



STAFFORDSHIRE
moorlands
DISTRICT COUNCIL
ACHIEVING · EXCELLENCE

Tenancy Strategy 2012

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1.0 Introduction

1.1 Under the Localism Act 2011 all Local Authorities are required to produce a Tenancy Strategy. In the Localism Act 2011 the government has presented Local Authorities and Registered Providers with a number of social housing reform choices and encourages a proactive approach in holding each other to account for decisions:

- To continue to operate in the same way as now.
- To offer flexible or fixed term tenancies.
- To enter into the 'affordable rent' market.
- To limit who will qualify to join the waiting list.

1.2 This document explores the implementation of these housing reforms within the local Staffordshire Moorlands context and outlines the action the Council would like to take with providers to manage these choices and change. It seeks to mitigate any unintended consequences and ensure that lettings produced for customers enable housing to be offered to those in the greatest housing need, housing need and demand is addressed and homelessness prevented in consideration of the local housing market and welfare reforms. This strategy sets out guidance and clear expectations for individual registered housing providers operating in the Staffordshire Moorlands area to take into consideration and 'have regard to'¹ when formulating their tenancy policies and exercising housing management functions relating to²:

- The kind of tenancies they grant
- The circumstances in which they will grant a particular tenancy
- Where they grant tenancies for a term certain, the lengths of the terms, and
- The circumstances in which they will grant a further tenancy on the coming to an end of an existing tenancy.

1.3 In developing this draft strategy the council has considered the pros and cons of the housing reform options from four different perspectives and sought to balance the interests of:

- The tenant: Primary interests include security of tenure, stability and affordability in the long term.
- The council in its strategic housing role: The primary interests of the council are to enable the need and demand for social and affordable housing to be met and to make the best use of resources in the area.

¹ Case law suggests that this means Registered Providers should actively inform themselves of this documents content and evidence considerations with a written record of why decisions have been taken on an ongoing basis.

² S.150 Localism Act 2011

- The Registered Provider (housing association): To meet the need for social and affordable housing, to enable sustainable neighbourhoods and communities, and to manage sustainable, affordable housing businesses.
- Other interested parties: i.e. health and social care, advice agencies etc. Primary interests include improved health and wellbeing, reducing inequalities and disadvantage and economic stability.

Appendix 2 provides a list of consultation questions, which seeks to obtain the opinions of these and other interested parties.

1.4 This strategy is developed in consultation with Registered Providers and a wide range of relevant stakeholders (as specified in Appendix 1). It is important to note that some Registered Providers may have already signed Homes and Communities Agency contracts concerning the development of the new Affordable Rent product for the delivery of affordable housing until 2015. For instance Ascent Housing LLP, a Joint Venture between Staffordshire Moorlands District Council and Harvest Group, have secured Homes and Communities grant funding to develop over 400 affordable housing units throughout the District. However the Council asks Registered Providers operating in the Staffordshire Moorlands to ensure that their policies compliment and do not contradict this tenancy strategy.

1.5 This strategy presents the Councils strategic housing direction and seeks to ensure that the changes in the Localism Act compliment the aims and priorities set out below. The following priorities have been agreed as an outcome of consultation with a wide range of stakeholders and the residents of the district.

- Increasing the provision of Affordable Housing
- Ensuring all residents have access to a Decent Home
- Ensuring all communities have a Choice in meeting their housing needs.
- Supporting People to remain in their own home

This document also draws upon the Councils emerging Homelessness Strategy to prevent homelessness in the district in view of forthcoming consultation³ and revisions to the Code of Guidance. It also links with the Staffordshire Moorlands Homechoice policy, which defines the process for housing allocations in the district. The allocation policy is currently under review in light of changes associated with the Localism Act and relevant CLG consultation⁴.

³ CLG, Order of suitability concerning homelessness (pending release)

⁴ CLG, Allocation of accommodation: guidance for local housing authorities in England, 2012.

2.0 The 'Affordable Rent' model –rationale, risks and opportunities

- 2.1 The 2010 Comprehensive Spending Review introduced the concept of an Affordable Rent model as an alternative to social rent. The additional rental income that it can generate is to be used to fund new development in a time of dramatically reduced Homes and Communities Agency grant subsidy. All Registered Providers who have entered into development contracts with the Homes and Communities Agency and receive Homes and Communities Agency grant monies are required to charge Affordable Rents. The Framework⁵ specifies that Registered Providers will be able to let a property at an Affordable Rent (inclusive of service charges, where applicable) of up to 80% of the gross market rent which reflects the property size and location. It also recommends that when setting rents Registered Providers take into account the local market context (including the relevant Local Housing Allowance) and wider benefit policy.
- 2.2 Providers with Homes and Communities Agency contracts are also able to introduce Affordable Rents on a proportion of their relets, otherwise known as 'conversions'. In new affordable housing developments that do not receive Homes and Communities Agency grant, providers do not have to develop Affordable Rent homes and can continue to build significantly cheaper social housing with social rents set at typically 50-60% of market rents.
- 2.3 Planning Policy Statement 3 defines affordable rented housing as “rented housing let by registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is not subject to the national rent regime but is subject to other rent controls that require a rent of no more than 80% of the local market rent.” An important distinction is then made, “The terms ‘affordability’ and ‘affordable housing’ have different meanings. ‘Affordability’ is a measure of whether housing may be afforded by certain groups of households. ‘Affordable housing’ refers to particular products outside the main housing market.”⁶
- 2.4 There are concerns about the implications for affordability and accessibility for housing register applicants and the achievement of core housing and social objectives. The new Affordable Rent regime has opened the debate about the affordability of rents for affordable and social housing. A primary concern of many local authorities is that rents based on up to 80% of private sector rents will not be affordable for many households who are reliant on housing benefit and public sector housing, and, contrary to government aims, may cause hardship, arrears and benefit dependence. A key consideration is whether housing could be provided to those in most need or would it be necessary to let new homes to a new client group and enable income earning households? In order to

⁵ CLG/HCA, 2011-15 Affordable Homes Programme – Framework

⁶ CLG, Planning Policy Statement 3 (PPS3): Housing, June 2011, p25-26.

mitigate risk some housing providers may wish to change the profile of their tenant group, and not let new properties to those most in need. This approach may allow some low priority households on the waiting list to access accommodation however those living in short term supported housing or temporary housing may find it harder to move-on. The opportunity to create mixed and balanced communities thereby helping to address deprivation and potential Registered Provider management difficulties, however conversely, community tensions may be created particularly in rural and smaller neighbourhoods, where rents in the same street and same type of house may be higher. Social housing correlates with greater concentrations of low income and potentially vulnerable residents with for instance those on higher incomes tending to seek and being able to access other tenures. Furthermore the provision of supported housing for vulnerable households will be less cost effective to provide under the Affordable Rent model.

- 2.5 In view of the risks and opportunities presented by the Affordable Rent model our preferred option is for closer work with the local authority to ensure a continued supply of housing for those in the greatest housing need.

3.0 The Affordable Rent model –local considerations

This section considers the risks and opportunities presented by the Affordable Rent model within the context of the local housing market and welfare reform.

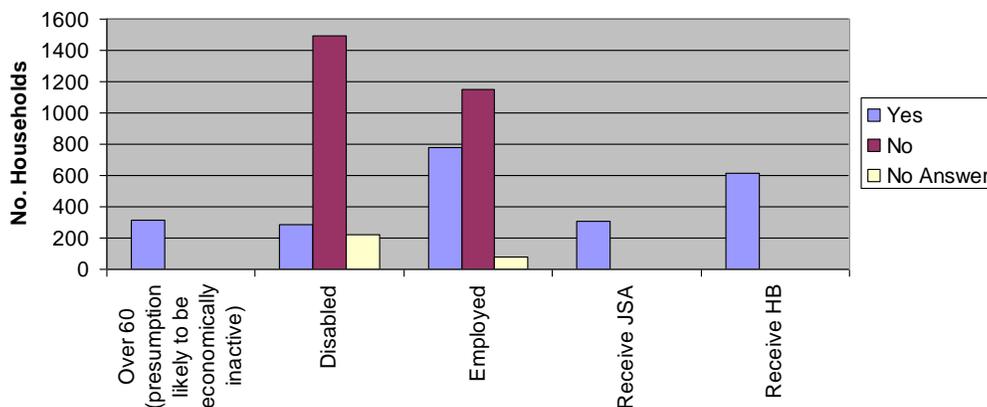
- 3.1 There is an exceptionally high proportion of owner occupation in the Staffordshire Moorlands, 83%. The social rented sector forms an important source of housing but its availability varies substantially between local authority areas within North Staffordshire. The table below shows the social rented stock in each North Staffordshire local authority in 2010. The Staffordshire Moorlands has the least proportion only 8% of social rented dwellings, with less than half the national average level supply is very restricted in contrast to for example Stoke-on-Trent. The Strategic Housing Market Assessment 2008 indicates a net annual affordable housing need of 429 dwellings. As a result, access to social rented housing is difficult.

Local Authority	No. social housing dwellings	As % of all dwellings	As % of national average
Staffordshire Moorlands	3,604	8.42	46.67
Newcastle-under-Lyme	9,895	18.36	101.76
Stoke-on-Trent	26,097	23.22	128.71

Stafford	8,520	15.22	84.35
East Staffordshire	6,233	13.20	73.20
Cannock Chase	7,040	17.17	95.16
Lichfield	5,702	13.29	73.68
South Staffordshire	6,342	13.97	77.46
Tamworth	6,090	19.56	108.41
East Cheshire	18,914	11.67	64.66
Telford and Wrekin	15,605	22.43	124.35

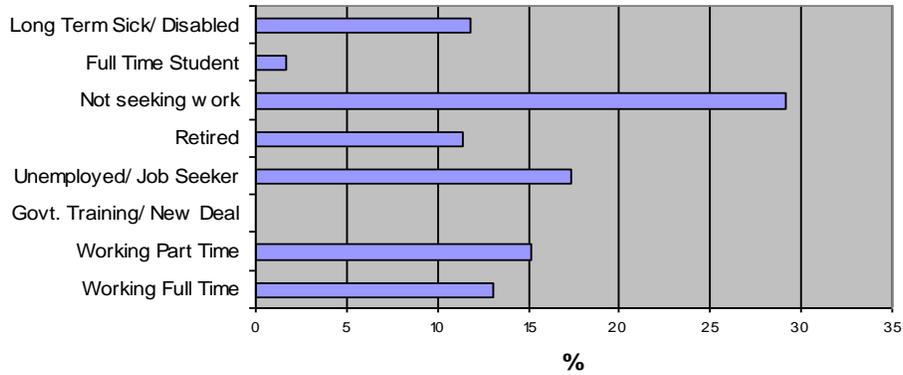
(Source: Nevin Leather Associates)

3.2 The economic profile of household head housing register applicants on the Moorlands Homechoice waiting list is shown below. There is presumption that those over 60, disabled and in receipt of JSA are economically inactive. However it cannot be assume that those in receipt of housing benefits are economically inactive because for instance p/t employees may receive a housing benefit top-up.



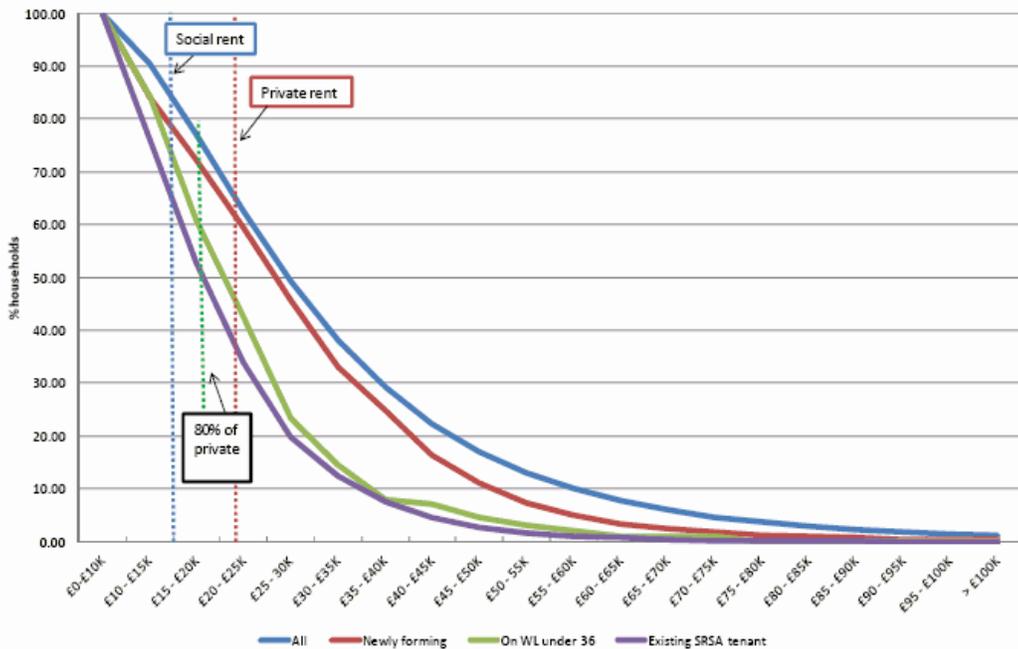
3.3 71.9% of social tenants receive some form of housing benefit. Amongst those currently accessing social housing, 13% of households' allocated social housing during 2010/11 had a specific housing need related to a disability⁷ and the graph below illustrates the economic status of head of household allocated social housing during 2011/12.

⁷ Core Annual Report: Core New Lettings Summary Apr 2010 – March 2011



3.4 The Staffordshire Moorlands area has 3,960 housing benefit recipients, with 2,620 recipients in the social rented sector and 1,340 in the private rented sector. Only 24.4% private rented tenants receive housing benefits compared to the regional and national averages of 38%. This underlies difficulties accessing the relatively small pool, 11%, of private sector accommodation within the district.

3.5 The chart below shows the cumulative percentage of households able to afford each of three threshold rents within the Staffordshire Moorlands: the median social rent, the median private rent, and a notional rent set at 80% of the private sector median. In each case it is assumed that households can spend up to 25% of gross income on rent payments. Income profiles are shown for all households, and for three groups in potential need: newly forming households, households with someone on a waiting list for social housing, and existing social rented sector tenants. (The impact of proposed changes to housing benefit in the social rented sector and to local housing allowance is not taken into account).



(Source: Nevin Leather Associates)

- 3.6 Currently tenants moving into Affordable Rent properties will be eligible for housing benefit, which means that a potential affordability gap between social and Affordable Rents may be paid through this means. However it is important to consider wider housing market affordability within the current context of wider benefit policy and welfare reform. From April 2013, the private sector LHA 'family size' occupancy criteria will be introduced for new and existing working age housing benefit claimants living in the social rented sector. Furthermore the introduction of Universal Credit will introduce caps on the overall levels of benefits (including housing benefits) that households are entitled to. These welfare reforms mean that households may experience under occupancy issues due to differing bedroom entitlements in terms of allocation and housing benefit calculation and therefore struggle to meet the costs of new rent levels. An estimated 27% of all new tenants' allocated social housing between 2008-2011 will have excess bedrooms⁸. For existing social rented tenants that currently under occupy the Affordable Rent model may act as a disincentive to move to a different home.
- 3.7 Recent work by the Chartered Institute of Housing demonstrated the extent to which the reductions in Local Housing Allowance rates will leave low income families with shortfalls in their rent payments⁹. Within the Staffordshire Moorlands 1200 private sector homes have become unaffordable, leaving 1426 properties available to rent for 1340 housing benefit recipients. It is envisaged by the Government that the welfare reform impact on homelessness will be minimised by the downward pressure on private sector rents created by the withdrawal of public subsidy. However the real issues relating to potential homelessness are immediate. Any market adjustments take time and landlords' price expectations would need to alter dramatically to fulfil the Government's objectives.
- 3.8 The difference between average district wide social rent, 100% market rent and 80% market rent and the revised 30th percentile Local Housing Allowance rates (as at February 2012) is illustrated overleaf.

⁸ Nevin Leather Associates (NASHF), Localism, welfare reform and housing market change: identifying the issues and responding to the challenge, Feb 2012.

⁹ <http://www.cih.org/PressReleases?> Housing Benefit cuts will put 800,000 homes out of reach, 5th January 2012.

Property Type	100% Market Rent	80% Market Rent	Social Rent	Difference (+/-) Social Rent & 80% Market Rent	LHA rate	Difference (+/-) LHA Rate & 80% Market Rent	LHA as % of Market Rent
1 Bed	86.00	68.00	61.00	+7.00	46 Shared	-22.00	53
					79.62 Self contained	+11.62	93
2 Bed	106.00	85.00	67.30	+17.70	91.15	+6.15	85
3 Bed	130.00	104.00	72.10	+31.90	109.62	+5.62	84

(Source: Hometrack)

3.9 Homes and Communities Agenda guidance suggests new Affordable Rents should be assessed according to the characteristics of individual properties, so understanding the implications means getting below Local Authority and Broad Market Rental Market Areas to housing sub-markets. The ability to model private sector rent levels at the local level is limited due to the comprehensiveness of and variance between different available data sources, which in itself presents an important consideration. The Housing Minister has announced that the calculation of market rent will need to be based on a residential lettings estimate compatible with Royal Institute of Chartered Surveyors recognised methods of valuation and further guidance is pending. Registered Providers operating in the district indicate that they intend to consider data from the local area (such as Local Housing Allowance figures) and employ consultants to agree a market rent level.

3.10 Modeling Affordable Rents within the three market towns illustrate that within these areas there is little potential for rent shortfall within the current housing market. However an anomaly is clearly presented by the Shared Accommodation Rate (SAR), extended to the single under 35's in January 2012.

Leek

Property Type	100% Market Rent	80% Market Rent	LHA rate	Difference LHA Rate & 80% Market Rent	LHA as % of Market Rent
1 Bed	87.46	69.97	46.00 (SAR)	-23.97	53
			79.62 (Self contained)	+9.65	91
2 Bed	91.15	72.92	91.15	+18.23	100
3 Bed	105.92	84.74	109.62	+24.88	103

(Source: Rightmove)

Biddulph

Property Type	100% Market Rent	80% Market Rent	LHA rate	Difference LHA Rate & 80% Market Rent	LHA as % of Market Rent
1 Bed	91.15	72.92	46.00 (SAR)	-26.92	50
			79.62 (Self contained)	+6.70	87
2 Bed	111.46	89.17	91.15	+1.98	82
3 Bed	113.77	91.02	109.62	+18.60	96

(Source: Rightmove)

Cheadle

Property Type	100% Market Rent	80% Market Rent	LHA rate	Difference LHA Rate & 80% Market Rent	LHA as % of Market Rent
1 Bed	88.27	70.62	46.00 (SAR)	-24.20	52
			79.62 (Self contained)	+8.98	90
2 Bed	104.30	83.44	91.15	+7.71	87
3 Bed	141.35	113.08	109.62	-3.46	76

(Source: Rightmove)

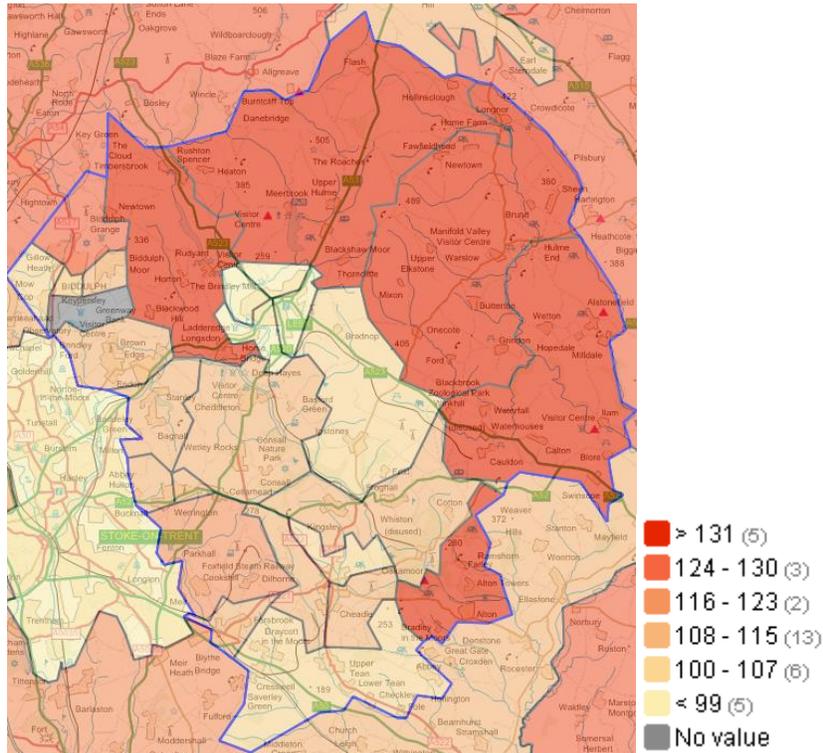
3.11 Specific rural areas present insufficient private market rental information for the purposes of comparison so information at Ward level has been used below to illustrate a significant high market, typically rural variance. In the North of the district areas of the Dane Ward sit within the Peak District National Park which covers nearly a third of the Moorlands district.

Property Type	100% Market Rent	80% Market Rent	LHA rate	Difference LHA Rate & 80% Market Rent	LHA as % of Market Rent
1 Bed	97.00	77.60	46.00 (SAR)	-31.6	47
			79.62 (Self contained)	+2.02	82
2 Bed	149.00	119.20	91.15	-28.05	61
3 Bed	208.00	166.40	109.62	-56.78	42

(Source: Hometrack)

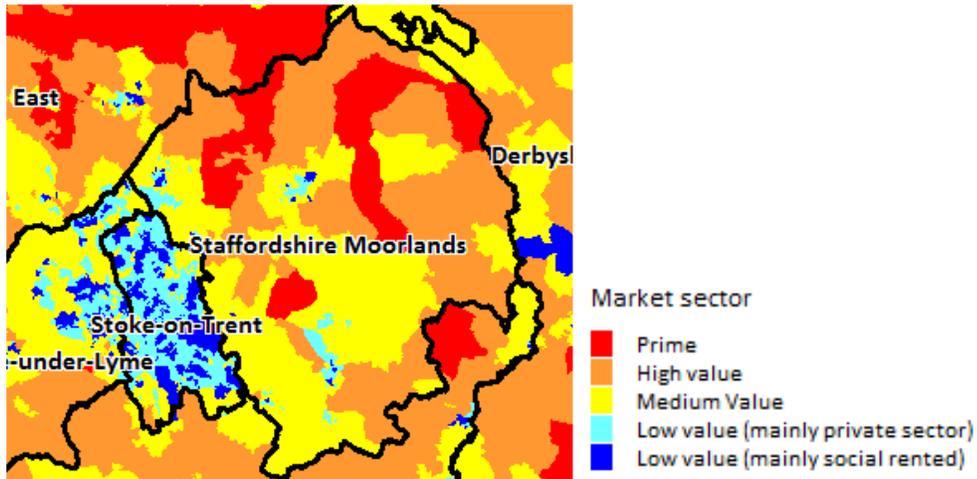
The map overleaf shows the median private sector rents for 2 beds within the different wards of Staffordshire Moorlands. It demonstrates that the

highest private sector rents correlate strongly with the Peak District National Park boundaries.



(Source: Hometrack)

The map below presents an analysis of average sale prices, which categorises neighbourhoods into three value bands. The lowest value band is further sub-divided to distinguish between low turnover mainly social rented sector areas, and higher turnover mainly private sector areas. Low value areas can be seen to coincide with the aforementioned market town areas.



(Source: Nevin Leather Associates)

- 3.12 Simultaneously, a number of the changes to the benefit system that are being introduced will make it more challenging for Registered Providers to collect rents from its current profile of tenants. Specifically the increase in non-dependent deductions and limiting housing benefit to the Local Housing Allowance property size applied in the private sector. One consequence of higher rents and greater financial risk is that housing providers will have to think about how they can be more active in helping reduce poverty amongst their tenants at a time of rising rents and reduced benefit payments. The Council is aware that some Registered Providers are already changing how they target advice and support services more effectively.
- 3.13 The new Affordable Rent programme will generate people in need who cannot access new build and conversions because of a constrained income. The Local Authority has particular concerns about access and affordability:
- For single persons under 35 subject to the extended Shared Accommodation Rate.
 - Within high market, typically rural, areas which have an already limited social housing supply.
 - The future provision of supported accommodation.

4.0 The Affordable Rent model- guidance for Registered Providers

The Council accepts that adoption of the Affordable Rent model will form a means to securing new housing supply. However the Council expects the following

- 4.1 33% affordable housing on all relevant open-market sites with no Homes and Communities Agency grant subsidy, in accordance with the Council's planning policy. On these sites the council will continue to expect a tenure split of 70% social rent, 30% low cost home ownership in order to address the ongoing need for social rent within the district and minimise the potential for developers to charge more for land and property on the basis that Affordable Rent would generate more income. Social rent typically 50-70% of market rent within the District is derived from a 'target rent' calculation, a pre-set formula based on a combination of property values, local earnings and property size¹⁰. If however the provision of social

¹⁰ TSA, The revised regulatory framework for social housing in England from April 2012: A statutory consultation (Annex E: Rent Standard Guidance), Nov 2011.

rented housing is proven to be unviable, the council will work with developers and Registered Providers on a site by site basis.

- 4.3 Registered Providers to develop approaches to financial inclusion and capability for tenants, ensuring that households have financial assessments and will be allocated a home they are able to afford in the longer term and financial issues will be addressed at an early stage.
- 4.4 Registered Providers to offer tenants that are likely to be affected by the welfare reform changes appropriate advice and information.
- 4.5 Registered Providers to ensure consistency of rent setting assessments for the application of the Affordable Rent model within the context of localised housing submarkets and Local Housing Allowance rates.
- 4.6 Any Affordable Rent model new builds to be allocated through Moorlands Homechoice choice based lettings website, along with any conversions in view of existing nomination agreements. Any Affordable Rent homes advertised should, in line with Secretary of State expectations be allocated in the same way as social rent properties.¹¹ This will ensure fairness, transparency and facilitate monitoring.
- 4.7 Registered Providers to explore any Affordable Rent model exemptions directly with the Homes and Communities Agency as necessary if they for instance:
 - Address the housing needs of single persons under 35 subject to the extended Shared Accommodation Rate.
 - Enable affordable housing in rural parishes subject to rural exception policies.
- 4.8 Registered Providers to take a strategic approach to conversion that should include consideration of the following:
 - An even distribution throughout existing social housing stock and property types to ensure that a mix of rent levels is available.
 - The exclusion of high market, typically rural, areas which have an already limited social housing supply and incur rent increase above Local Housing Allowance rates.
 - The exclusion of adapted, supported and temporary accommodations.
 - The exclusion of social rented properties subject to a s106 agreement to social rent.

¹¹ CLG, Allocation of accommodation: guidance for local housing authorities in England, Jan 2012.

5.0 Flexible Tenancies - rationale, risks and opportunities

5.1 The Localism Act gives Registered Providers the opportunity to offer 'flexible tenancies', which are in effect short fixed-term tenancies, as opposed to the assured 'lifetime' tenancies currently offered, typically after an initial probationary period. There is no obligation for Registered Providers to use this option, for instance it is not linked in anyway with Government grant subsidy. Registered Providers can provide fixed term tenancies either: upon providing Affordable Rent as agreed with the Homes and Communities Agency OR from April 2012. The Government encourages the use of fixed term tenancies as an efficient and effective use of stock because they create movement through the limited resource of social housing by fixing tenancy terms to a minimum of 2 years¹². However recent national policy direction dictates that "...two-year tenancies should be an available option for landlords, though we would expect, and responses to the consultation suggest, the vast majority of tenancies to be provided on longer terms, particularly for vulnerable households or those with children...a strong and widely shared sense that two years would represent an inadequate period of stability both for individuals or the community and would create unacceptable administration and void costs for landlords."¹³ The reform option moves people on when their circumstances have improved so the affordable housing can be made available for another household in greater need. Dependent upon the individual household circumstances at the end of the fixed term, tenants have the following options:

- To remain in affordable housing, either in their existing home or in another affordable home (either social rent or Affordable Rent)
- To move into the private rented sector
- To move into home ownership (either low cost home ownership or open market)

5.2 Security of tenure will be retained for existing lifetime tenants who held their tenancies when the Localism Act comes into force and in the future if they choose to move to another social rented home UNLESS the accommodation is let on an Affordable Rent basis. When used to support an Affordable Rent programme, high levels of tenancy turnover may destabilise areas of new development, dependent on geographical distribution. The fixed term tenancy approach may offer Registered Providers greater flexibility and means to mitigate the business risk associated with housing benefit reforms and under occupation. However there are a number of implications applicable at both the national and local level associated with loss of security and greater subjectivity within the different area and organisation based approaches.

¹² S154 Localism Act 2011

¹³ CLG, Local decisions: next steps towards a fairer future for social housing: Summary of responses to consultation, Feb 2011, p8 & 47.

- 5.3 Fixed term tenancies may undermine policies aimed at empowering tenants to have a greater stake in communities because the reason for tenants to get involved with their housing provider or contribute to community activities is undermined. The positive effects that a settled home can have on a person's quality of life; with access to employment, education, contribution to the local community, maintenance and investment in the home may be reduced if a tenant is uncertain for how long they may remain in their home. With uncertainty, move-on and transience there are issues relating to the sustainability of neighborhoods and communities. Furthermore the introduction of fixed term tenancies may act as a work disincentive, with people caught in the 'benefits trap' if the security of tenancies is linked to the improvement of circumstances.
- 5.4 Registered Providers may also consider fixed term tenancies a useful means to mitigate minor tenancy breaches and deal with anti-social or difficult to manage behaviour, such as the non-payment of rent. This inevitably invites a subjective approach due to the nature of infringement and increases the likely potential for legal challenge whilst opportunities to evict exist through established possession procedures, relative to the numerous existing tenancy types.
- 5.5 Fixed term tenancies are a challenging and costly policy to implement. For instance there is need to manage turnover and voids, end and issue new tenancies, give six months 'minded to' notice, maintain customer information for review purposes and revise IT systems considered against the need to calm customer fears and the potential homelessness implications of each decision. There are concerns nationally and locally that the implementation of fixed term tenancies will create a 'holding bay' of homelessness within the current economic climate, with welfare reform and increasing homelessness. Households that seek homelessness assistance at the end of a fixed term and are owed a statutory rehousing duty would consequently be given priority of access to the same affordable housing resource? For those that have experienced homelessness or insecure housing or other crisis in their life, uncertainty about what will happen at the end of a fixed term may affect their health, well being, capacity and perhaps willingness to sustain a settled home.
- 5.6 A wider range of tenancy options has the potential to be confusing to customers and community tensions may be created particularly in rural and smaller neighbourhoods, where tenancies in the same street may be allocated different tenancy durations based on household circumstances. Demand for housing advice and information from the council and Registered Providers may increase. Local Authorities are concerned that the 'advice and assistance' that Registered Providers are obliged to offer to tenants to help them find alternative accommodation when tenancies are not to be renewed will be devolved to overstretched Housing Advice and Homelessness Teams. "Many tenants will need to stay in social housing, either in their current home or another more suitable property;

others will be able to move on to low cost home ownership or private rented housing. Landlords will need to discuss the various housing options with their tenants well before the end of the fixed term, and help tenants move on to different accommodation, where this is appropriate.”¹⁴

6.0 Flexible tenancies - local considerations

This section considers the risks and opportunities presented by fixed term tenancies within the context of the local housing market.

- 6.1 Of the 238 social housing general needs lettings made in the Staffordshire Moorlands between April 2010 & March 2011, 26.1% were assured and the vast majority, 73.1%, were let on a short term starter/ introductory basis¹⁵. Starter/ introductory tenancies allow for a tenancy to be ended easily should there be any problems with tenancy conduct and therefore provide Registered Providers with an established means to mitigate minor tenancy breaches and deal with anti-social or difficult to manage behaviour, such as the non-payment of rent.
- 6.2 The table below illustrates social rented stock turnover in 2010-11 within the North Staffordshire local authority area. The Staffordshire Moorlands has a comparable rate of turnover.

Lettings as a % of social rented stock	
Newcastle under Lyme	8.5
Staffordshire Moorlands	10.6
Stoke on Trent	12.8
Stafford	10.6
East Staffordshire	13.4

(Source: Nevin Leather Associates)

The chart overleaf shows that 42.4% of vacancies were available due to the previous tenant moving into private rented sector or other accommodation, excluding other housing association and local authority accommodation. This indicates that choice between tenures is exercised by tenants and may point to upward social mobility as the principle reason for a social housing vacancy within the Staffordshire Moorlands.

¹⁴ CLG, Local decisions: a fairer future for social housing
<http://www.communities.gov.uk/documents/housing/pdf/1775586.pdf>, p2.

¹⁵ Core Annual Report: Core New Lettings Summary Apr 2010 – March 2011



(Source: Core Data)

6.3 The accessibility of alternative affordable housing within the private rented sector has been illustrated previously in the light of welfare reform. The difference between average district wide market rent and the revised 30th percentile Local Housing Allowance rates (as at February 2012) is illustrated below.

Property Type	100% Market Rent	LHA rate	Difference (+/-) LHA Rate & 100% Market Rent
1 Bed	86.00	46.00 Shared	-40.00
		79.62 Self contained	-6.38
2 Bed	106.00	91.15	-14.85
3 Bed	130.00	109.62	-20.38

(Source: Hometrack)

Similarly the accessibility of accommodation within the open market for those that have improved their financial circumstances can be broadly considered in view of the £174,439 average property price in the district and £102,504 average terraced (entry level) property price. Below is a standard mortgage assumption of 20% deposit and 5.8% interest rate on a repayment mortgage.

Property type	Average Price	Mortgage (pcm)
2 bed	£109,000	£558
3 bed	£140,000	£716

(Source: Hometrack)

Clearly any decisions not to renew tenancies on economic grounds would need to incorporate a flexible, cautious and localised housing market assessment in respect of a household's financial circumstances. Rather

than be based upon broad assumptions of a households financial capacity to access alternative affordable private rented and/ or purchase; the ability to realise and access these options would need to be considered. Additionally, an approach that incentivises and supports a tenant to practically secure and move to alternative affordable accommodation is required rather than create a homeless situation.

7.0 Flexible tenancies - guidance for Registered Providers

- 7.1 The Council is committed to meeting the housing needs of residents and preventing homelessness. The practical disadvantages and social consequences linked with the introduction of fixed term tenancies are considered to clearly outweigh any benefits in view of current social housing stock turnover. Therefore the local authority can see no pressing need to introduce flexible tenancies to the Staffordshire Moorlands. Rather than citing nebulously 'best use of stock' Registered Providers are asked to illustrate the reasons and rationale for adopting fixed term tenancies and their tenancy review process within their tenancy policies. To illustrate the case within the context of current stock turnover, the local housing market and the considerations laid out within this strategy. The Council believes that fixed term tenancies should not be adopted as a tool to minimise business risk (i.e. select tenants, address under occupation) and mitigate minor tenancy breaches, which have likely potential for legal challenge. In cases of under occupation the tenant should be offered where possible a smaller home with the same or alternative registered provider. Measures exist to tackle both under-occupation and anti-social behaviour and the local authority welcomes the opportunity to work with partners to improve upon these, for instance through the allocation policy review. A cautious approach should be adopted in order to achieve the best outcomes and both avoid and address unintended consequences. If there is little likelihood of being able to practically assist and move households on to a new affordable housing solution, then the workload involved cannot be justified.
- 7.2 In order to fulfill our duty and set out matters that Registered Providers must have regard to when they develop policies the following section seeks to set out the circumstances in which they will grant a fixed term tenancy should they decide to disregard the Councils guidance¹⁶. It also sets out the circumstances in which they will grant a further tenancy on the ending of the fixed term tenancy.
- 7.2.1 Any fixed term tenancies should only be applied to general needs stock only, not sheltered or supported accommodation.
- 7.2.2 Existing lifetime tenants should be advised fully about the implications to security of tenure when moving to a property on an Affordable Rent basis.

¹⁶ S.150 Localism Act 2011

- 7.2.3 The Council expects tenancy lengths to be adapted to enable the needs of the following vulnerable/ disadvantaged groups to be met and provide stability; children in need, former care leavers, vulnerable adults, elderly, those with illness or disability, households with children, those that have experienced homelessness, and single persons under 35. The council considers that a ten year minimum fixed term should be used and does not support tenancies shorter than five years.
- 7.2.4 The Council expects work to be undertaken with tenants at the following intervals.
- At the start of a fixed term tenancy.
 - As an intervention measure: as a consequence of action/ known change of circumstances the implications should be explored with the tenant (i.e. under occupation).
 - 1 year prior to end of tenancy.
 - 6 months prior to end of tenancy when 'minded to' notice may be served.
- 7.2.5 The tenancy review process should be clear in terms of implementation given the likely potential for legal challenge and should;
- Provide ample opportunity for tenants to engage and for personal circumstances to be properly identified and addressed with assistance from supporting agencies as involved/ or necessary. i.e.: health, tenancy support.
 - Consider household use/ reliance upon local services/ support/ education and the importance of stability.
 - Consider special features/ adaptations and household needs.
- 7.2.6 The Council expects a flexible and cautious approach in a household's financial assessment of circumstances, which should include the following considerations:
- Availability and price within the local housing market relative to the customers area/s of choice.
 - Those entering low cost home ownership or open market owner occupation, as the aspirational tenure of choice, should not be constrained to the bedroom entitlements imposed by allocation or housing benefits calculations. For instance a household may require a bedroom for each child or a spare bedroom.
 - Capacity to borrow (i.e. CCJ's may require guarantor) and access to 20% deposit, which is commonplace in the current market.
- 7.2.7 The Council expects Registered Providers that may adopt a fixed term tenancy approach to prescribe the content of housing options, advice and assistance that shall consequently be made available. Registered Providers should have particular regard to their duty to cooperate with the

local authority to prevent homelessness. The following are considered reasonable steps:

- Proactively facilitate chain swaps between those registered on national mobility/ exchange schemes such as Homeswapper in order for instance to address under/ over occupation.
- Actively assist households to find and secure alternative accommodation in the private rented sector/ open market. Facilitate moves wherever possible i.e. secure alternative affordable private rented accommodation with a landlord that will accept the household.
- Develop practical and financial incentives and initiatives that help people to secure access to alternative affordable accommodation (i.e. moving belongings, securing a tenancy, such as rent deposits and first months rent, offer deposit guarantee scheme for owner occupation)
- Provide written references and verbal where requested explaining clearly the reason/s for tenancy end.

7.2.8 The council expects that tenants will be given at least six months notice period if a Registered Provider is minded to end a tenancy and that adequate reasons for the decision to end the tenancy will be given with information on the right to appeal the decision. The Council would also expect that the Housing Advice Team at the Staffordshire Moorlands District Council will be notified of any decision to end a tenancy.

8.0 Changes to the Moorlands Homechoice Register?

- 8.1 The current allocation legislation¹⁷ provides that certain people must be given 'reasonable preference' or priority for social housing. Those that:
- are homeless or owed certain duties under the homelessness legislation
 - live in overcrowded, unsatisfactory or insanitary conditions
 - need to move on medical or welfare grounds (including grounds relating to a disability)
 - need to move to a particular locality in the local authority's district to avoid hardship to themselves or others.

The current allocation legislation also requires local authorities to operate 'open' waiting lists so that anyone, with certain limited exceptions, is eligible to apply for and to be allocated social housing irrespective of the level of housing need. The exceptions are:

- certain persons from abroad specified in regulations

¹⁷ Part 6 of the Housing Act 1996

- persons whom an authority decides to treat as ineligible because they (or a member of their household) have been guilty of unacceptable behaviour serious enough to make them unsuitable to be a tenant of the authority.

s.160ZA of the Localism Act 2011 preserves the current reasonable preference categories however enables local authorities to determine which categories of applicants should qualify to join the housing register and 'close' the list to some categories of applicant. Further to this, recent government consultation considers the prioritisation of those making a community contribution, in employment and the armed forces¹⁸.

- 8.2 Staffordshire Moorlands District Council currently operates an 'open waiting list' where anybody (with few exceptions) is able to apply for affordable housing.

Band	No. of households registered	No. of properties let between Jan 2011- Jan 2012
A	9	18
B	30	54
C	1546	67
D	719	1
Total	2304	140

(Source: Moorlands Homechoice)

It is clear that social housing cannot provide a housing solution for all those on the Moorlands Homechoice Register. The Council is considering retaining an open waiting list for the following reasons:

- The same work will be involved in assessing applications with additional work generated by appeals against exclusion from the waiting list.
- In order to address occasional hard to let properties, for example bungalows.
- Moorlands Homechoice also advertises low cost home ownership opportunities and there may be households within households within Band D, seeking such options.

The council is currently carrying out a full review of the allocations policy in line with government guidance following the Localism Act. Whilst this strategy does not set out the specific changes that the council will make to the allocations policy, set out below are the main issues that will be considered.

¹⁸ CLG, Allocation of accommodation: guidance for local housing authorities in England Consultation, Jan 2012.

- Whether applications should only be accepted from the people who are in most need.
- What local residency criteria should be applied
- Whether transfers for tenants are to be dealt with outside the allocation policy.
- Adoption of the 'bedroom standard' when determining overcrowding
- Bedroom entitlement in view of the changes to housing benefits.
- Whether to take 'good' behaviour into account when granting priority for housing – including employment, training, volunteering or 'community contribution'.
- Granting local connection to armed forces personnel for the areas in which they serve
- 'Additional preference' for former members of the armed forces who fall within the reasonable preference categories and are in urgent housing need
- Allowing people applying to foster or adopt to apply for a home with an extra bedroom

8.3 Local lettings policies are separate to the authorities' allocation policy. They are used when robust evidence gained through data analysis and resident consultation is available to support the need for them. Their legal basis is in s167(2E) of the Housing Act 1996. In affect local lettings policies allow particular accommodation to be allocated to people of a particular description. It could mean setting aside houses on a particular estate, or certain types of property across stock, for applicants who meet specified criteria. Local lettings policies can help a wide variety of policy and strategic objectives to be achieved, for example they may be used to:

- Give priority to those with a local connection to a specific Parish in order to deal sensitively with lettings in rural villages and affordable housing on rural exception sites, which would not usually secure planning permission for housing.
- Deal with concentrations of deprivation by setting aside a proportion of vacancies for applicants who are in employment or to enable existing tenants to take up an offer of employment.
- Attract essential workers into the district by giving them priority for a small number of properties even though they may not fall within any of the reasonable preference categories.
- Ensure that properties which are particularly suited to being made accessible (e.g. ground floor flats) are prioritised for those with access needs.

9.0 Local Lettings Policies -Guidance for Registered Providers

9.1 Where it is necessary to introduce a local lettings plan to promote sustainability and create balanced communities the council expects to be consulted by Registered Providers before the development of any local

lettings policy. The council will require full justification as to why the local lettings policy is required and will not allow Registered Providers to use them as an opportunity to charge high affordable or intermediate rents. All local lettings policies must be published on the Moorlands Homechoice website and all property adverts must clearly state the local lettings policy.

10.0 Appendix 1: Consultation Process

All with an interest in housing in Staffordshire Moorlands are welcome to respond, though the consultation is particularly aimed at the following:

- Registered Providers (housing associations)
- Charities and non-statutory agencies Involved in the provision of housing or housing related support
- Voluntary and community organisations
- Individual tenants / members of the public
- Councillors (elected members)

Timescale This consultation will run from Wednesday, 7th March 2012 until 5pm on Wednesday, 14th March 2012.

Enquiries For further information on this consultation document please email michelle.costello@staffs Moorlands.gov.uk or telephone Michelle Costello on: 01538 395400 ext 4100

Consultation responses please send consultation responses by either email to michelle.costello@staffs Moorlands.gov.uk or by post to Michelle Costello, Staffordshire Moorlands District Council, Moorlands House, Stockwell Street, Leek, ST13 6HQ.

This consultation process seeks views on the new freedoms now available and how they can most effectively be used to deliver a better housing service for local residents. It is intended to provide an opportunity to shape the final strategy.

11.0 Appendix 2: Consultation questions

Introduction

1. Is the purpose of this document clear? Do you think it outlines the new freedoms and flexibilities sufficiently?
2. Is the information provided about affordable housing in the area enough for you to understand what the market looks like? If not what further information would you like to see?

Affordable Rent

3. In line with the councils aim at keeping rents as low as possible, do you agree with the Councils preference to negotiate Section 106 Agreements starting at social rent levels rather than Affordable Rent?
4. Do you support the guidance about Affordable Rents?
5. Do you support the guidance about applying conversions strategically? Please provide any further suggestions.

Fixed term tenancies

6. Do you support the councils preference not to support the use of fixed term tenancies in Registered Provider housing stock?
7. If fixed term tenancies are to be used are there any factors that you think should be taken into account when deciding on length and terms?
8. Are there any particular groups of people for whom you feel fixed term tenancies might be suitable and unsuitable?

Moorlands Homechoice housing register

9. Do you support the councils preference to maintain an 'open' rather than 'closed' waiting list?
10. What factors should be taken into account if the council decide to prioritise applications on the list, over and above existing reasonable preference categories?

Miscellaneous

11. Have the risks and opportunities of each housing reform option been considered sufficiently?
12. Any other comments or suggestions?
13. Please could Registered Providers provide details of any analysis of tenant households that shall be used to inform decisions (i.e. household incomes, average length of different types of tenancy within last 10 yr period for purpose of comparison, under occupation etc).

