



North Tyneside Council

North Tyneside Tenancy Strategy 2013 - 2018

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Author(s)	Linda Lacy, Principal Strategy and Development Officer
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Contents

1. Introduction	3
2. Local Strategic Context	4
3. Council's approach to the reforms	11
4. Monitoring and review	15
Appendix 1 - Key Performance Indicators	16
Appendix 2 - List of Registered Providers	17

Draft

1. Introduction

- 1.1 In November 2010 the Government published “Local decisions: a fairer future for social housing”, which set out plans for the reform of social housing. At the heart of these plans was giving social housing landlords (councils and registered providers) more flexibility to make the best use of their housing stock in a way that best meets the needs of the local area.
- 1.2 The proposals were taken forward in the Localism Act 2011, which requires local authorities to prepare and publish a tenancy strategy by 15th January 2013. Tenancy strategies should set out a council’s expectations for social housing landlords in relation to:
- The kinds of tenancies they grant,
 - The circumstances in which they will grant a tenancy of a particular kind,
 - 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 This strategy also sets out the Council’s approach to other flexibilities for social housing. It covers:
- Tenancies.
 - Access to the housing register.
 - Discharging the homelessness duty with an offer of accommodation in the private rented sector.
 - Changes to succession rights.
 - Affordable rents.
- 1.4 When developing the strategy the local authority must have regard to:
- Its current allocation scheme under section 166A of the Housing Act 1996.
 - Its current homelessness strategy under section 1 of the Homelessness Act 2002.
- 1.5 Social housing providers operating in North Tyneside must ‘have regard’ to this Tenancy Strategy when formulating their tenancy policies.
- 1.6 The key aim of the strategy is to provide guidance to registered providers operating in North Tyneside, including the Council’s own landlord function, North Tyneside Homes. Guidance is under-pinned by the need to:
- Make best use of the housing stock to meet local housing need.
 - Maintain and create successful, sustainable communities.
 - Prevent homelessness.
- 1.7 We know that some registered providers operating in North Tyneside have already made decisions about the use of flexible tenancies. In addition, many have already signed contracts with the Homes and Communities Agency (HCA) that require the use of the new affordable rent product for the delivery of affordable housing until 2015. Where tenancy policies have already been published we request registered providers review their own tenancy policies to ensure that, wherever possible, their policies complement and do not contradict our strategy.

2. Local Strategic Context

- 2.1 This strategy has been developed in the context of local circumstances. The [North Tyneside Sustainable Community Strategy 2010-13](#) sets out a long term vision to make North Tyneside a superb place to live, work and enjoy by 2030. Housing will help to deliver the vision by ensuring that “Neighbourhoods are friendly, inclusive, safe and connected, offering a range of quality housing options and local facilities”. Its priorities include stimulating a good housing supply to meet need.
- 2.2 The [North Tyneside Homelessness Strategy 2008-13](#) sets out priorities for tackling homelessness, which include a focus on preventing homelessness and improving the supply of affordable homes. The [North Tyneside Homefinder Lettings Policy](#) aims to help people access secure, suitable and affordable homes within North Tyneside. Our tenancy strategy has been developed to reflect what these strategies and policies are trying to achieve.

Our Housing Market

- 2.3 Providing the right type of housing to meet people’s needs is fundamental to creating an area where people want to live and invest in, both socially and economically. In 2009 the Council commissioned a North Tyneside Strategic Housing Market Assessment (SHMA), to help us understand our local housing market, including the type and amount of housing we need in the borough, both now and in the future. Key elements of the SHMA were updated in 2011.

The cost of housing

- 2.4 The cost of housing in the borough is impacting on the ability of households to meet their housing need; 96%¹ of newly forming households cannot afford to buy a home. A household can be considered able to afford to buy a home if it costs below 3.5 times the gross household income for a single earner household or 2.9 times for dual-income households². The cost of housing is compounded by the availability of mortgages and the need for large deposits, brought on by the global financial crisis in 2007 and the subsequent downturn in the housing market. The table below sets out affordability ratios at the borough and area level. This shows that homes are unaffordable in most areas for lower income earners.

	Lower Quartile House Price/Borough-wide Lower Quartile Income	
	Single Income	Dual Income
North East	8.03	5.28
North West	6.13	4.03
South East	5.78	3.80
South West	4.96	3.26
Borough-Wide	5.84	3.84

Source: Housing Market Survey 2012, ASHE resident earnings 2011

¹ North Tyneside SHMA Key Elements Update 2011
² CLG SHMA Practice Guidance Version 2

- 2.5 Due to affordability levels, many new households have to rely on renting a home. The options are to rent privately or to rent from a social housing landlord. However, the cost of renting privately is also not affordable for many; 34.9% of new households cannot afford to rent in the private market³. The table below compares the costs of renting and buying a home in the borough.

Bedrooms	Weekly rent					Mortgage	
	Lower quartile private rented	Average private rented	Affordable Rent	Average Registered Provider	Average North Tyneside Homes	Lower Quartile	Average
1	£86.54	£92.31	£73.85	£62.18	£55.21	£94.76	£115.82
2	£98.08	£113.08	£90.46	£71.99	£62.24	£131.18	£170.42
3	£114.92	£132.69	£106.15	£80.95	£67.74	£167.72	£231.61
4 or more	£167.31	£190.38	£152.31			£291.61	£396.80

Core & VOA Oct 2010 - Sept 2011, Housing survey March 2012

This can be compared to the maximum level of Local Housing Allowance paid for private rented accommodation and the Shared Accommodation Rate, which is the rate paid to single people under 35.

Local Housing Allowance Rates at March 2012	
Shared Accommodation Rate	£59.00
1 bedroom	£91.15
2 bedrooms	£103.85
3 bedrooms	£113.08
4 or more bedrooms	£150.00

The supply of homes

- 2.6 North Tyneside's population is currently around 200,800⁴ and is growing. For the 3 years prior to 2007/08 (just before the downturn in the housing market) there was an average of 748 new homes built each year (gross completions). This compares to an average of just 392 for the 3 years from 2008/09 to 2010/11. House building seems to have now stabilised; 455 new homes were built last year.
- 2.7 Increased house building helps us deliver more affordable homes; we ask developers to provide 25% affordable homes on sites yielding 15 homes or more, subject to financial viability. We also work with registered providers to build 100% affordable housing schemes on either Council-owned land or land they've acquired privately. However, these schemes need subsidy, usually in the form of a grant from the Homes and Communities Agency. From 2005/06

³ North Tyneside SHMA Key Elements Update 2011

⁴ Census 2011 data

to 2011/12 there was a total of 618 new affordable homes built in the borough; an average of 88 per annum. This is significantly below the number needed; the annual shortfall of affordable homes is 479⁵.

- 2.8 HCA grant funding has been reduced as part of the government's strategy to tackle the national debt. To compensate for this the government introduced the new affordable rent product; most new affordable homes provided by registered providers will now be let at an affordable rent. This enables them to finance a greater proportion of the cost of the home from future rental income. The Council is also planning to build more homes to rent to help meet the demand for affordable homes. The 30 year business plan prepared as part of the 2012-2015 Financial Planning and Budget setting process assumed that the Council would be able to finance the building of 932 homes over the next 30 years. These assumptions will be revisited as part of the 2013-2015 Financial Planning and Budget setting process.
- 2.9 We also get a supply of affordable homes through the turn-over of Council and RP stock (known as re-lets). In 2010-11 1,384 Council homes and 178 RP homes were available to re-let to households on the housing register, Tyne & Wear Homes.
- 2.10 The Council stock has reduced significantly since the introduction of the Right to Buy (RTB) in 1980. Over 12,000 homes have been sold and our Council stock now stands at 15,457 (at 1st April 2012). This has impacted on the number of re-lets available each year. Recent changes to RTB discounts could see an increase in RTB sales in the future. Whilst the Government is aiming for a one-to-one replacement on a national basis it is unlikely that this will be possible to achieve locally; additional funding will be needed to replace each home lost through the RTB, to top up funding from the money we get from sales.
- 2.11 The level of empty homes in an area impacts on the ability to meet housing need. At 1st April 2012 there were 3,026 empty homes in the borough. Of these, 82% were privately owned, 13% were owned by the Council and 5% were owned by RPs. Almost 39% of these homes were empty longer than 6 months. Long-term empty homes cause a problem for neighbourhoods as they can often be in a poor state of repair and attract crime, vandalism and other forms of anti-social behaviour. The Council works with private landlords to bring private sector empty homes back into use. In terms of the Council's own stock, some homes have stood empty for longer periods of time as they are part of the Quality Homes for Older People project, which will see the re-building or refurbishment of all of the Council's sheltered housing provision.

