective tenants if the rent is assessed as affordable to the household.

Lifetime Tenancies

- 7.0 The council prefers that registered providers offer lifetime tenancies to all new tenants, following any probationary period, as is the case with new council tenants. In particular, it expects registered providers to offer lifetime assured tenancies to tenants in sheltered accommodation and households assessed as being in need of lifelong support.

Fixed-term tenancies

- 8.0 The council's own Tenancy policy states the council will not offer fixed-term tenancies. This is because the council believes to do so would undermine other policies to support community cohesion and the promotion of mixed and stable communities.
- 9.0 Therefore, where fixed-term tenancies are offered, the council expects registered providers to have regard to the principle of creating mixed, stable and sustainable communities.

Circumstances in which fixed-term tenancies are offered

- 10.0 The council expects that fixed-term tenancies are only offered in circumstances where it is assessed that the tenancy is appropriate to the household's housing need. It does not, therefore, expect fixed-term tenancies to be offered as the default tenancy, in particular to households assessed as being in need of lifelong support.

Term

- 11.0 Where fixed-term tenancies are offered, registered providers are expected to offer fixed-term tenancies for a minimum of eight to 10 years in addition to a 12-month probationary period. This is consistent with the council's response to the government's 2010 consultation, Local Decisions: a fairer future for social housing.
- 12.0 The council believes there are no exceptional circumstances in which a fixed-term tenancy of less than eight to 10 years should be offered.

Renewal of fixed-term tenancies

- 13.0 The council expects all fixed-term tenancies to be renewed on expiry of the term. The only exceptions to this would include the following:
- 13.1 the tenant wishes to end the tenancy
 - 13.2 the tenant is under-occupying the property and wishes to move
 - 13.3 where the property is fitted with disabled adaptations and the tenant wishes to move.
- 14.0 If registered providers do not renew fixed-term tenancies by default, the council expects the following factors to inform a review of the tenancy before expiry of the fixed-term:
- 14.1 an assessment of the household's housing and support needs
 - 14.2 access to employment and schools.

15.0 The council does not expect the review to take account of the conduct of the tenancy eg rent arrears or incidents of antisocial behaviour, as there are other policy instruments available to landlords to tackle these issues. Nor is it expected that increased household income eg as a result of successfully securing employment, should be a factor in any review. To do so could serve as a disincentive to tenants pursuing work and training opportunities.

Non-renewal of a fixed-term tenancy

- 16.0 Where a tenancy is not renewed, registered providers are expected to give tenants early notice of the decision, clearly setting out the reasons why the decision not to renew has been reached. The council expects registered providers to provide advice and assistance to enable tenants to secure alternative, suitable accommodation, including access to low cost home ownership where appropriate. Such assistance might also include helping tenants to access rent and damage deposit schemes to enter the private rented sector, provided the accommodation is assessed as suitable for the household's needs.
- 17.0 The council's own housing advice services are available to all tenants and the council would be happy to work with registered providers to establish timely referral arrangements.
- 18.0 If the fixed-term tenancy is not renewed either because the tenant is under-occupying the property and wishes to move or because the property is fitted with disabled adaptations, the tenant should be offered accommodation which is both suitable for their needs and offers comparable security of tenure.
- 19.0 Where providers do not intend to grant another tenancy on expiry of the fixed term, the Council expects tenants to be given no less than six months notice of this decision, the reasons for it and the tenant's right to a review of the decision. This period and process is consistent with the statutory requirement for local authorities.

Tenant mobility

20.0 In order to encourage tenant mobility and ensure fairness in meeting the housing needs of existing tenants, registered providers are expected to provide existing tenants with a comparable security of tenure if they wish to transfer.

Conversion of social rented stock to affordable rent

21.0 The council expects to be consulted on any proposals for the conversion of social rented stock to affordable rent, especially where the properties are on land previously owned by the council and where the council holds nomination rights to the property(ies) concerned. Providers are also asked to have regard to the promotion of mixed and stable communities and to ensure that there is a range of property types, tenures and sizes at rents that are affordable across the city.

Appeals and complaints

22.0 The Tenancy Standard requires social landlords' tenancy policies to set out how a tenant, or prospective tenant, may appeal against or complain about the length of a 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. In order to achieve

parity and consistency in approach to the review process for fixed-term tenancies offered by registered providers and flexible tenancies offered by local authorities (albeit not by the council), registered providers are encouraged to have regard to the Flexible Tenancies (Review Procedures) Regulations 2012 in formulating their policies. The regulations provide guidance to local authority landlords as to how the review should be conducted and also provide for how the tenant should apply for a review of the landlord's decision.

- 23.0 The council also expects registered providers' appeals and complaints policies to set out how tenants and prospective tenants can take their appeal/complaint further if they are dissatisfied with the outcome of the review process.

Monitoring and review

- 24.0 The council will work with registered providers to establish mechanisms to monitor the use and impact of affordable rent and fixed-term tenancies. The information will be used to inform a fresh housing needs study which will also consider the impact of housing and welfare reform on housing need in Norwich. The aim is for the work to provide the foundation for creating a more dynamic way of monitoring and analysing the Norwich housing market than the traditional needs study.

- 25.0 The strategy will be reviewed on an annual basis following adoption.

Norwich Home Options Allocation Scheme and Greater Norwich Homelessness Strategy

- 26.0 The Tenancy Strategy has been developed with regard to the council's recently launched Allocation Scheme. The allocation scheme excludes certain properties eg housing with care schemes, and states that, in certain circumstances, allocations will be made directly to applicants and not via the choice-based lettings process. These decisions are made on an individual basis by the head of housing. The Tenancy Strategy has also had regard to the Homelessness Strategy developed in consultation with Broadland District Council and South Norfolk Council. The emphasis of the joint homelessness strategy is on the prevention of homelessness and placing the customer at the centre of service delivery. Each of the three councils is formulating its own policy with regard to the new powers which enable the council to discharge the duty to accommodate homeless households in the private rented sector without their agreement. Norwich City Council seeks to discharge its duty by offering accommodation in either its own stock or accommodation provided by other social landlords in Norwich.

Tenancy Strategy - Annex 1

National Policy Context

In order to create greater flexibility and choice in social housing, the coalition government has introduced a range of social housing reforms that affect the types of tenancy offered and the rents at which they are offered.

Fixed-term tenancies - social housing providers can now offer fixed-term tenancies for a recommended term of at least five years in addition to any probationary period.

Funding for new affordable housing - the government has also introduced a new funding model for the delivery of affordable housing, as detailed in the Framework Document published by the Homes & Communities Agency in February, 2011.

Social landlords who have contracts with the Homes and Communities are able to offer Affordable Rent tenancies for which they can charge up to 80 per cent of the market rent. By comparison, social rent homes are generally let at around 50-60 per cent of the market rent. Social landlords can also convert a proportion of existing properties from a social rent to an 'Affordable' rent at 80 per cent of the market rent. The additional revenue generated from charging an 'Affordable rent' rather than a social rent must be used towards providing new affordable housing.

The revised **Tenancy Standard** requires all social housing providers to publish clear and accessible tenancy policies which set out:

- a) The type of tenancies they will grant and the circumstances in which they will grant tenancies of a particular type
- b) Where they grant tenancies for a fixed term, the length of those terms.
- c) Any exceptional circumstances in which they will grant fixed term tenancies for a term of less than five years in general needs housing following any probationary period
- d) The circumstances in which they may or may not grant another tenancy on the expiry of the fixed term, in the same property or in a different property
- e) The way in which a tenant or prospective tenant may appeal against or complain about the length of 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
- f) Their policy on taking into account the needs of those households who are vulnerable by reason of age, disability or illness, and households with children, including through the provision of tenancies which provide a reasonable degree of stability
- g) The advice and assistance they will give to tenants on finding alternative accommodation in the event that they decide not to grant another tenancy
- h) Their policy on granting discretionary succession rights, taking account of the needs of vulnerable household members.

The purpose of the tenancy strategy is to set out the considerations that registered providers should have regard to when formulating their tenancy policies.

Welfare reform - significant changes to have also been made to welfare benefits. Local Housing Allowance has been reduced and from next year will be reviewed on an annual basis and up-rated in line with the CPI.

The Welfare Reform Act (2012) aims to make work pay. It introduces Universal Credit, a single benefit for people of working age which will replace existing benefits such as Income Support from October 2013. In the meantime, in April 2013 all welfare benefits will be capped at the average household earned income (projected to be approx £500 per week, £26,000 per year for couples and lone parents, and £350 per week for single people without children). The cap will not reflect the variations in income and rental costs across the country and any money over and above it will be reduced from the housing costs element. Therefore some households may be at risk of falling into arrears and losing their home because their housing award is insufficient to meet their rent.

What the social housing reforms mean for the type of tenancies offered

Prior to the government's changes, both the council and registered providers mainly offered 'lifetime' tenancies for which they charged a social rent. Now, if housing associations have a contract with the HCA they have the following tenancy options available to them:

- Assured Social Rent – lifetime tenancy for which they will charge tenants a social rent
- Assured Affordable Rent – lifetime tenancy for which they will charge tenants an Affordable rent (up to 80% of the market rent)
- Fixed-term Social Rent – fixed-term tenancy at a social rent
- Fixed-term Affordable Rent – fixed-term tenancy at an Affordable rent

If they do not have a contract with the HCA they can offer:

- Assured Social Rent
- Fixed-term Social Rent

At present the council does not have any contracts with the HCA to provide Affordable Rent tenancies so the tenancy options available to the council are as follows:

- Secure social rent – lifetime tenancy for which a social rent will be charged
- Flexible (fixed-term) – fixed-term tenancy for which a social rent will be charged

However, the council has decided not to make use of fixed-term tenancies and offers all new tenants a secure tenancy following a probationary period.

Existing social tenants – existing tenants at 1st April, 2012 who have remained social tenants are not affected by the changes. If existing tenants move to another social rented home (even if with a different landlord) they will be offered no less security of tenure. For example, if a council tenant was a council tenant on 1st April, 2012 and now wishes to move to a housing association property let at a social rent, they will be offered a lifetime tenancy and not a fixed-term tenancy. However, if the tenant chooses to accept an Affordable Rent tenancy (let at up to 80 per cent of the market rent), the housing association is not required to provide comparable security of tenure such as a lifetime tenancy.

Norwich City Council vision, priorities and policy context

The council's vision is to make Norwich a fine city for all.

Priorities to achieve the vision are as follows:

- to make Norwich a safe and clean city
- to make Norwich a prosperous city
- to make Norwich a city with decent housing for all
- to make Norwich of character and culture to provide value for money services.

Principles

The following principles underpin and guided development of the strategy:

- Equality in meeting housing needs, ensuring access to appropriate and good quality housing.
- Ensuring accommodation is affordable, having regard to the local market context in different parts of the city.
- Continued promotion of and investment in the creation of mixed, stable and sustainable communities.

Market context – Key facts about housing in Norwich

Population

The population of Norwich has increased by around 11,000 (9 per cent from 121,550 in 2001 to 132,500 in 2011¹). This is a greater increase than in Norfolk (7.7%) and for England which was over 7.2 per cent. It has the lowest average household size (2.1) in the east of England and the highest proportion of young people aged 20-29 (29 per cent) in England. By contrast, there were fewer people of pensionable age living in Norwich in 2011 than in 2001. Overall, 70 per cent of the population is aged below 50 (+1,300 increase in the 40-44 age range) compared to 63 per cent for the east of England and 65 per cent for England. There was sizeable increase in the 60-64 age range (+1,400).

The numbers of people aged over 85 also increased by around 500, approximately 20 per cent. However, there has been a notable decrease in the numbers of people in Norwich in each of the 70-74, 75-79 and 80-84 age ranges. This was in contrast to Norfolk which saw increases in all these age groups.

Tenure

	No. of Dwellings	%
Council ²	15,710	25
Other social housing ³	5,473	8
Private rented ⁴	10,000	16
Owner occupied	32,517	51
Total dwellings⁵	63,700	100

Owner-occupation accounts for 51.04 per cent of the housing market in Norwich compared to 63.1 per cent nationally. By contrast, the proportion of social housing (33.2 per cent) is

¹ Census 2011

² Norwich City Council, HSSA 2011

³ RSR. Note: RSR 2010 + new builds 2010/11 - sales during year (March 2011 RSR)

⁴ 2006 Housing Needs Survey

⁵ Council Tax records, VOA

significantly higher (18.4 per cent). The private rented sector accounts for 15.7 per cent of the market compared to 18.5 per cent⁶ nationally.

Household income

The median annual gross pay for full-time workers is £23,539 compared to £26,615 for England. Average (mean) gross earnings are £27,556 p.a. compared to £33,661 for England.⁷ Lower quartile earnings for full time workers are £16,718 compared to £18,720 for England. The average net income of new Norwich City Council tenants during 2011 was £174.69 p/w (£756.99 per month).⁸ A small survey of housing register applicants during the first two weeks of August showed the majority (59 per cent) of applicants had a weekly income of under £200 per week (£10,400 p.a.) and over 90 per cent had a weekly income under £400 per week (£20,800 p.a.). Single adults were the largest group of applicants (40 per cent), followed by single parents (22 per cent) and households with dependants (14 per cent). The majority of the single adults (82 per cent) had incomes under £200 per week and 84 per cent of single parents had incomes under £300 (84 per cent). In total, 66 per cent of households with dependants had incomes of under £400 per week.

	Weekly Income (£)								
	Under £200	£201 - £300	£301 - £400	£401 - £500	£501 - £600	£601 - £700	£701 - £800	£801 - £1,150	
Total Applicants	50	20	7	3	4	0	0	1	85
% of applicants by income type	59%	24%	8%	4%	5%	0%	0%	1%	

Norwich is the 70th most deprived of the 326 local authorities in England (where 1 is the most deprived)⁹.

The low levels of household income are reflected in the high proportion of social and private sector tenants who receive housing benefit. More than 14,000 (66 per cent) of social housing tenants receive housing benefit and 31% of private rented sector tenants¹⁰, compared to 63 per cent of social renters and 25 per cent of private renters nationally.¹¹

Housing need

Results from the 2011 up-date to the Greater Norwich Housing Market Assessment show the five-year housing requirement is 6,021 (1,204 p.a.), a rise of 6.8 per cent compared to 2006. The percentage of need that can be met through market housing is 45 per cent compared to a need for social housing of 53 per cent and intermediate of two per cent. In

⁶ English Housing Survey, 2010-11, July 2012

⁷ Annual Survey of Hours and Earnings, 2011, Table 8.7a

⁸ CORE (Continuous Recording of Lettings & Sales), General Needs New Lettings, Summary Statistics, April 2011 - March 2012 Interim Final

⁹ Indices of Multiple Deprivation 2010 (ID2010)

¹⁰ Table 3, Housing Benefit Recipients by Region and Local Authority by tenure and passport status, March 2012.

¹¹ English Housing Survey, 2010-11, July 2012

terms of the type of housing required, the greatest need is for one and two-bedroom properties, which represent 54 per cent of the total net requirement.

A total of 6,410 households were on the waiting list at 1 April, 2012, of which 4,133 (64.47 per cent) required 1-bedroom accommodation and 1,632 (25.46 per cent) required two-bedrooms¹²

Economic activity

Unemployment in Norwich is 4.3 per cent compared to 3.0 per cent in the east of England region¹³. However, the average masks the variation between Norwich wards, as illustrated by the 5.1 per cent difference between Eaton (the lowest) and Mile Cross and Mancroft (the highest). Around 30 per cent of job seekers' allowance claimants have been unemployed for longer than 12 months, compared to 26 per cent nationally. A total of 29 per cent of all JSA claimants are aged 18-24 (1,375), 5.1 per cent of the 18-24 age group. This means about one in 20 of 18-24 year olds is JSA unemployed, lower than the national figure of 7.5 per cent.

House prices, rents and affordability

The average house price in Norfolk currently stands at £145,843 compared to £162,561 for England and Wales.¹⁴ Over the year, average house prices increased by 1.1 per cent across England and Wales and 1.7 per cent in Norfolk. Since August 2008, average house prices have fallen by 5 per cent in Norfolk and 2 per cent in England and Wales.

In the third quarter of 2011, the ratio of lower quartile house price to lower quartile earnings was 6.57 compared to 6.53 for England. At the height of the market in 2007 it was 8.22 but there has been a downward trend since then reflecting the downturn in the market.

Table 1 on page 15 illustrates the average monthly rents for different property types in the social and private rented sectors. The private rented sector rents are based on a sample of 157 properties (rooms, flats, studios and houses) advertised on the Rightmove website on 12 July 2012. It shows the average formula rent for Norwich is £319.78¹⁵ per month compared to £630.70 in the private rented sector, a difference of £310.92 (97.22 per cent). With the exception of studios, private sector rents for all property types exceed the LHA level. In terms of affordability, the average rent of £630.70 (one, two and three-bedroom properties) in the private rented sector represents 27 per cent of average (mean) annual gross earnings (£27,556) for full-time workers, slightly above the recommended level of 25 per cent.

If an 'Affordable Rent' were charged at 80 per cent of the market rent, the average rent for two and three-bedroom properties would be significantly above the formula rent and above the LHA rate. For example, the rent on a two-bedroom property would increase by £201.75 per month (+63.61 per cent) and by £266.86 (+78.73) on a three-bedroom property. This is of particular concern given 38 per cent of the net housing requirement (social) is for two and three-bedroom properties.

¹² English Local Authority Statistics on Housing (ELASH), 2011-12

¹³ Norwich Economic Barometer, July 2012

¹⁴ HM Land Registry's House Price Index for September (Crown copyright October 26 2012).

HM Land Registry House Price Index is the most accurate and independent house price index available for England and Wales.

¹⁵ Average rent for one, two and three bedroom properties only.

The increase in rent for one-bedroom properties would be £85.71 (+28.26 per cent) compared to a social rent. Although this higher rent is just below the LHA level, 52 per cent of the net housing requirement (social) is for one-bedroom properties. Therefore, there is a clear need for social rented one-bedroom accommodation and the high proportion of young adults in the 20-29 age group, combined with changes to LHA rules for people under 35, suggest this need will increase.

In terms of affordability, the average Affordable Rent of £504.56 (one, two and three-bedroom properties) represents 22 per cent of average (mean) annual gross earnings (£27,556) for full-time workers.

Table 1 – average monthly rent levels

	Private Rented Market					LHA (July 2012)	Social Housing		Affordable Rent (80% of Market Rent)	Difference Between Housing Assoc Rents & Affordable Rent	
	Flats		Houses		Average Monthly Rent for Flat and House* £		Housing Association	Council		£	%
	Average Monthly Rent £	Number of Properties in the survey	Average Monthly Rent £	Number of properties in the survey			Average Monthly Formula Rent for Flat and House ^{16*} £	Average Monthly Rents £ ¹⁷			
Room			367.63	8		253.50	235.71		294.10	58.39	24.77
Studio	392.77	9			392.77	400.01	239.64	214.76	314.21	74.57	31.12
1-Bed	478.75	25	493.75	4	486.25	400.01	303.28	250.46	389	85.71	28.26
2-Bed	673.8	25	623.4	25	648.60	499.98	317.13	270.87	518.88	201.75	63.61
3-Bed	758.75	16	755.76	25	757.25	574.99	338.93	303.16	605.80	266.87	78.73
4-Bed			1,002.00	20	1002.00	849.98	371.37	321.83	801.60	430.23	115.84
Total		75		82	630.70*	491.66 *	£319.78*	274.83*	504.56*		

Rents at above LHA level

* one, two and three-bedroom properties only

¹⁶ Average Formula Rent by Dwelling Type, NCC July 2012

¹⁷ ELASH, 2012

Table 2 shows how much weekly income would be required to rent each property type by tenure, assuming that rent is 25 per cent of gross income. It shows the 82 per cent of single applicants in our sample of housing register applicants who have an income of under £200 per week. (£866 per month) would not be able to afford one-bedroom accommodation in any tenure, without the assistance of housing benefit/Local Housing Allowance.

Table 2 – gross monthly income required to rent different tenures, assuming rent 25 per cent of gross income¹⁸

Property Type	Market Property Sample July 2012 (Table 1)		Formula Rent £		Council Rent £		80% Property Sample Rents (Table 1)	
	Rent £	Monthly Income £	Rent £	Monthly Income £	Rent £	Monthly Income £	Rent £	Monthly Income £
Studio	392.77	1571.08	239.64	958.56	214.76	859.04	314.21	1256.84
1-Bed	486.25	1945	303.28	1213.12	250.46	1001.84	389	1556
2-Bed	648.6	2594.4	317.13	1268.52	270.87	1083.48	518.88	2075.52
3-Bed	757.25	3029	338.93	1355.72	303.16	1212.64	605.8	2423.20
4-Bed	1,002.00	4008	371.37	1485.48	321.83	1287.32	801.6	3206.40

¹⁸ Proportion of gross income recommended in Strategic Housing Market Assessment Guidance (2007), DCLG, p.42

Tenancy Strategy - Annex 2

Registered providers' tenancy policies

Links to registered providers' tenancy policies will be published on Norwich City Council's website alongside the tenancy strategy.

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Tenancy Strategy – Annex 3

Glossary

Affordable housing	Affordable housing is for eligible households whose housing needs are not met by the market. It includes social rented (e.g. council housing), affordable rented and intermediate housing (above a social rent but below the market rent). Intermediate housing can also include ownership products such as shared ownership where the householder part owns and part rents the home.
Affordable Rent Tenancies (ART)	Rented housing provided by local authorities and registered social housing providers to households eligible for affordable housing. The Rent must be no more than 80% of the local market rent (including service charges).of an affordable rented property let on a rent up to 80% of market rent. Affordable rent tenancies form a part of the government’s new funding model for development of new, affordable housing. The extra income generated from charging up to 80% of market rent is to be used to fund additional new affordable homes. Social landlords may also convert existing social rent homes to an affordable rent.
Conversion	A former social rented dwelling re-let on an ART
Fixed-term tenancy	A tenancy which is for a fixed period of time and has a start date and an end date (currently recommended to be five years, or two in exceptional circumstances). The tenancy is reviewed towards the end of the fixed term period and is either renewed or terminated at the end. From April 2012, councils and housing associations are able to offer fixed term tenancies instead of more long-term tenancies, as previously required. The Council has taken a decision not to offer fixed-term tenancies to its tenants.
Homes and Communities Agency	The national housing and regeneration agency for England, responsible for allocating funding for new affordable housing. A non-departmental public body, sponsored by the Department for Communities and Local Government.
Local Housing Allowance	The current form of housing benefit paid to people with low incomes who are renting in the private sector. LHA rates are set at different rates for different sizes of accommodation in different areas, but from 2013 will be reviewed on an annual basis and up-rated in line with the Consumer Prices Index.
Registered provider	Organisations that provide affordable housing to those in need. Includes private registered providers, e.g. housing associations and councils, including Norwich City Council.
Tenancy policy	The Regulatory Framework for Social Housing in England requires registered providers to formulate a tenancy policy which sets out the types of tenancy they will grant, the length, circumstances in which they will / will not be renewed.

Responses to the consultation

Consultation on the draft Tenancy Strategy began on 22nd October and ended on 7th December 2012. Five responses were received; two from housing associations and three from individuals. Below is a summary of the responses together with the council's comment. Broadly, respondents were in favour of the council's expectations in relation to the use of Affordable Rent and fixed-term tenancies. However, there was one main area of disagreement in relation to the renewal of fixed-term tenancies and the factors that should inform a decision whether or not to renew the tenancy. Most respondents believe that the conduct of the tenancy, such as a history of anti-social behaviour, should form part of the review at the end of the fixed-term. There was also a view that prospective tenants who have a history of rent arrears and anti-social behaviour should not be offered tenancies.

Consultation Questions

1. Does the market context provide the right type of data to inform the strategy? If not, why not? Is anything missing?
2. Do you agree with the council's position that the rent for affordable rent tenancies should not exceed the current Local Housing Allowance (LHA) rate for a given property type? If not, why not? Please suggest alternative benchmarks of affordability which could be applied and which reflect housing need in Norwich.
3. Are there any exceptional circumstances in which it would be acceptable to exceed the current LHA rate?
4. What percentage of market rent do you believe is an affordable rent in Norwich?
5. Do you agree with the council's position regarding the circumstances in which fixed-term tenancies are offered? If not, why not? Are there other circumstances in which fixed-term tenancies should not be offered?
6. The council recommends a minimum term of 8-10 years. Do you agree? If not, why not, particularly if you feel a term of less than 8-10 years is appropriate?
7. Do you agree with the council's position that all fixed term tenancies should be renewed on expiry of the fixed term (with exceptions – see Question 10)? If not, why not?
8. Do you agree with the council's position that conduct of a tenancy should not be taken account of when reviewing whether or not to renew a tenancy? If not, why not?
9. What other factors should be considered when deciding whether or not to renew a fixed-term tenancy and why?
10. The council believes there are some exceptions to its position that all fixed-term tenancies should be renewed on expiry of the term. Do you agree with the exceptions? If not, why not? Are there other exceptions which should be considered and why?

11. Do you agree with the council's position that where a fixed-term tenancy is not renewed because the tenant is either under-occupying the property or because the property is fitted with disabled adaptations, the tenant should be offered alternative accommodation that is both suitable to their needs and offers comparable security of tenure? If not, why not?
12. The council believes that tenants in sheltered accommodation and households assessed as needing lifelong support should be offered secure or assured tenancies. Do you agree? If not, why not? Are there other groups who should be offered secure or assured tenancies?
13. In the interest of fairness and to promote tenant mobility, the council expects existing tenants to have comparable security of tenure if they wish to move. Do you agree with this position? If not, why not? Are there other ways in which these objectives can be met?
14. Are there any circumstances in which registered providers do not think it would be appropriate to consult with the council on proposals for the conversion of social rented stock to affordable rent? Please give reasons why.
15. The council wishes to ensure there is a range of property types, tenures and sizes at rents that are affordable in all parts of the city? Are there other factors the council should take account of in considering registered providers' proposals for the conversion of social rented stock?
16. Do you agree with the council's position that there should be parity and consistency in approach to the review process for fixed-term tenancies offered by registered providers and flexible tenancies offered by local authorities (albeit not currently by the council)? If not, why not?
17. Are there other ways in which the review processes for local authorities and registered providers can be more closely aligned for the benefit of tenants?
18. Do you agree with the proposed monitoring and review processes? If not, why not? How can they be improved?
19. Do you have any further comments you would like to make on this document?

Responses

Question	Response	Council Comment
<p>1. Does the market context provide the right type of data to inform the strategy? If not, why not? Is anything missing?</p>	<p>Use of data to inform the strategy is welcome, although not all of it seemed relevant.</p> <p>We would encourage the council to take into account the 2011 census data as each tranche is released</p>	<p>It was considered important to provide context for the policy. Whilst not all the information may be directly relevant to Affordable Rent and Fixed Term tenancies, it helps to paint a picture of housing needs in Norwich together with the type and cost of rented accommodation available.</p> <p>Census 2011 data will replace existing information as it becomes available</p>
<p>4. What percentage of market rent do you believe is an affordable rent in Norwich?</p>	<p>60 per cent</p>	<p>We will review the rent data as part of our new housing needs study to be commissioned in 2013-14. In the meantime, the current Local Housing Allowance rate serves as a useful benchmark of local affordability. However, the policy will make clear that Affordable Rent tenancies should only be offered to prospective tenants if the rent is assessed as affordable to the household, particularly in light of the introduction of Universal Credit and the welfare benefit cap in 2013.</p>
<p>7. Do you agree with the council's position that all fixed term tenancies should be renewed on expiry of the fixed term (with exceptions - see question 9)?</p>	<p>Three respondents did not agree that all fixed-term tenancies should be renewed on expiry of the term. Their reasons were broadly linked to the issues raised in their responses to Question 8 below.</p>	
<p>8. Do you agree with the council's position that conduct of a tenancy should not be taken account of when reviewing whether or not to renew a tenancy?</p>	<p>There was a strong view that the conduct of the tenancy should be a significant factor in determining whether or not to renew a tenancy.</p> <p>From an individual perspective, the point was made that as well as having an impact on neighbours, managing anti-social behaviour costs the council money to resolve. Similarly, the cost of managing arrears and repairing damage to property.</p>	<p>The council understands the issues raised but believes that tenants must be given every opportunity to remedy any breaches of their tenancy agreement (e.g. rent arrears and anti-social behaviour). There are established mechanisms in place for tackling these issues. If successful, the tenant should not be penalised by having previous poor conduct taken account of when the tenancy is reviewed at the end of the fixed-term. The council does not agree that the outcome of court action should be pre-determined by terminating a</p>

	<p>Cost was also an issue from a provider perspective. There was a view that where there is significant and/or entrenched conduct issues, neighbours should not be subject to ongoing anti-social behaviour where there is an inevitable outcome.</p>	<p>fixed-term tenancy because of poor conduct.</p>
<p>9. What other factors should be considered when deciding whether or not to renew a fixed term tenancy and why?</p>	<p>No additional factors to those noted above were raised.</p>	
<p>10. The council believes there are some exceptions to its position that all fixed-term tenancies should be renewed on expiry of the term. Do you agree with the exceptions? If not, why not? Are there other exceptions which should be considered and why?</p>	<p>One respondent noted that the three exceptions in the draft strategy all only apply when the tenant wishes to move, and therefore if they didn't, they would in effect have a lifetime tenancy.</p> <p>Other factors suggested include:</p> <ul style="list-style-type: none"> • under-occupying / overcrowding • financial circumstances of the household? • conduct during the course of the tenancy and whether any action is pending on expiry. • if the property is fitted with disabled adaptations, whether they are they required 	<p>The council's position is that all fixed-term tenancies are renewed. However, we recognise there may be some exceptions, e.g. where disabled adaptations are fitted. The reason we have stipulated that the tenant must wish to move is to ensure that the tenant fully understands the reasons for termination and is in agreement with them. If the tenant understands the reasons but is not in agreement, the council would not wish to see a tenant forced to move.</p> <p>The council already has policies in place to manage conduct of the tenancy, under-occupancy and overcrowding.</p> <p>The council does not expect that increased household income, e.g. as a result of successfully securing employment, should be a factor in a review as it could serve as a disincentive to tenants pursuing work and training opportunities.</p>
<p>15. The council wishes to ensure there is a range of property types, tenures and sizes at rents that are affordable in all parts of the city. Are there other factors the council should take account of in considering registered providers' proposals for the conversion of social rented stock?</p>	<p>Demographics and the financial viability of the landlord</p>	<p>Noted.</p>

<p>16. Do you agree with the council's position that there should be parity and consistency in approach to the review process for fixed-term tenancies offered by registered providers and flexible tenancies offered by local authorities (albeit not currently by the council)? If not, why not?</p>	<p>Providers considered this was a sensible approach. However, it was noted that a number of providers work across more than one authority and, therefore, need to have regard to several (different) local authority tenancy strategies.</p>	<p>The council understands the issues raised.</p>
<p>19. Do you have any further comments you would like to make on this document?</p>	<p>There was a view that needs should not be the only basis on which FTTs are offered. It was suggested that the impact the new tenant could have on an area should also be considered.</p>	<p>The council is required by law to allocate properties based on need. As noted above, the council believes in giving tenants an opportunity to remedy any breaches in their tenancy agreements. It does not make judgements about the conduct of prospective tenants.</p>
	<p>One respondent noted that the document referred to fixed term tenancies as Affordable Rent Tenancies and wished to highlight that fixed term tenancies can be offered at both social and affordable rents.</p>	<p>This is understood. We will ensure that the document makes clear the types of tenancies available before and after April 2012 and at what rent. We will also make clear the position of existing social tenants at 1st April, 2012.</p>