

**Report to** Cabinet  
17 October 2012  
**Report of** Head of city development services  
**Subject** Tenancy strategy

**Item**  
**7**

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**Purpose**

To consider and endorse the council's draft tenancy strategy for public consultation

**Recommendation**

To approve the draft tenancy strategy for public consultation

**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**

Laurna Compton

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**Background documents**

None

# Report

## Background

1. The Localism Act 2011 introduced a range of reforms affecting the allocation, transfer and exchange of social housing. These include:
  - a) the power to discharge their duty to accommodate statutorily homeless households with an offer of suitable accommodation in the private rented sector
  - b) the option to offer fixed- term tenancies for a recommended minimum term of five years.
  - c) The ability for social landlords to offer tenancies at up to 80% of the market rent (known as 'affordable rent tenancies')

## Tenancy Policies

2. All social housing providers are required to publish clear and accessible tenancy policies which detail the type of tenancies that they will grant, whether or not these will be for a fixed term, who will be eligible and how these tenancies will be administered.
3. As a provider of social housing the council must also publish its own tenancy policy. The current policy was adopted in March 2012 and will be reviewed in 2013 following the publication of the council's tenancy strategy.

## Tenancy Strategy

4. 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.
5. 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.
6. The consultation draft is appended at Appendix 1 and was 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.

## Consultation

7. Subject to endorsement by cabinet, the consultation will begin on 18 October and end on 7 December to meet statutory timescales. The consultation will be open to all

and the public will be invited to comment on the strategy via the council's website. However, the primary audience is registered providers whose tenancy policies the strategy seeks to guide and influence. Registered providers are aware that the council is proposing to consult on the tenancy strategy from mid-October.

8. Responses to the consultation will inform a revised, final strategy for consideration by cabinet in January 2013.

## 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

<b>Committee:</b>	Cabinet
<b>Committee date:</b>	17 October 2012
<b>Head of service:</b>	Andy Watt
<b>Report subject:</b>	Tenancy Strategy
<b>Date assessed:</b>	24 September 2012
<b>Description:</b>	Report proposing a draft tenancy strategy for consultation

	Impact			
<b>Economic (please add an 'x' as appropriate)</b>	<b>Neutral</b>	<b>Positive</b>	<b>Negative</b>	<b>Comments</b>
<b>Finance (value for money)</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<b>Other departments and services e.g. office facilities, customer contact</b>	<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.
<b>ICT services</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<b>Economic development</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<b>Financial inclusion</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Draft policies in the tenancy strategy are intended to assist financial inclusion
<b>Social (please add an 'x' as appropriate)</b>	<b>Neutral</b>	<b>Positive</b>	<b>Negative</b>	<b>Comments</b>

	Impact			
<b>Safeguarding children and adults</b>	<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>
<b><u>S17 crime and disorder act 1998</u></b>	<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>

	Impact			
<b>Human Rights Act 1998</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The strategy's principles support the 'right to respect for private and family life' and the 'right to peaceful enjoyment of your property'.
<b>Health and well being</b>	<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.
<b>Equality and diversity (please add an 'x' as appropriate)</b>	<b>Neutral</b>	<b>Positive</b>	<b>Negative</b>	<b>Comments</b>
<b>Relations between groups (cohesion)</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
<b>Eliminating discrimination &amp; harassment</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<b>Advancing equality of opportunity</b>	<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.
<b>Environmental (please add an 'x' as appropriate)</b>	<b>Neutral</b>	<b>Positive</b>	<b>Negative</b>	<b>Comments</b>
<b>Transportation</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

	Impact			
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"/>	
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"/>	
<b>(Please add an 'x' as appropriate)</b>	<b>Neutral</b>	<b>Positive</b>	<b>Negative</b>	<b>Comments</b>
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



<b>Neutral</b>
<b>Issues</b>

## Norwich City Council Draft Tenancy strategy

### Summary

#### **Affordable Rent Tenancies (ART)**

Rents should not exceed the current Local Housing Allowance (LHA) rate

#### **Fixed Term Tenancies (FTTs)**

##### *Circumstances under which offered*

FTTs should not be offered as the default tenancy and in particular not to prospective tenants assessed as in need of lifelong support

##### *Term*

A recommended minimum of eight to 10 years.