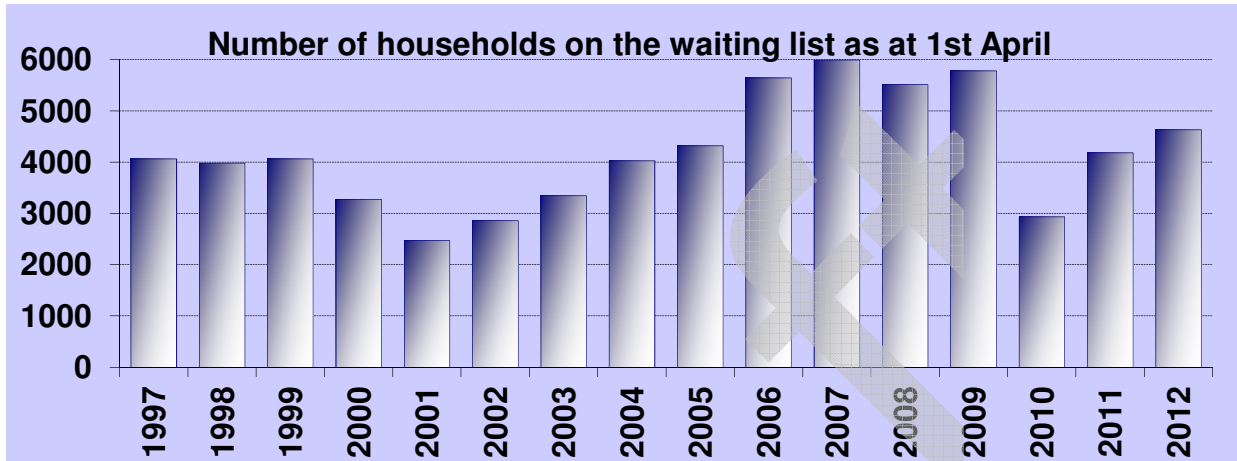
The demand for homes

- 2.12 In North Tyneside, we currently operate what is known as an 'open waiting list', where anybody (with a few exceptions) is able to apply for social housing and join the register. Applicants are placed into one of 4 bands.

⁵ North Tyneside SHMA Key Elements Update 2011

- Band 1 for those with 'urgent and high' housing need;
- Band 2 for those with 'high' housing need;
- Band 3 for those with 'medium' housing need;
- Band 4 for those with 'general' housing need;

The chart below shows the trend in households on the register, excluding those requesting a transfer (i.e. those moving from one social home to another).

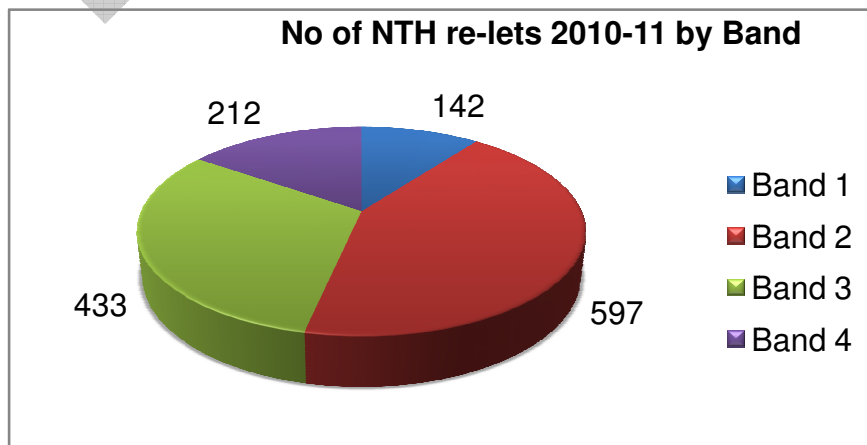


2.13 The number of households reduces immediately following a review of the register then increases steadily in the years in-between reviews. Whilst we let around 1,200 council homes each year the housing register doesn't reduce due to new applicants exceeding the number of lettings.

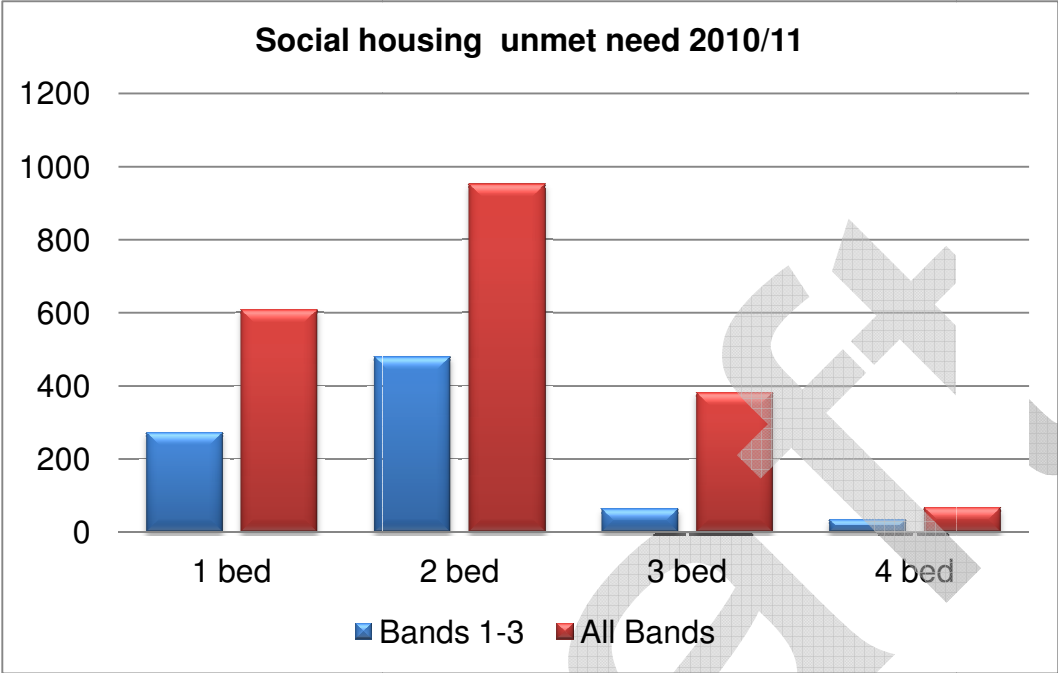
2.14 The Localism Act has enabled local authorities to determine which categories of applicants should qualify to join the register. In the new legislation, councils are able to close the list to some categories of applicant. Government has retained a role in determining which groups should be given priority for social housing by preserving the current reasonable preference categories.

Balancing supply and demand

2.15 Our lettings policy helps us to make the best use of our available stock, matching homes to households according to their housing priority. The chart below shows the Council re-lets by priority band. This shows that the current system is being used effectively, as 85% of re-lets are going to those in Bands 1-3.



2.16 Taking account of the supply of homes and level of housing need, the chart below shows the social housing stock needed in 2010-11 by bedroom size broken down by Bands 1-3 and all Bands. The biggest unmet need is for 2-bed homes (47% of the total shortfall) and the combined need for 1 and 2 bedroom homes is 78% of overall need.



Average length of Council tenancies

2.17 In April 2012 analysis was undertaken of the average length of tenancy of all Council tenancies and this was found to be almost 11 years. The table below shows this information broken down into type of home. This data can be useful in deciding the length of flexible tenancies and whether they would be more appropriate for different types of home. For example, offering 10-year flexible tenancies on homes other than houses would not be appropriate as stock is already turning over more quickly than this; a shorter term would be more appropriate.

Property Type	Properties Let	Average Length of Tenancy (years)
Bedsit	17	6.2
Bungalow	1780	7.5
Flat	3509	8.1
House	9020	13.0
Maisonette	91	9.9
Sheltered	655	6.4
Grand Total	15072	10.9

Over-crowding and under-occupation

- 2.18 A broad assessment of 'under-occupation' and 'over-occupation' was conducted as part of the 2009 SHMA, using housing survey data. This was based on analysis of the family composition data against the CLG bedroom standard. This found that over-crowding is not a significant problem in North Tyneside. However, there is a high level of under-occupation across all tenures (36.9%). An analysis of Council tenants in receipt of housing benefit has found that around 42% are under-occupying their homes. The level of under-occupation means that there are fewer homes available to families on the register. Changes to housing benefit payments for those under-occupying may see a shift towards demand for smaller homes.
- 2.19 NTH has introduced a downsizing incentive to encourage people who are under occupying to move to more suitable homes. Help with moving and having a choice of home in the right location is key to enabling older people to move from a home that is too large for their needs.

Homelessness

- 2.20 In 2011-12 128 households were accepted as homeless and in priority need. The 3 main causes of homelessness were the termination of assured short-hold tenancies, parents unable or unwilling to accommodate their children and violent relationship breakdown. For the same period, the age breakdown of those that were homeless shows that almost 90% of applicants were between 16 and 44 years old (34.3% were aged 16 - 24 and 55.5% were 25 - 44).
- 2.21 Good progress has been made in recent years to reduce the levels of homelessness in the borough. The emphasis on homelessness prevention has seen a reduction in the number of priority cases accepted as homeless in North Tyneside and a reduction in the number of households living in temporary accommodation. However, the need for temporary accommodation has risen in recent months and we are seeing an increase in the number of homeless cases coming forward. This has been exacerbated by households made homeless due to floods.
- 2.22 The Localism Act has introduced a significant change to the way that local authorities can use the private rented sector to house those assessed as being statutorily homeless. Local authorities are now able to discharge their duty to homeless households with an offer of suitable accommodation in the private rented sector, provided that the tenancy offered is for a minimum of 12 months. Before this, local authorities could only discharge their homelessness duty in the private rented sector with the agreement of the household.
- 2.23 In North Tyneside, we already work closely with private landlords to secure accommodation for homeless people in North Tyneside. We have re-housed over 230 potentially homeless households into private sector tenancies since June 2007 through our Deposit Guarantee Scheme. The Council also set up a Bond Bank scheme in April 2011 and this has so far enabled a further 19 private sector tenancies to be granted to potentially homeless applicants.

Welfare Reform

- 2.24 The Welfare Reform Act 2012 introduces “The biggest change to the welfare system for over 60 years” (Department of Work and Pensions). Under-pinning it is the need to tackle the level of national debt; expenditure on Housing Benefit alone has increased from £11 billion in 2000/01 to about £21.5 billion this year. It includes a range of proposals that will directly or indirectly impact on tenants and landlords, with implementation being phased in from April 2013. The key aims from a housing perspective are:
- Contain growing housing benefit expenditure.
 - Make better use of available social housing stock and tackle the high levels of under-occupation.
 - Encourage greater mobility within the social rented sector.
 - Improve work-incentives for working-age claimants - make work pay so that people are not better off claiming benefits.
- 2.25 Although these changes will be implemented nationally, the extent of their impact will vary locally. Many households will see a reduction in the amount of benefits they receive. The changes could impact on levels of homelessness, the demand for social housing, the demand for smaller homes and levels of rent arrears. For example, housing benefit for social rented housing will be limited to the size of the home that is needed by the household for those of working age. This will impact on a number of council and RP tenants, who will see their income reduce once this reform is implemented.

3. The Council's approach to the reforms

- 3.1 As a Council, we are committed to meeting the housing needs of residents and we work hard to prevent homelessness. The information in Section 2 tells us that balancing housing need and supply is difficult. Many people cannot afford to buy or rent a home on the open market. This puts pressure on our housing register. 6,224 households were registered at 1st April 2012. This includes 1,518 waiting for a transfer to more suitable accommodation. The ability to meet housing need is made worse by the limited supply of social homes. High levels of under-occupation mean the social housing stock isn't being used as effectively as it could be.
- 3.2 Whilst we welcome the opportunity to ensure that our housing stock is put to the best possible use we also recognise the importance of creating and sustaining communities and neighbourhoods.
- 3.3 Within this context this section sets out the Council's view on how it considers the new reforms should be implemented locally. It provides the basis of Council action on its own stock, whilst providing guidance for RPs in the development of their tenancy policies.

Tenancies

- 3.4 The Council supports the use of long-term tenancies for social housing in North Tyneside. Registered providers and North Tyneside Homes should take account of the following when determining the tenancy type to be offered:

Starter Tenancy/Introductory Tenancy

- 3.5 A starter/introductory tenancy should be offered to those households who have never held a social housing tenancy.

Periodic Secure and Assured Tenancies

- 3.6 These tenancies should normally be offered to:
- Existing and new tenants whose introductory/starter tenancies have been successfully completed.
 - Tenants who had a secure or assured tenancy before 1st April 2012 and who are transferring to another social rented home. Note this is not the case for those transferring to an affordable rented home unless they are required to do so, for example as a result of demolition.
 - Those who are the beneficiary of a succession or assignment of a secure or assured tenancy.
 - Existing tenants, who are undertaking a mutual exchange, provided they have held a periodic or assured tenancy before 1st April 2012. This would not apply if the household is exchanging to an affordable rented home or a home with a fixed-term tenancy of less than 2 years, unless the landlord chooses to grant a secure or assured tenancy.

Demoted Tenancies

- 3.7 A demoted tenancy, introduced by the Anti-Social Behaviour Act 2003, enables local authorities and registered providers to deal more effectively with anti-social behaviour. During the demoted period, the landlord may seek possession of the property as of right, provided it follows the statutory procedure. