

Northampton Borough Council Tenancy Strategy 2012-2013

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1 Introduction

- 1.1 The Localism Act 2011 requires local authorities to produce a **Tenancy Strategy**.
- 1.2 The Act includes proposals that are relevant to social housing providers being able to offer fixed term tenancies with reduced security of tenure and sets out changes to the allocation of social housing, the law relating to homelessness and the introduction of self-financing for the Housing Revenue Account¹. Social housing providers in Northampton include Northampton Borough Council (NBC) and Private Registered Providers (PRPs)².

Signpost: Localism Act 2011 www.legislation.gov.uk/ukpga/2011/20/part/7/enacted

- 1.3 This strategy is intended to provide guidance for social housing providers with housing stock in Northampton to frame consistent policies on granting and renewing tenancies across the borough. It is designed to provide transparency, allowing local people to understand clearly how their council and local housing associations will respond to the housing needs and priorities of the communities they serve.
- 1.4 This strategy has been developed in collaboration with local housing associations and other key stakeholders and partners, building on established and strong working relationships. As part of the consultation process a copy of the Tenancy Strategy has been sent to all Private Registered Providers (PRP) partners operating in the Borough inviting them to comment.
- 1.5 This strategy has had regard to the draft Allocations Scheme and the current Housing and Homelessness strategies, in accordance with the legislation. The key principles within this strategy are consistent with our strategic housing priorities.

Corporate priority
Better homes for the future

Housing Strategy priority
Managing supply and growth for the future of Northampton

- 1.6 This strategy takes into account the requirements of the Equality Act 2010.

2 Objectives

- 2.1 The main objective of the tenancy strategy is to ensure that the social housing stock in the borough is used as effectively as possible to provide homes for Northampton's residents in housing need who are unable to secure a home for themselves in the private sector.
- 2.2 The Council will seek to encourage tenants to take control of their lives by providing support when it is needed in a time of crisis and help them to move into market housing once their situation has improved.

¹ The self-financing strategy for the Housing Revenue Account (HRA) is covered in the HRA Business Plan 2012-2042

² Private Registered Providers are generally housing associations

3 Background

3.1 Scope of the strategy

3.1.1 The government aims to ensure that everyone has the opportunity of living in a decent home, which they can afford, in a community where they want to live. To achieve this, the government has given social housing providers greater flexibility over the types of tenancies they can offer, allowing them to respond more creatively and sensibly to the housing needs of their local communities and particular circumstances.

3.1.2 Part 7 of the Localism Act 2011 includes new powers relating to allocations and flexible tenancies. Section 150 creates a duty on local authorities to publish a tenancy strategy, drawn up in consultation with local housing associations. Section 151 governs the preparation and modification of a tenancy strategy.

‘A local housing authority in England must prepare and publish a strategy setting out the matters to which the **registered providers** of social housing for its district are to have regard in formulating policies [and] a **local authority** must have regard to its tenancy strategy in exercising its housing management functions.’

3.1.3 The strategy covers:

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

3.1.4 The Tenancy Strategy takes into account the standards set out in the Directions on Regulatory Standards and the Regulatory Framework, which came into force on 1st April 2012.

3.1.5 The Tenancy Strategy has been prepared for an initial period of 12 months from its commencement date and will be reviewed at the end of this period.

3.2 Delivery of new homes

3.2.1 In tandem with the requirements of the Localism Act 2011, the Homes and Community Agency (HCA) is working with social housing providers to agree programmes for the delivery of new affordable housing over the next 4 years.

3.2.2 All new homes built with subsidy from the HCA, as part of the Affordable Homes Programme (AHP) 2011-2015, are expected to be offered at affordable rents of up to 80% of the market rent. Housing associations who enter into a housing supply delivery agreement with the HCA will have the option to convert a percentage of their properties to affordable rent when they become available for re-letting, to generate additional capital for future development. Housing associations and the Council are also being encouraged to take a more proactive approach to managing their stock, including disposal of stock where this will generate funding to invest in new homes.

3.2.3 The Council is making it a priority to bring empty homes back into occupation and have recently secured £1.9 million to transform 105 empty properties.

3.2.4. NBC will work with housing associations to encourage and enable the delivery of new affordable housing in Northampton wherever possible.

4 Governance

4.1.1 All social housing providers are expected to publish clear and accessible policies, which outline their approach to tenancy management. The Directions on Regulatory Standards and the Regulatory Framework specify what is required in a tenancy policy. The Council would ask to be consulted by RPs on their emerging tenancy policies.

4.1.2 The Council complies with legislation and its policy framework and has updated its operational housing manual to reflect the requirements of the Tenancy Strategy

4.1.3 PRP tenancy policies can be found on the following link:
http://www.northampton.gov.uk/info/100007/housing/1272/housing_associations

4.2 Monitoring and reviewing the strategy

4.2.1 NBC will monitor compliance of the strategy and review its effectiveness and through regular meetings with housing associations. The Council will monitor the impact of strategy implementation on each of the protected characteristics within the equality strands every six months. We will collect and analyse information on key trends such as:

- Housing needs
- Homelessness
- Effectiveness of allocation policies
- Rent levels across all tenures
- Number of new homes built including affordable, and which tenure(s)
- Effects on site viability
- Changing trends in housing benefit payments
- Lettings of affordable rented property, including number of bids and acceptances
- Data relating to households identified in equality legislation

4.2.2 We will develop an information sharing agreement with RPs to include the above data alongside their performance data as part of our housing intelligence work

4.2.3 If an adverse trend is detected that appears to discriminate against a specified group of applicants or tenants, detailed research will be undertaken and due regard will be given to finding a way to improve the situation for this group.

4.2.4 The Council's computer system provides the opportunity to set up a series of reports that monitor the outcomes of the tenancy policy for the council housing stock by all relevant equalities categories. Analysis will be carried out on a 6-monthly basis and lead the revision of policies and procedures as required.

5 Local context

5.1 Stock profile

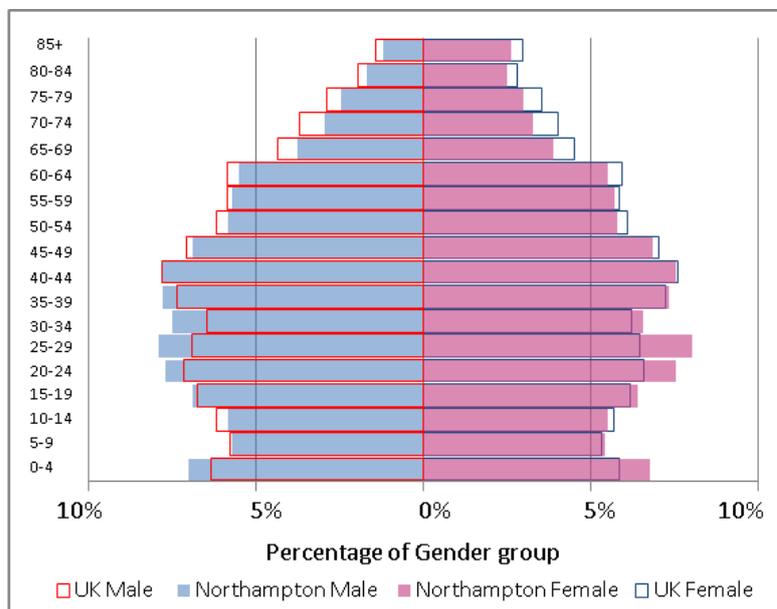
5.1.1 The Valuation Office shows Northampton residents living in **91,980**³ homes as at 31 March 2011. Of these, some 17% were social rented; 74.1% owner occupied and 8% privately rented, 1% other.

5.2 Demographics

5.2.1 Northampton is the largest district in Northamptonshire and is one of seven Boroughs in the southern East Midlands area. It is primarily an urban housing market area with areas on the fringes of the town that still maintain a more rural feel.

5.2.2 Northampton has a population of **212,100**⁴ living in **91,980**⁵ dwellings. This population is expected to grow by more than 100,000 people by 2026 (ONS projected figures), an increase of 47% over a 15-year period.

5.2.3 Age profile of residents in Northampton



Source: ONS Mid year estimates 2009

The number of 20-39 year olds in Northampton exceeds the national average, with significant highs among the 20-29 age groups and the number of over 50s is below the

³ Valuation Office as at 31 March 2011

⁴ ONS 2011

⁵ Valuation Office as at 31 March 2011

national average. 59% of the population in Northampton is of working age and 16% is over retirement age (65+ for men and 60+ for women).

5.2.4 Ethnic breakdown of population

Ethnicity	No of Housing Register applicants by ethnic group*	New tenants in 2010/11 by ethnic group	Northampton	Northamptonshire
White (British)	43.8%	67.8%	83.5%	88.1%
Black	8.9%	11.9%	3.1%	1.8%
Asian	2.6%	5%	4.7%	3.2%
Chinese/Other	0.3%	0.3%	2.2%	1.9%
White (Irish)	0.8%	0.9%	1.6%	1.1%
White (Other)	9.0%	7.9%	2.8%	2.8%
Mixed	2.4%	4.9%	2.2%	1.5%
Total				

Source: ONS Mid year estimates 2008

* Approx 30% of Housing Register applicants chose not to declare their ethnic background

The Housing Register appears to be over-represented by people who describe themselves as Black or White (other), which would indicate that these ethnic groups have a greater housing need than the rest of the population. Those who describe themselves as White (British), Black and Mixed were more successful in securing tenancies in 2010/11 than other groups. However, the Housing Register information should be used with caution, because 30% of applicants chose not to declare their ethnic background.

5.2.5 Disability

The Annual Population Survey (2008/9), produced by the Office of National Statistics (ONS), records 9.75% of the national population as disabled. The law defines disability as a physical or mental impairment that has a substantial and long-term adverse effect on a person's ability to carry out normal day-to-day activities.

According to CORE data, 46 lettings (4%) to general needs affordable housing were to households with some form of disability; 13 of these properties were of wheelchair standard. There were 367 applicants on the Housing Register with Level 1 or 2 mobility needs, requiring properties with full or partial wheelchair access, as at 31st October 2011, which represents 4.3% of applicants.

5.3 Income

5.3.1 The average income for the town is **£24,222⁶**, which is slightly lower than the national average of £26,161. This is likely to be due to the fact that Northampton has the highest proportion of those with no qualifications in the East Midlands region and slightly higher than the national average. Income data relating to new general needs tenants indicates that

⁶ ONS 2011

earnings vary from £9,243 to £16,855 per year. People on average incomes need to borrow more than 6 times their income to afford to buy a home.

- 5.3.2 44,000 of Northampton residents live in areas that are in the top 20% of the most deprived areas in the country, which represents 21% of the total population. 85% of this deprived population were income deprived (Source: Northampton Observatory).

5.4 Employment

- 5.4.1 The Hills Report highlights that 'employment rates of those living in social housing with particular disadvantage are substantially lower than those of people with a similar disadvantage in any other tenure'.

- 5.4.2 This is supported in Northampton by data relating to all new tenancies created in the borough are recorded on the CORE (Continuous Recording) system, administered by the social housing regulator. 2010/11 CORE data shows that 22.7% of general needs social tenants in the borough, who moved into their homes in last year, are in full-time work, and a further 7.6% in part time work. 68.4% are in receipt of full or partial Housing Benefit to help with their housing costs.

6 Current housing need

- 6.1.1 According to research carried out by the Joseph Rowntree Foundation⁷, private renting is felt to provide a flexible alternative to ownership for many younger and more mobile households, but it is unlikely to provide a suitable alternative for households requiring longer-term secure and affordable accommodation.

- 6.2 The demand for secure affordable housing in Northampton far outweighs the supply. New affordable housing completions have averaged 826 per year from 2008 to 2012 and re-lets within the borough are 1,100 dwellings per year, which is equivalent to 10% of existing social housing stock.

- 6.3 The table below show the affordable housing completions by tenure from April 2008 to March 2012.

Tenure	2008/09	2009/10	2010/11	2011/12 (Estimate)
Social Rent	136	146	92	100
Shared ownership	152	129	21	50

Source: HSSA returns 09/10

- 6.4 There were 8,801 Northampton households registered on the HomeChoice Housing Register as at November 2011. The number of people waiting to be housed has more than doubled over the last 2 years, from 3,705 as at March 2009, rising to 7,610 at March 2010 to the current figure of nearly 9,000. This figure will significantly reduce when the new allocations scheme is introduced.

Priority	Data	Total
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⁷ Young People's housing transitions by ECOTEC Research and consulting, published by JRF Winter 2008

A	Number of Applications %	409 4.65%
B	Number of Applications %	4513 51.28%
C	Number of Applications %	35 0.40%
EMER	Number of Applications %	465 5.28%
D	Number of Applications %	3379 38.39%
Total Number of Applications		8801
		100.00%

Source: NBC Housing Solutions

- 6.5 The ethnic breakdown of the 276 households accepted as being homeless and in priority need from April 2008 to March 2009 is as follows:

White	Black	Asian	Other	Not stated	Total	No per 1,000 households
187	29	8	6	46	276	3.2

6.6 Housing Strategy 2010-2015

- 6.6.1 The Housing Strategy sets out the council's plans for housing in Northampton over the next five years, recognising the wider strategic role that NBC has to shape, co-ordinate, facilitate and deliver future housing growth and maintain current properties. The key principles of the tenancy strategy are consistent with the Housing Strategy.

Signpost: Housing Strategy

6.7 Homelessness Strategy 2008-2013

- 6.7.1 The Homelessness Strategy focuses on preventing homelessness by increasing housing supply and delivering advice and assistance to support people avoid homelessness.
- 6.7.2 The Localism Act allows local authorities to discharge their duty to a homeless applicant with an offer of suitable accommodation in the private rented sector, for a fixed term of at least 12 months, reducing the reliance on temporary accommodation and increasing the use of private rented housing to meet need.

Signpost: Homelessness Strategy

6.8 Changes to the Allocation Scheme

- 6.81 There are far more people wanting to move to council and housing association homes than the number of homes available. Because of this and the flexibilities introduced by the Localism Act, the Council is proposing to make changes to its Allocation Scheme.
- 6.8.2 The changes in the new draft Allocation Scheme are significant and will mean that social rented accommodation will be allocated accordingly to different priorities in the future. The scheme continues to prioritise applicants in the greatest housing need through a revised banding system and to offer applicants choice over where they live.
- 6.8.3 The key features of the new allocation scheme are:
- Reasonable preference given to specified categories of people, which are considered additional to each other if more than one category applies
 - More priority for certain people e.g. working households, households who make a positive community contribution
 - Reduced priority for certain households e.g. those who have broken tenancies conditions; those with income, capital or savings over a certain threshold; transfer applicants who have not kept their property in a good state
 - Exclusions due to nuisance and anti-social behaviour
 - Financial assessments for people wishing to join the Housing Register
 - Promotion of certain households to the Emergency Band e.g. people leaving the Armed Forces who have sustained injury or disability; people who no longer need a disabled adaptation
 - Removal of existing bands C and D customers from the Housing Register
 - Reduction in bidding timescales for people in the emergency bands from 12 to 6 weeks (i.e. 6 bidding cycles)
 - Homeless households to have only one reasonable offer of suitable accommodation and this may be in the private sector

<p>Signpost: Northampton Allocation Scheme (Consultation Draft) www.northampton.gov.uk/</p>
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- 6.8.4 The aim of the allocation scheme is to empower people to make decisions about where they live; to help create sustainable communities and encourage the effective use of the available affordable housing. This fits with requirements for tenancies set out in the Directions on Regulatory Standards and the Regulatory Framework and the overarching objectives of the tenancy strategy. However, the use of shorter-term tenancies among existing tenants on lifetime tenancies, even those that are renewed at the end of each term, will have an impact on social inclusion and the cohesion of the communities of which they are part.

7 Welfare reforms and Benefit changes

7.1 Welfare Reform Act 2012

- 7.1.1 On 8th March 2012, the Welfare Reform Bill received Royal Assent. The Act legislates for the biggest change to the welfare system over 60 years.

- 7.1.2 Universal credit will be introduced to replace the various means-tested working age benefits (including Jobseekers Allowance (JSA), Income Support (IS), Housing Benefit (HB) and Child Tax Credit) and provide a single streamlined benefit that will ensure that work always pay. The government intends to introduce this in October 2013 for new claims, with existing working age caseloads being transferred over by the end of 2017.
- 7.1.3 In the meantime, a number of changes to the current benefits system have either already been introduced or are due to be implemented during 2013, which will affect tenants ahead of the introduction of Universal Credit. These changes will have a significant effect on the payment of Local Housing Allowance (LHA).

7.2 Benefit changes affecting social housing tenants

The total amount of Housing Benefit awarded to workless households will be capped at the median level of income after tax from a working household (expected to be about £500 per week for households with children and £350 per week for single adults)
Increased deductions for non-dependents living with HB claimants.
HB claimants with a disability and a non-resident carer will be entitled to funding for an extra bedroom.
Contribution to discretionary HB payments will increase during 2012/13.
HB deductions for tenants under-occupying 1 or more rooms, with 14% reduction for 1 room, and 25% reduction for more than one room.
Council tax benefit spending will be reduced by 10% in 2013/14. The guidance on the precise flexibilities to be given to councils is awaited.
Introduction of Universal Credit

- 7.2.1 Council tax benefit is not currently included in the proposals for Universal Credit, although there is provision in the Welfare Reform Act

7.3 LHA changes affecting tenants in the private rented sector

- 7.3.1 The majority of LHA claimants have been affected by the changes in LHA rates.

The excess payment of up to £15 has been stopped for tenants whose rent is below the average.
The 5-bedroom rate for LHA is abolished and the maximum LHA is now 4 bedrooms.
Absolute caps have been introduced for the benefit to be paid for each size of property.
LHA rates have been set to reflect the bottom third of private rents rather than the bottom half.
Non-resident carers will be included in the room calculation for LHA.
The shared room rate now relates to claimants under 35 (previously 25)
LHA rates will increase in line with the Consumer Prices Index (CPI). This is due to be introduced in 2013.

- 7.3.2 The private rented sector has a significant role to play in the local housing market, providing a flexible housing option and enabling job mobility. It has become more important since the

introduction of new legislation that will allow councils to discharge their duty to a homeless applicant with an offer of suitable accommodation in the private rented sector, provided that the tenancy is for a minimum fixed term of 12 months.

- 7.3.3 The changes create a number of possible scenarios. Some claimants may seek to negotiate a rent reduction with their landlord or decide to seek cheaper accommodation, either by themselves or with the support of the Council. Others may find themselves in increasing financial difficulty with rent arrears building up once direct payments to landlords stop. In this situation LHA claimants will have to balance their rent payments against other conflicting bills and expenses, which could lead to high levels of arrears.

7.4 Impact of welfare reform

- 7.4.1 In the current climate, we expect the changes in LHA to lead to more pressure on the social housing stock as tenants find some private properties become unaffordable.
- 7.4.2 We expect that the introduction of Universal Credit will result in an income reduction for those who are fully reliant on benefits, because of the cap. This is explored in more detail below.
- 7.4.3 An increased demand for social rented accommodation will present a number of additional challenges in supporting people who may be affected by the changes and these will need to be planned for and managed by social housing providers. Part of that role will be to provide advice about these welfare reforms to customers and other agencies, through a partnership approach.
- 7.4.4 Work is continuing to assess the full implications of these changes on our customers. The council together with its partners will ensure that we continue to provide advice and support to those who require it.
- 7.4.4 Social trends data indicates that older people and lone parent households are more concentrated at the lower end of the income distribution and are likely to be most affected by welfare reform and the introduction of universal credit. This is illustrated in table below.

8 Affordable housing

8.1 Definition

- 8.1.1 The Localism Act does not define affordability; instead it is necessary to look at national planning policy for definitions.
- 8.1.2 Traditionally affordable social housing has been provided below market cost, either through renting or shared ownership.
- 8.1.3 The National Planning Policy Framework definition of affordable housing was amended during 2011 and now includes 3 types of affordable housing:
- (a) Social rented housing: up until the introduction of affordable rents this was the main type of affordable housing provided by housing associations, and refers to housing that is subject to strict rent controls, which are around 50% of market rents.

(b) Affordable rented housing: with new affordable rents of up to 80% market rent

(c) Intermediate affordable housing: which includes shared ownership

8.1.4 It states that affordable housing should be:

- Meet the needs of eligible households including being offered at a low enough cost for them to be able to afford; and
- Include the provision for the home to remain affordable for future eligible households

8.2 Current market rents and affordability

8.2.1 In 2011, NBC commissioned research by Housing Vision that provides evidence that housing at 'affordable rents' will not be affordable for the majority of customers on the Housing Register. Gross annual incomes ranging from £13,773 to £35,205⁸ will be required for affordable rented properties of different types and bed sizes to be affordable.

8.2.2 According to the research, access to affordable rent housing will only be possible for customers in receipt of full Housing Benefit or with incomes higher than the majority of people on the Housing Register.

8.2.3 Incomes of new tenants in social housing in Northampton are considerably lower than those required for affordable rented housing. Only one bed accommodation will be affordable to applicants not in receipt of full housing benefit, based on the assumption that housing costs should not exceed 33% of net household income. All other larger accommodation will be unaffordable.

Household type	Annual Income (net)	Monthly Income	33% of income available for housing costs
Single adult	£5,956	£496.33	£163.79
Couple – no children	£15,271	£1,272.58	£419.95
Lone parent	£11,263	£938.58	£309.73
Couple – with children	£14,993	£1,249.42	£412.31
Older people	£11,767	£980.58	£323.59

Source: CORE

8.2.4 The table below shows the differences between property type and the range of rents between market, affordable, housing association and council current rents on a monthly basis. The difference between council rent and affordable rent is significantly higher than between housing association rent and affordable rent.

Property Type	Average Market Rent	80% of Average Market Rent	Current Average RP Rents	Current Average NBC rents	LHA cap (April 2012) p.c.m
Shared 0/1 bed	£350	£280	£0	£230.12	£247

⁸ Evidenced on the Housing Vision Affordability Toolkit 2011

1 bed flat	£475	£380	£ 284.10	£253.04	£350
2 bed flat	£550	£440	£ 322.70	£285.24	£450
2 bed house	£540	£432	£ 320.10	£299.76	£450
3 bed flat	£575	£460	£ 367.30	£323.44	£525
3 bed house	£650	£520	£ 420.00	£329.76	£525
4 bed house	£895	£716	£525.00	£363.27	£700

Source: Housing Vision 2011

- 8.2.5 In Northampton, 56%⁹ of all council and housing association tenants are fully reliant on welfare benefits for their income. With the introduction of Universal Credit, households in receipt of welfare benefits will be subject to the benefit cap, which may result in a reduction in their level of income. However, Universal Credit is intended to provide a tapered system that makes it easier for people to get back into work without being worse off.
- 8.2.6 The Universal Credit cap is expected to have a much more significant impact on families with children, particular on larger families, because rents rise significantly for three and four bed accommodation in the borough. For example, a couple with 4 children requiring a four-bedroom house will have their benefits capped at £2,167 per calendar month, equating to £500 per week. If this household lives in an affordable rented property costing £716 per month, this will represent 36% of their income and leave £1,284 to cover living expenses. If they live in a private rented property costing £895 per month, this will represent 41% of their income.
- 8.2.7 The Council recognises that the introduction of Universal Credit may have an adverse effect on some equality groups, but as the level of benefit is set by central government, we can only support our local residents in helping to manage their entitlement.
- 8.2.8 Northampton has a diverse private rented sector. Demand is static and there are less properties coming on to the market at the present time.¹⁰ We will be monitoring market rents in Northampton and ensuring our affordability tool kit is reviewed each year.

8.3 Affordable Rent housing

- 8.3.1 The new Affordable Rent model was established by the HCA, as part of the Affordable Homes Programme (AHP), to provide another type of affordable housing that could be delivered with lower levels of public subsidy. Affordable rent is not affected by the current national rent regulations. Instead it will be subject to other rent controls that require a rent of up to 80% of local market rent^{11,12}.

⁹ As of August 2011 CORE

¹⁰ As of January 2011

¹¹ Including service charges, where applicable

¹² Local market rents are calculated using the Royal Chartered Institute of Chartered Surveyors (RICS) approved valuation methods. The Tenant Service Authority has issued an explanatory note on these:

www.tenantservicesauthority.org/upload/doc/RICS_rental_valuation_note_20110118140714.doc

- 8.3.2 Under the Affordable Rent framework, annual rent increases can be up to Retail Price Index plus 0.5%. However, before the commencement a new tenancy, the social housing provider will have the opportunity to reset the rent base against the current market rent.
- 8.3.3 The Housing Revenue Account (HRA) Business Plan includes proposals to build or acquire 40 new homes per year from 2014/15 onwards. The Council will be required to consider introducing affordable rent on local authority new build and acquisition programmes, to make the schemes financially viable. The properties brought back into use through the Empty Homes Programme will be let at affordable rents.
- 8.3.4 The HCA's Affordable Homes Programme 2011-2015 expects housing associations to let new homes on affordable rent terms, in order to reduce the public subsidy required for each unit and increase housing supply. As part of their delivery agreements with the HCA, housing associations have developed programmes that include new affordable rent provision, conversions of existing stock, disposals and development of new social rented homes.
- 8.3.5 The Council has adopted a scheme-by-scheme approach to setting rent levels and is working with housing association partners to ensure that a proportion of social rent continues to be available on all new schemes. The Council expects schemes funded from the 2008-11 programme to continue to deliver social rented units.
- 8.3.6 The Council would encourage registered providers to keep the number of affordable rented homes they deliver as low as possible wherever they can, because they are less affordable to households on low incomes. The Council will support bids from housing associations that minimise the impact of the Affordable Rent model or use cross subsidy, such as outright sale, to reduce affordable rent levels.
- 8.3.7 According to the research carried out by Housing Vision, in some areas of the borough, there is a relatively small difference between rents charged by RPs and affordable rents (inclusive of service charges). These areas are Thorplands, Blackthorn, Billing, Briar Hill and part of Kingsthorpe. The Council would encourage RPs to use affordable rents in these areas.
- 8.3.8 The Council would encourage housing associations to exclude larger family homes of 4 bedrooms or more from the affordable rent programme, to protect customers who are likely to be most affected by the changes in welfare benefits.

8.4 Conversions

- 8.4.1 Housing associations who have entered into a delivery agreement with the HCA can convert some of their social rented stock to affordable rent when they become available for re-letting, to generate additional funding for future investment. In selecting which properties will be converted, housing associations are likely to take into account location, unit type and housing need.
- 8.4.2 The Council is not able to convert any of their existing stock to affordable rent.
- 8.4.3 The Council recognises the need for conversions but would strongly encourage its housing association partners to retain the majority of their properties as social rent, because it is more affordable.

9 Tenancy Options

9.1 Existing tenancies

9.1.1 Until now, landlords in the social rented sector have only been able to grant lifetime tenancies. Recent changes in legislation, introduced by the coalition government, have introduced new flexible and fixed term tenancies for new households moving into social housing for the first time, while protecting the rights of existing tenants with secure and assured tenancies.

	Social housing provider	Tenancy type	Tenancy length
Existing tenancies	Council	Secure tenancy	Lifetime
	Council	Introductory (periodic) tenancy	1 year – issued to new tenants for the first year in a new tenancy
	Council	Temporary non secure tenancy	Periodic tenancy for a temporary period
	Housing association	Assured tenancy	Lifetime
	Housing Association	Assured Shorthold tenancy	Periodic tenancy – issued to affordable rent tenants or to tenants where the housing association is a leaseholder
	Housing association	Starter tenancy (periodic or fixed term)	1 year – issued to new tenants for the first year in a new tenancy

9.1.2 Existing tenants who move to another social rented home will be granted a tenancy with no less security of tenure when they move. If an existing tenant chooses to move to an affordable rented property, they may have to pay a higher rent.

9.2 New tenancies

9.2.1 At present social housing is not flexible enough to meet the needs and demands of people on low incomes who are unable to access housing in the private sector. The new tenancy arrangements enable the Council to make better use of the limited social housing stock.

9.2.2 The Directions on Regulatory Framework have been issued by the Regulator of Social Housing to support the implementation of social housing reform. From 1st April 2012, these Standards will apply to “low cost rental accommodation” provided by registered providers, defined for these purposes as being both local authorities and housing associations.

9.2.3 The Directions require registered providers to “grant tenancies which are compatible with the accommodation, the needs of individual households, the sustainability of the community and the effective use of their housing stock”.

9.2.4 Registered providers are expected to grant periodic secure or assured (excluding assured shorthold) tenancies to general needs tenants for “a minimum fixed term of five years, or exceptionally a tenancy for a minimum term of no less than two years, in addition to any probationary tenancy”. Either social rent or affordable rent can be charged on these tenancies.

	Registered provider	Tenancy type	Tenancy length required by regulatory standards
New tenancies	Council	Flexible (secure) tenancy	Minimum 5 years (unless there are exceptional circumstances)
	Housing association	Fixed term tenancy	Minimum 5 years (unless there are exceptional circumstances)

9.2.5 Within this framework, NBC supports the use of flexible and fixed term tenancies as an alternative to lifetime tenancies for new general needs tenants, to ensure that the most effective use can be made of social housing for people in the greatest housing need.

9.2.6 Although the legislation allows for a minimum tenancy term of two years, the government has clearly stated that tenancies of this length should only be used exceptionally. Where providers decide that there are exceptional circumstances for tenancies of less than five years to be granted, they are required to set out in their tenancy policy what these circumstances would be.

9.2.7 Succession rights for tenancies created from 1st April 2012 flexible and fixed term tenancies and new secure tenancies will depend on whether the landlord has decided to include any discretionary succession rights in the tenancy agreement.

9.3 Length of flexible or fixed term tenancies

9.3.1 The Council’s preferred tenancy lengths for each household type are set out below in general and are subject to the exceptions indicated. The Council would expect a tenancy to be renewed for further terms while a household’s circumstances remain the same and no changes have occurred.

Household Type	Tenancy Type	Proposed length of new tenancy	Reason
New tenancies			
The Council and housing associations in general should grant 1 year introductory or starter tenancies for all new tenants, before granting a flexible or fixed term tenancy. This will effectively extend the proposed length of each new tenancy by 1 year.			
Older people (state retirement age)	Secure Assured	Lifetime	To provide older people assurance that they can live in their home as long as they want
Households with a disabled person who meets the qualifying	Secure Assured	Lifetime	To give households with a disabled person security within an

requirements of Mobility Level 1 or 2 on the Housing Register			appropriate property, while they need it
Families (including single parent households) – including those who require intervention to reduce the risk of eviction due to anti-social behaviour	Flexible (secure) Fixed Term Flexible Family Intervention Tenancy (with support)	5 years (renewed until children reach 16)	To give family households stability for the time that they need it until their children are 16
Single and two-person Households (with no children)	Flexible (with support provision, if appropriate) Fixed Term	5 Years	To provide accommodation (and support) while they need it
Existing tenancies			
Households who move to another property through Homechoice	Secure Assured	Lifetime	The law protects existing tenants
Households who choose to bid for an affordable rented home through Homechoice	Flexible Fixed Term	Same as new tenancies, depending on household type	To give all households the choice to move to an affordable rented home if that is what they want
Households who exchange their home through mutual exchange with a tenant who has lesser security of tenure irrespective of provider	Secure Assured	Lifetime	The law protects the security of existing tenants who move to another social rented home via mutual exchange

- 9.3.2 NBC would strongly encourage social housing providers in the borough to provide 5-year fixed term tenancies on all new lets to all households except elderly people and households with a disability who should be given lifetime tenancies. On review of a flexible or fixed term tenancy, an older person who has reached retirement age and continues to need the type of accommodation they are living in may be granted a lifetime secure or assured tenancy.
- 9.3.3 A housing register applicant who has been offered a property on a flexible tenancy has the right to request a review of the decision as to the length of the proposed tenancy term. The review process will be set out in each landlord's tenancy policies.
- 9.3.4 The Council recognises that the length and types of tenancies may have an adverse effect on some equality groups more than others. If a trend is identified, action will be taken to rectify it.

9.4 Exceptional circumstances

- 9.4.1 Tenancy policies are expected to state the exceptional circumstances when tenancies of less than five years will be considered. The following circumstances are considered by the Council to be exceptional and should result in a shorter tenancy term:

Exceptional circumstances	Tenancy length
If an Introductory tenancy has been extended due to anti-social behaviour	2 years
If a household is statutorily overcrowded at the time of the review, but no alternative accommodation has been secured	2 years
In a geographical areas where shorter tenancies could help to tackle anti-social behaviour	2 years
Where a Notice of Seeking Possession has been issued due to rent arrears and the Court has accepted a payment agreement which the tenant has kept to	2 years
Where properties in the Empty Homes Programme have less than 5 years remaining on the Head Lease	Remainder of lease agreement

- 9.4.2 The Council recognises that some exceptional circumstances may have an adverse effect on some equality groups more than others. If a trend is identified, action will be taken to rectify it.

9.5 Other tenancy matters

- 9.5.1 Provision is made in the Localism Act for a flexible tenancy to be created where an introductory tenancy, a family intervention tenancy or a demoted tenancy comes to an end, on condition that the correct written notice has been served at the outset. The length of the flexible or fixed term tenancy would be dependent on the make-up of the tenant's household.
- 9.5.2 Shorter-term tenancies could help to tackle anti-social behaviour. Having the option to terminate a fixed term tenancy at the end of the term, as a result of anti-social behaviour is expected to contribute towards the aim of encouraging successful communities to be created.
- 9.5.3 Existing secure and assured tenants will retain their current succession rights but succession rights for tenancies created from 1st April 2012 will depend on whether the landlord has decided to include any discretionary succession rights in the tenancy agreement.
- 9.5.4 Existing and new tenancies will continue to include the right to assign through mutual exchange. Registered providers are expected to subscribe to a web-based mutual exchange service to enable tenants to arrange their own home swap to better meet their housing need.
- 9.5.5 The rights of existing Council tenants will be protected if the housing stock is transferred to another social housing provider in the future.

9.6 Reviewing a tenancy before the end of the fixed term

- 9.6.1 A review of each tenancy should be carried out before the end of a flexible or fixed term, to assess the individual circumstances of each tenant in order to make a decision about

whether the tenancy will be renewed or brought to an end. NBC intend to carry out these reviews 12 months before the end of the tenancy term. Full details of the review process are set out in the council's operational manual.

- 9.6.2 Registered providers will be responsible for reviewing their tenancies in line with their published tenancy policies.
- 9.6.3 Unless there has been a change in circumstances, the recommendation is that following a review, a tenancy should be renewed for a further fixed term. Registered providers should be alert to detect whether a tenant has contrived circumstances to appear superficially to meet any requirements for a renewal of a tenancy.
- 9.6.4 The circumstances where a further tenancy should not in general be granted are set out below:

Situation	Reason
Property is under-occupied – eg. children have moved out	To make the best use of the existing stock
Property is no longer suitable for the tenant's needs – eg. an adapted property is no longer required	To make the best use of the existing stock and target resources where they are needed most
Tenant's circumstances have changed – eg. the tenant has sufficient income to be able to afford market housing, a joint tenant has left	To make the best use of a scarce resource
Possession proceedings have commenced or tenancy obligation has been broken – eg. anti-social behaviour, rent arrears	Failure to comply with conditions of tenancy agreement
Disposal or refurbishment of property	To manage housing assets

- 9.6.5 The Council recognises that the circumstances where a tenancy is not renewed may have an adverse effect on some equality groups more than others. For example, some racial groups often require larger properties to accommodate their family size and may be more likely to become overcrowded. The Council will closely monitor the situation when tenancies are due for renewal to assess the impact on different equality groups. If a trend is identified, action will be taken to rectify it.
- 9.6.6 The Council considers that single people who earn £30,000, and couples with a joint income of £50,000 a year, or who have assets or savings of £16,000 for a single applicant £32,000 for joint applicants or more, are financially able to access housing in the market sector. This is consistent with the new allocation scheme.
- 9.6.7 If the tenancy is not to be renewed and possession is to be recovered, the tenant must be given not less than 6 months notice that (among other matters) the landlord does not propose to grant another tenancy and a further notice of at least 2 months that the landlord requires possession, prior to a decision being made by the Court for possession. Failure to serve the correct notices within the specified timeframe will prevent the landlord from gaining possession.

9.6.8 The Council considers that carrying out a review 12 months before the end of the tenancy will allow adequate time for a tenant to find alternative accommodation before expiry of their tenancy.

10 Help at the end of a tenancy

10.1 It is a regulatory requirement for advice and assistance to be given to tenants on finding alternative suitable accommodation, when their tenancy is due to come to an end. NBC's Housing Options and Allocations service are expected to take a central coordinating role in supporting individuals' housing pathways and coordinating the review process. The service will support applicants to take responsibility for their housing and look at a range of housing options available to them.

10.2 NBC expects that all housing associations to include their tenancy conditions in any advert placed through the choice-based letting scheme, Homechoice-Link.

10.3 NBC will work with all our partners to maximise the range of housing options available to residents and prospective residents and make housing pathways as easy and flexible as they reasonably can be.

11 Right to review a decision

11.1 Review of offer of accommodation

11.1.1 An applicant can request a review of their offer of accommodation on a flexible tenancy, within 21 days of receiving it. This can be extended by the landlord in writing under section 107B(4)(b) of the Housing Act 1985. The prospective landlord must notify the applicant of the decision and give clear reasons for reaching such a decision.

11.2 Review of decision not to renew a tenancy

11.2.1 A tenant has the right to request a review of the decision not to renew a tenancy within 21 days of receiving the prescribed notice that is issued 6 months prior to the end of the existing flexible tenancy. The Council and housing associations will be expected to publish their procedure for dealing with reviews and the appeals process within their tenancy policies.

11.3 Complaints

11.3.1 The Localism Act has changed the way in which complaints about social housing providers are handled. A single Independent Housing Ombudsman will replace the two separate ombudsmen that exist at present (the Local Government Ombudsman and the Independent Housing Ombudsman). By dealing with complaints from social tenants about both their council and housing association landlords, the single ombudsman will provide greater consistency across the sector.

11.3.2 Tenants are expected to use their landlords' internal complaints procedures before approaching the ombudsman service.

12 Local Lettings Plans

12.1 NBC's Allocations Scheme within section 7 provides the main mechanism to create sustainable communities and prevent management problems. Where stakeholders and partners feel it would be a necessity to a certain scheme we would be open to further discussions on local lettings plans that can demonstrate stable, settled, safe communities.

13 Equality

13.1 NBC is committed to delivering on the general duty to promote all aspects of equality and has outlined this commitment in its Approach to Equalities, which was published in 2012.

13.2 NBC has carried out an initial screening EIA and will be carrying out a full assessment once the impacts through monitoring become clearer. The Council expects all housing associations working in the borough to carry out an EIA on their tenancy policies and use the information they collect to inform their policy development and identify ways to mitigate the impacts.

13.3 NBC will assess the likely or actual effects this strategy and its new proposed services will have on people in respect of a protected characteristic¹³.

14 Consultation

14.1 The Localism Act requires the Council to consult with various bodies. We carried out a 16 week consultation exercise on 4th July 2012, which ended on the 23rd October 2012. Overall 594 responses were received, with the majority of Consultees in favour of the proposed policy decisions within this Strategy.

14.2 Prior to preparing this strategy, the Council has consulted with social housing providers who own and manage stock in the borough, through questionnaires, meetings and sending them a copy of the Tenancy Strategy.

¹³ Protected characteristic as defined by the Equality Act 2010 – race, sex, disability, age, sexual orientation, gender reassignment, pregnancy and maternity, religion or belief