There are no exceptional circumstances in which a fixed-term tenancy of less than eight to 10 years should be offered.

##### *Renewal*

All tenancies to be renewed on expiry of the term.

The only exceptions are:

- 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.

#### **Secure & Assured Tenancies**

The council will continue to offer secure tenancies to its own tenants. It expects registered providers to offer assured tenancies to tenants in sheltered accommodation and households assessed as being in need of lifelong support.

**Tenant  
Mobility**

In the interests of fairness and to promote mobility, the council expects tenant's 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.

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## **Affordable rent tenancies**

- 1.0 The evidence clearly 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 LHA rate, in particular two and three bedroom properties.
- 2.0 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. While it is recognised the changes to LHA next year will mean future rate increases will be limited to CPI, initially at least, the current LHA will provide a useful local benchmark of affordability.
- 3.0 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.

## **Fixed-term tenancies**

- 4.0 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.
- 5.0 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**

- 6.0 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**

- 7.0 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.
- 8.0 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**

- 9.0 The council expects all fixed-term tenancies to be renewed on expiry of the term. The only exceptions to this would include the following:
- 9.1 the tenant wishes to end the tenancy
  - 9.2 the tenant is under-occupying the property and wishes to move
  - 9.3 where the property is fitted with disabled adaptations and the tenant wishes to move.
- 10.0 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:
- 10.1 an assessment of the household's housing and support needs
  - 10.2 access to employment and schools.
- 11.0 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**

- 12.0 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.
- 13.0 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.
- 14.0 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.
- 15.0 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.

## **Secure and assured tenancies**

- 16.0 The council will continue to offer secure tenancies to its own tenants. It expects housing providers to offer assured tenancies to tenants in sheltered accommodation and households assessed as being in need of lifelong support.

### **Tenant mobility**

- 17.0 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**

- 18.0 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**

- 19.0 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.
- 20.0 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**

- 21.0 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.
- 22.0 The strategy will be reviewed on an annual basis following adoption.

## **Norwich Home Options Allocation Scheme and Greater Norwich Homelessness Strategy**

23.0 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. With regard to the new duty to discharge the duty to accommodate homeless households in the private rented sector, each of the three councils has its own policy; Norwich City Council has made a decision not to discharge the duty in this way.

### **Equalities impact assessment**

24.0 An equalities impact assessment of this strategy will be carried out during the consultation period. Its purpose will be to establish the impact of the strategy on different equality groups. Where the impact is shown to be negative, measures will be put in place to address the issue(s) raised.

25.0 It is expected all registered providers will undertake their own equalities impact assessment.

## APPENDIX 2

### Consultation questions

#### Market context

1. Does the market context provide the right type of data to inform the strategy? If not, why not? Is anything missing?

#### Affordable rent tenancies

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?

#### Fixed Term Tenancies

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?

### **Secure and assured tenancies**

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?

### **Tenant mobility**

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?

### **Conversion of social rented stock to affordable rent**

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?

### **Appeals and Complaints**

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?

### **Monitoring and review**

18. Do you agree with the proposed monitoring and review processes? If not, why not? How can they be improved?

### **Additional comments**

19. Do you have any further comments you would like to make on this document?

## APPENDIX 3

### **Background information.**

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 considerations that registered providers should have regard to when formulating their tenancy policies in respect of the following:

- the type of tenancy to be offered
- 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
- the criteria to be used when determining whether or not to renew a tenancy at the end of a fixed term.

The strategy must also summarise the registered providers' tenancy policies or signpost people to where they can be found. Norwich City Council adopted its own interim Tenancy policy in March 2012, which will be reviewed following publication of the final Tenancy strategy.

This consultation document 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 interim Tenancy policy in key areas and also has regard to the recently launched Home Options Allocation Scheme and the 2011 Homelessness strategy which was developed in partnership with Broadland District Council and South Norfolk Council.

The city council also consulted with a small group of registered providers during the early stages of developing the strategy to seek their views on the council's emerging policy. Arising from this discussion it is acknowledged that the council's draft 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 provide the best service possible for the people of Norwich. Therefore, as part of this consultation process, the Council will particularly welcome registered providers' views on how we can best manage these differences.

Section 5 of the document sets out the local market context in which the consultation has been developed. Section 6 sets out the council's policy which is also summarised in Annex 1. Annex 2 contains a number of consultation questions to which we hope consultees will respond but of course all comments are welcome.

### **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 affecting the allocation, transfer and exchange of housing. It has also given local authorities the power to discharge their duty to accommodate statutorily homeless households with an offer of suitable accommodation in the private rented sector, provided the tenancy is for a minimum of one year. These changes are contained in the Localism Act 2011 and a revised Tenancy Standard introduced in April 2012.

The 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.

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

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 that have secured agreements with the Homes and Communities Agency are now able to offer Affordable Rent tenancies at up to 80 per cent of the market rent, using the additional revenue generated to provide new affordable housing. There is also now the option to offer fixed-term tenancies for a recommended minimum term of five years.

The government has also introduced significant changes 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 Consumer Prices Index (CPI). From 2013 housing benefit for social tenants who are assessed as under-occupying will also be reduced. In 2013, the universal credit, a single benefit for people of working age, will replace existing benefits such as income support and tax credits.

The universal credit 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, but there will be exemptions, eg people who are disabled, households in receipt of working tax credit, war widows or widowers.

Under the universal credit regulations, once the cap is in place any money over and above the cap will be reduced from the housing costs element. Therefore, some households may be at increased risk of falling into arrears because their housing award is insufficient to meet their rent.

Changes have also been made to the council tax rebate system which next year will cease to be determined by central government. Instead, from April 2013, each local authority must design its own system. The City Council is currently consulting on the proposed scheme for Norwich.

## **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 2011<sup>1</sup>). 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

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<sup>1</sup> Census 2011

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

		%
Total dwellings <sup>2</sup>	63,700	
Council <sup>3</sup>	15,710	24.66
Other social housing <sup>4</sup>	5,473	8.6
Private rented <sup>5</sup>	10,000	15.7
Owner occupied	32,517	51.04

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 significantly higher (18.4 per cent)..The private rented sector accounts for 15.7 per cent of the market compared to 18.5 per cent<sup>6</sup> nationally.

## Household income

The median annual gross pay for all workers is £19,533 and £23,645 for full-time workers<sup>7</sup>. Lower quartile earnings for full time workers are £16,759. The average net income of new Norwich City Council tenants during 2011 was £145.21 p/w (£637.13 per month) compared to £173.57 nationally.<sup>8</sup> 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). 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%	

<sup>2</sup> Council Tax records, VOA

<sup>3</sup> Norwich City Council, HSSA 2011

<sup>4</sup> RSR. Note: RSR 2010 + new builds 2010/11 - sales during year (March 2011 RSR)

<sup>5</sup> 2006 Housing Needs Survey

<sup>6</sup> English Housing Survey, 2010-11, July 2012

<sup>7</sup> Annual Survey of Hours and Earnings, 2011, Table 8.7a

<sup>8</sup> CORE (Continuous Recording of Lettings & Sales), 2011 – base of 743 households, of which 177 did not provide information.

Norwich is the 70<sup>th</sup> most deprived of the 326 local authorities in England (where 1 is the most deprived)<sup>9</sup>. Of the 56 Lower Super Output Areas (LSOAs) in Norfolk, 28 are in Norwich and represent nine per cent of the population of Norwich, approximately 11,000 people.

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 tenants<sup>10</sup>, compared to 63 per cent of social renters and 25 per cent of private renters nationally.<sup>11</sup>

## 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 has fallen slightly to 45 per cent while the need for social housing has increased to 53 per cent. Need that can be met by intermediate housing has fallen by eight per cent to two per cent. The overall housing need as a percentage of the housing requirement is 55 per cent. In terms of the type of housing required, the greatest need is for one and two-bedroom properties, which represents more than 40 per cent of the 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-bedrooms<sup>12</sup>

## Economic activity

Unemployment in Norwich is 4.3 per cent compared to 3.0 per cent in the east of England region<sup>13</sup>. 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 mean house price in Norwich in Quarter 3 of 2011 was £157,607<sup>14</sup>; the house price to earnings ratio was 6.57<sup>15</sup>. In May 2012, the average house price in Norfolk was 143,577 (-0.2 per cent fall compared to 2011).<sup>16</sup>

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

<sup>9</sup> Indices of Multiple Deprivation 2010 (ID2010)

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

<sup>11</sup> English Housing Survey, 2010-11, July 2012

<sup>12</sup> ELASH, 2012

<sup>13</sup> Norwich Economic Barometer, July 2012

<sup>14</sup> Norfolk Insight

<sup>15</sup> DCLG Live Tables, Table 576 Ratio of lower quartile house price to lower quartile earnings, by district

<http://www.communities.gov.uk/housing/housingresearch/housingstatistics/housingstatisticsby/housingmarket/livetables/>

<sup>16</sup> HM Land Registry House Price Index, 2<sup>nd</sup> July, 2012

12 July 2012. It shows the average formula rent for Norwich is £319.78<sup>17</sup> 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 27.4 per cent of gross average mean earnings (£27,546) for full-time workers.

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 22 per cent of the net housing requirement is for two and three-bedroom properties.

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, over 28 per cent of the net housing requirement is for one-bedroom properties as reflected in the 64 per cent of housing register applicants who need one-bedroom accommodation. Therefore, there is a clear demand 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 demand will increase.

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<sup>17</sup> Average rent for one, two and three bedroom properties only.

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 <sup>18*</sup>  £	Average Monthly Rents  £ <sup>19</sup>			
<b>Room</b>			367.63	8		253.50	235.71		294.10	58.39	24.77
<b>Studio</b>	392.77	9			<b>392.77</b>	400.01	239.64	214.76	314.21	74.57	31.12
<b>1-Bed</b>	478.75	25	493.75	4	<b>486.25</b>	400.01	303.28	250.46	389	85.71	28.26
<b>2-Bed</b>	673.8	25	623.4	25	<b>648.60</b>	499.98	317.13	270.87	<b>518.88</b>	201.75	63.61
<b>3-Bed</b>	758.75	16	755.76	25	<b>757.25</b>	574.99	338.93	303.16	<b>605.80</b>	266.86	78.73
<b>4-Bed</b>			1,002.00	20	<b>1002.00</b>	849.98	371.37	321.83	801.60	430.23	115.84
<b>Total</b>		<b>75</b>		<b>82</b>	<b>630.70*</b>	<b>491.66</b> *	<b>£319.78*</b>	<b>274.83*</b>	<b>504.56*</b>		

**Rents at above LHA level**

\* one, two and three-bedroom properties only

<sup>18</sup> Average Formula Rent by Dwelling Type, NCC July 2012

<sup>19</sup> ELASH, 2012



Table 2 also compares rent levels between the different tenures, but the market rent data is drawn from the Valuation Office Agency Private Rental Market Statistics. For most property types there are smaller differences between the formula rent and an affordable rent than in sample of properties illustrated in Table 1 above. This is particularly the case with smaller properties. The table shows the average formula rent for Norwich is £319.78 (for one, two and three-bed properties only) per month compared to £573.33 in the private rented sector, a difference of 253.55 (79 per cent). With the exception of four-bed properties, all affordable rents fall below the LHA level compared to the sample in Table 1 where rents on two and three-bed properties were above the LHA level. The average rent of £573.33 (one, two and three-bedroom properties) in the private rented sector represents 25 per cent of gross average (mean) earnings (£27,546). The lower quartile rent of £496.66 for (one, two and three-bedroom properties) represents 35.6 per cent of gross lower quartile earnings (£16,759) for full-time workers.

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Table 2 – average monthly rent levels (Valuation Office Agency, May 2012)<sup>20</sup>

Tenure (rent level)	Shared Accommodation £	Studio £	1-bed £	2-bed £	3-bed £	4-bed £	Average Monthly Rent for 1, 2, 3 Bedroom Properties £
Private Rented Sector (100 %)	284	343	458	562	700	1,068	<b>573.33</b>
Local Housing Allowance – July 2012	253.50	400.01	400.01	499.98	574.99	849.98	<b>491.66</b>
Affordable Rent (80% of market rent)	227.20	274.40	366.40	449.60	560	854.40	<b>458.66</b>
Average Monthly Formula Rent for Flat and House	235.71	239.64	303.28	317.13	338.93	371.37	<b>319.78</b>
Council Rents		214.76	250.46	270.87	303.16	321.83	<b>274.83</b>
Difference Between Average Formula Rent and Affordable Rent (£)	9	35	63	132	221	483	
Difference Between Average Formula Rent and Affordable Rent (%)	-3.61	14.5	20.81	41.77	65.22	130.06	

Rents at above LHA level



<sup>20</sup> Valuation Office Agency, Private Market Rental Statistics, May 2012. The statistics report on the total monthly rent paid (i.e. ignoring any adjustment for services not eligible for housing benefit) and in most cases the Broad Rental Market Area (BRMA) does not match the geography of the local authority area as is the case with Norwich.

Table 3 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.

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Table 3 – gross monthly income required to rent different tenures, assuming rent 25 per cent of gross income<sup>21</sup>

Property Type	Market VOA Market Rents (Table 2)		Market Property Sample July 2012 (Table 1)		Formula Rent £		Council Rent £		80% VOA Market Rents (Table 2)		80% Property Sample Rents (Table 1)	
	Rent £	Monthly Income £	Rent £	Monthly Income £	Rent £	Monthly Income £	Rent £	Monthly Income £	Rent £	Monthly Income £	Rent £	Monthly Income £
<b>Studio</b>	343	1372	392.77	1571.08	239.64	958.56	214.76	859.04	274.4	1097.6	314.21	343
<b>1-Bed</b>	458	1832	486.25	1945	303.28	1213.12	250.46	1001.84	366.4	1465.6	389	458
<b>2-Bed</b>	562	2248	648.6	2594.4	317.13	1268.52	270.87	1083.48	449.6	1798.4	518.88	562
<b>3-Bed</b>	700	2800	757.25	3029	338.93	1355.72	303.16	1212.64	560	2240	605.8	700
<b>4-Bed</b>	1068	4272	1,002.00	4008	371.37	1485.48	321.83	1287.32	854.4	3417.6	801.6	1068

<sup>21</sup> Proportion of gross income recommended in Strategic Housing Market Assessment Guidance (2007), DCLG, p.42

## APPENDIX 4

### Glossary

<b>Affordable housing</b>	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.
<b>Affordable Rent Tenancies (ART)</b>	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.
<b>Conversion</b>	A former social rented dwelling re-let on an ART
<b>Fixed-term tenancy</b>	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.
<b>Homes and Communities Agency</b>	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.
<b>Local Housing Allowance</b>	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.
<b>Registered provider</b>	Organisations that provide affordable housing to those in need. Includes private registered providers, e.g. housing associations and councils, including Norwich City Council.
<b>Tenancy policy</b>	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.

**Registered providers' policies**

*To be inserted in final published strategy.*

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