

## Exeter City Council Tenancy Strategy

### 1. Introduction

The Localism Act 2011 obliges all local authorities to develop a Tenancy Strategy to guide Registered Providers (including local authorities that retain their own housing) in developing tenancy policies for their own stock. Registered Providers (RPs) are expected to have regard to this Strategy when determining their own policies.

We consider “have regard to” in this context to mean that RPs should be aware of what this Strategy contains, and use it to inform their own purposes, business models and policies. This is not to say that every point in this Strategy should be followed without question, but if an RP wishes to depart from it, they should have good reasons for doing so. A strategy alone is never enough to guarantee purposes are achieved; we are also committed to effective working relationships with our partners and a continuing fruitful dialogue to ensure we are all working towards the same ends.

As the strategic local authority it is our responsibility to understand, plan for and manage (as far as we can) change in the City so that local needs are met and wider health, economic, social and environmental outcomes are achieved. These wider aims are set out in our **Corporate Plan 2012-2014**.

The Government has identified a number of problems with social housing, including:

- The sector is not being used as effectively as it might to meet housing need
- Some low income households are living for too long a time in expensive temporary accommodation
- The housing benefit bill is increasing
- There are high levels of unemployment in the sector
- There are inflexibilities in meeting need and demand
- The sector has a poor reputation among the wider public
- More homes are needed but there is a lack of public investment to produce them.

Broadly speaking, the Government wants to encourage local decision-making to determine which families should live in the sector and for how long. Social housing should be seen as “a springboard into work and self-sufficiency for households in need, rather than encouraging welfare dependency.”<sup>1</sup>

Each local authority’s Tenancy Strategy is expected to:

- Describe the high level objectives that registered providers should have regard to in their tenancy policies
- Have been developed in conjunction with the authority’s allocations policy and homelessness strategy
- Have been developed in consultation with registered providers
- Be reviewed every five years.

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<sup>1</sup> *Localism Bill: A Fairer Future for Social Housing. CLG 2011.*

Each Registered Provider's Tenancy Policy is expected to explain:

- The kind of tenancies they will grant
- When these tenancies will be granted
- The length of the tenancy terms
- When further tenancies will be granted.

Ideally we would prefer to see a harmonised array of rent levels, tenancy terms and conditions for tenancy renewal across the City which reflect local needs and conditions and which are easy to explain and understand. However, we recognise that RPs are independent organisations often working across local government boundaries. We acknowledge that changes to the funding of new affordable housing have led to RPs adopting a more business-focused approach which can impact on their ability to meet housing need. This Strategy, therefore, sets out broad principles and expectations rather than a set of prescriptive policies.

This Strategy will be complemented by the Council's Tenancy Policy which will have more detail about our approach as a landlord to granting and renewing council tenancies.

## **2. Devon-wide Tenancy Strategy**

A Framework for Local Tenancy Strategies in Devon was adopted by the local authorities in Devon in February 2012. This Strategy complements the Framework but provides more detail specific to Exeter. Widespread consultation took place before the adoption of the Framework throughout Devon involving key stakeholders such as other local authorities, developers, the voluntary sector and registered providers.

## **3. The City of Exeter**

According to the latest 2011 census, Exeter has a population of almost 118,000. The City has a healthy economy and is well connected by the M5 motorway, mainline rail stations and an International Airport.

These advantages attract people to the City and increase the pressure on existing housing stock. The city is compact with limited land available for new housing and with high densities in many of the existing built-up areas.

Exeter's black and minority ethnic (BME) population reached 7.3% in 2009<sup>2</sup>. Largest minority groups are 'Asian/Asian British' and 'Chinese/Other'.

There are 50,725 dwellings in the City<sup>3</sup>. Currently social housing comprises nearly 18% of this figure. Exeter City Council owns and manages just over 5,000 properties; other RPs manage around a further 4,000 dwellings. Almost 14% of the City's population rent privately and around 66% are owner-occupiers.

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<sup>2</sup> Office of National Statistics Resident Population estimate

<sup>3</sup> Housing Strategy Statistical Appendix 2010

There were 7,238 households on the housing register on 31 March 2012; but only 1,455 in high or medium need. 1,176 people approached the Housing Options service last year, 793 households were prevented from becoming homeless and 99 households were accepted as homeless as per Part VII of the Housing Act 1996.

In November 2011 the average property price in Exeter was around £210,000 (around ten times average salary).<sup>4</sup>

For Exeter the weekly rental breakdown for a two bedroomed property is as follows:<sup>5</sup>

Market rent	£161
Local Housing Allowance	£138.46
80% market rent (highest level that can be classed as 'affordable')	£128.80
Average social rent	£71.45

The mean gross annual salary for those people resident in Exeter is £21,956.<sup>6</sup>

A household is often considered able to afford market rents in cases where the rent payable is up to 25 per cent of their gross household income.

Nationally the median length of residence in social housing was seven years (12 years for owner occupiers, one year for private renters). For Exeter City Council tenants the average figure for the last five years was also seven years.

#### **4. Consultation**

As mentioned above, this Strategy has been informed by, and is consistent with, the Framework for Local Tenancy Strategies in Devon which was widely consulted on during the period March 2011 to March 2012.

Council tenants were consulted on a range of tenancy matters, including this Strategy, at the last Tenants' Conference in September 2011. The Council's Resident Auditor Team (a group of residents who undertake independent research) interviewed over 70 residents face-to-face and by telephone in April 2012 in order to gather their views. Exeter's Tenant and Leaseholder Committee (TALC) were also consulted.

#### **5. Objectives of the Tenancy Strategy**

The principal objectives of the Strategy are to:

- Ensure that those most in need are housed
- Help others find somewhere suitable to live
- Make the best use of our housing stock
- Offer tenancies which are compatible with the purpose of the housing and the needs of the household

<sup>4</sup> Hometrack January 2012

<sup>5</sup> Figures from Devon Homechoice, Hometrack and Rightmove January 2012

<sup>6</sup> ONS Annual survey of hours and earnings 2011

- Improve tenant mobility
- Support people's financial independence
- Support Exeter's communities and improve neighbourhoods
- Provide stability and security for vulnerable people
- Help reduce worklessness
- Make managing rents and tenures as simple, straightforward, and cost effective as possible.

## **6. Tenancies**

The Council supports the use of introductory or probationary tenancies followed by fixed term tenancies for most new tenants. Fixed term or flexible tenancies provide a way of making the best use of limited stock and of linking tenancy renewal to status and conduct. Flexible tenancies will not apply to existing tenants.

Ideally all new social tenancies across the City should be on similar fixed terms, rather than there being a plethora of tenancies which would be difficult to explain to customers. In the same way, including too many options in a Devon Home Choice advert could well lead to confusion and a reluctance to bid.

Any 'introductory tenancy' period will be regarded as being in addition to the length of any flexible tenancy term.

Factors to be taken into account when determining the length of a flexible tenancy include:

- The security of the current tenancy and its affordability
- The need for tenants who are transferring to be no worse off after a move
- The need to make best use of existing stock by encouraging, for example, downsizing from larger under-occupied properties to smaller properties
- The age and health of the prospective tenant
- The vulnerability of the prospective tenant and their household.

### **Five year tenancies**

These are expected to be the norm as they give a significant measure of security and provide a balance between stability for tenants and the ability of landlords to make the best use of their stock.

### **Two year tenancies**

These should only be granted in exceptional circumstances, for example:

- Where a tenancy is being offered to a young person as part of training or an employment initiative
- Where a tenancy is being offered to someone not normally eligible for social housing
- As a short term measure for discretionary successors (see section on succession)
- Where a five year term is coming to an end but a further five year tenancy is not appropriate (if the previous tenancy has not been conducted well, for example)
- To address other specific short term issues or needs.

If an RP wishes to provide a tenancy for less than 5 years, it must demonstrate valid reasons for the shorter period. These should be agreed with the Council. The RP will be expected to demonstrate how any tenancy of less than five years can be managed in order to minimise adverse impacts on local community cohesion and the sustainability of that community. An equality impact assessment will also be required in order to show how any adverse impact on the equality groups will be prevented.

### **Lifetime tenancies**

Appropriate for older people (over 55) in older persons' accommodation or people with disabilities in supported housing. Also appropriate for those who were secure or assured tenants before the Localism Act came into force; for those with secure or assured tenancies carrying out mutual exchanges or other reciprocal moves; and for those moving from secure/assured tenancies as a result of major works being carried out.

## **7. Rents**

Affordability and rents are major issues in Exeter as a result of high house prices, high private rents and relatively low incomes. Affordability is a key issue for the local economy, particularly for low paid workers.

It is the Council's view that:

- Affordable rents should be such that they do not contribute to long term welfare dependency
- Although some variance may be required, the Council's preference is that rents and service charges should not exceed Local Housing Allowance (LHA) levels either now or in the future
- RPs should have regard to any requirements of section 106 agreements, nomination agreements, as well as wider welfare benefit issues when setting rents
- RPs need to carry out some form of assessment of affordability particularly where rents are at or close to LHA levels
- We will expect to benefit from development opportunities brought about through the adoption of affordable rents.

## **8. Tenancy renewal**

Policies concerned with renewing tenancies must be clearly explained and available before any tenancy is signed. There should be a right of appeal against a negative decision.

New tenants should be encouraged to feel settled members of their communities and to be able to invest in their homes and contribute to their local neighbourhoods. However, social housing is an important benefit and holding a tenancy involves responsibilities and commitments on both sides.

Tenancies can be:

- Renewed on the same terms (e.g. for a further fixed term)
- Renewed on different terms (e.g. for a different length of time or rent)
- Ended but with the offer of alternative social housing elsewhere
- Ended with no alternative accommodation provided but with advice on the best options available.

The Council expects the following principles to apply to tenancy renewal:

- There should be a link between tenancy behaviour and renewal which should be explained at the start of a tenancy
- Tenancies should not be renewed if there have been serious breaches of the tenancy conditions
- There should be no disincentive to people to improve their financial situation
- If a tenancy is to be ended, a housing options assessment should be undertaken to include low cost home ownership, accessing the private rented sector and any other relevant options. These options should be offered in line with the agreed standard to be proposed under the Devon-wide Tenancy Strategy Framework
- Support should be given to enable tenants, especially vulnerable tenants, to sustain their tenancies
- Impact assessments should be carried out before deciding not to renew any tenancy (e.g. impact on family members, neighbours and the wider neighbourhood).

When deciding to renew a tenancy the following factors should be taken into account:

- **Size:** Tenancies should not normally be renewed for properties that are larger than the household requires unless this can be justified. Exceptions might include where it is necessary to accommodate a full or part-time live-in carer. Any under-occupation should have regard to local housing market conditions. Alternative options can be offered.
- **Income:** Income, capital and other assets should be taken into account along with other housing options. Over time tenants may well improve their individual circumstances but still wish to live in their local neighbourhood for family, employment, health or school reasons. They may still not have the resources to own their own homes, however. For these reasons it may be more appropriate to renew an existing tenancy but charge a higher rent rather than end a tenancy outright.
- **Extensive adaptations:** Tenancies should not be renewed if the properties include the provision of extensive adaptations that are no longer required (see section headed 'Properties with adaptations' below).

When offering advice and support to households whose tenancies are not to be renewed, RPs should consider:

- Identifying private landlords who accept tenants on housing benefit
- Supplying references (where appropriate)
- Providing loans (for deposits, rent in advance etc.)

- Providing financial incentives to tenants to move earlier.

### **Possession proceedings**

Possession proceedings should start well before the date for renewal of a tenancy if breach of tenancy is to be a reason for non-renewal. Each case should be looked at individually on its own merits and other options and remedies should be explored.

## **9. Downsizing**

‘Downsizing’ means tenants moving from properties which they are under-occupying, to smaller properties. Such tenants may be older people whose families have grown up and left the home or any other household that has reduced in size.

The Council supports the promotion of downsizing through incentives and active intervention including the award of extra priority under the Devon Home Choice scheme. We have our own downsizing policy which pays significant incentives to people to encourage them to move to smaller accommodation. We encourage RPs to adopt their own schemes and welcome working with them to promote downsizing in Exeter and throughout Devon.

We would not expect RPs to renew a fixed term tenancy where the property is under-occupied and where there is a reasonable possibility that alternative appropriate accommodation can be found for the household.

## **10. Properties with adaptations**

There is always a balance to be struck between helping people in a vulnerable situation and making the best use of scarce resources. RPs should ensure that when tenants are first allocated an adapted property, they are notified of the possibility of being required to move to alternative accommodation should the household no longer require the adaptations. This would apply to extensive adaptations only (see definition below).

RPs are strongly encouraged to audit their adapted properties to determine whether they are occupied by households needing those adaptations. Where the household does not require those adaptations, RPs should offer every encouragement to that household to move voluntarily to an appropriate property. Where a voluntary move cannot be facilitated, landlords should consider using an appropriate discretionary ground for possession (e.g. Ground 13 for secure tenancies). This would have to be on a case by case basis, where adaptations are extensive (see paragraph below) and where suitable alternative accommodation can be provided, taking into account the:

- Circumstances of the tenant(s) and their entire household
- Needs of dependant children
- Disruption that could be caused, its effect on the stability of the household and the likely effect on the sustainability of the proposed alternative tenancy.

RPs who are considering possession proceedings on this basis should liaise with the Council. The court will want to see that the adapted property is needed for another household who requires those adaptations.

The phrase '**extensive adaptations**' usually means items such as permanent ramps, through-floor lifts or major changes to internal layouts. However, a combination of individual adaptations may well qualify. For example, having an adapted shower, a stairlift or a non-permanent ramp on its own would not qualify, but a combination of these items could. RPs should consult the Council where there is any doubt.

## **11. Transfers**

The Localism Act 2011 requires landlords to offer existing tenants who are transferring to another social rent property, a tenancy with the same rights as their existing tenancy. This protection does not apply to existing tenants who choose to bid for a property let on affordable rent terms, or for new tenancies let after the Act became law. However, landlords have discretion to offer another similar tenancy where they choose to do so. Landlords should ensure that transferring tenants are well aware of the tenancy terms applying to their new homes.

The Council encourages landlords to offer transferring tenants a tenancy with the same rights and rent level as their existing tenancy wherever possible (it would be almost impossible, for example, to promote downsizing if tenants faced increased rents and a reduction in their security of tenure if they moved).

If required, the property the tenant is transferring from could be converted to affordable rent (see section below on Conversions to Affordable Rent).

## **12. Succession**

The Council supports one right of succession to a spouse or partner. Where other immediate relatives of the deceased have been living in the household for at least five years we support discretionary succession to a suitable property for a non-renewable fixed term of two years maximum. This is to give sufficient time for the bereaved relatives to find more permanent accommodation elsewhere.

## **13. Disposals of Social Rented Housing Stock**

The Council recognises that there may be occasions when it makes sense to dispose of property that has previously been available for social renting.

Registered Providers must work with the Homes and Communities Agency (HCA) if they wish to dispose of any stock (the HCA, acting through its Regulatory Committee, has now taken on the consent functions of the Tenant Services Authority). Where an RP intends to pursue this option, they should consider whether other RPs (including Exeter City Council) might wish to purchase this stock, before contemplating a disposal out of sector.

Any RP must consult with the Council if any major disposal is required. This is necessary to enable us to take into account the potential impact on meeting local housing need.



We will not support the disposal of the following types of housing without a very strong case being made:

- Larger homes, which are defined as:
  - Three bedroom houses with potential for use as 4 bedroom homes
  - Larger homes capable of accommodating 6 people or more
- Properties that may be suitable for downsizing initiatives (see section on Downsizing)
- Properties which have had extensive adaptations (see section on Properties with adaptations)
- Supported or specialist housing.

#### **14. Conversions to affordable rent**

The Council recognises that in practice the number of conversions has been pre-determined by the HCA through their National Affordable Housing Programme (NAHP) contracts with RPs. However, RPs do have some flexibility when considering which specific properties to convert.

RPs should have regard to the following when considering the proportion of properties which will be re-let at affordable rents:

- The pattern of re-lets by location, property size and type
- The need to ensure that under-occupiers wishing to downsize are not put off by having to pay a higher rent or by being offered reduced tenancy rights
- The need to ensure a reasonable supply of family-sized accommodation at social rents
- The shortage of wheelchair accessible accommodation.

We do not expect RPs to consult the Council over each conversion, but they should agree with us criteria for conversion or their overall approach.

RPs are reminded that they can offer flexible tenancies let at a social rent where this supports the aims of this Strategy: for example, offering a larger property for a fixed term in order to minimise future under-occupation.

#### **15. Appeals and complaints**

The housing regulator (now the HCA) has stated that RPs should explain how tenants or prospective tenants may appeal or complain about the type, and length, of the tenancy offered, and against a tenancy not being renewed.<sup>7</sup>

The Council expects RPs to:

- Have appropriate appeals procedures with timescales that clearly set out how tenants can appeal against decisions affecting their tenancies
- Make the appeal system simple and accessible

<sup>7</sup> Regulatory Framework 2.1.6

- Have a system whereby appeals are made to officers or managers more senior and not involved in the original decision
- Link the appeal system to their complaints system so that tenants have the option to take their case further if they are dissatisfied with the result (e.g. a 'designated person' or tenant panel and ultimately the Housing Ombudsman from April 2013).

## **16. Equality and diversity**

The Equality Act of 2010 places a duty on public bodies to consider the needs of all individuals in carrying out their day-to-day work. Specifically the duty covers the following protected characteristics:

- Age
- Disability
- Gender reassignment
- Pregnancy and maternity
- Race – including ethnic or national origins, colour, or nationality
- Religion or belief – including lack of belief
- Sex
- Sexual orientation
- Marriage and civil partnership (to the extent that public bodies should have due regard to the need to eliminate discrimination).

The duty comprises having due regard for the need to:

- Eliminate unlawful discrimination – e.g. harassment, victimisation
- Advance equality of opportunity for all
- Foster good relations – e.g. between people who share a protected characteristic and those who do not.

The Council expects all RPs to think consciously about the three aims of the equality duty and to consider equality issues when developing, evaluating and reviewing policy.

Producing an Equality Impact Assessment on each individual RP's Tenancy Policy would be helpful, but the emphasis should be on consciously thinking about the three aims of the equality duty whenever making policy or decisions, and evidencing that such thought has taken place.

## **17. Monitoring and Reviewing the Strategy**

The Council will review this Tenancy Strategy every five years and report any issues or changes to our Scrutiny – Community Committee and Executive meetings. Any alterations to the Strategy will be publicised both on our website and elsewhere.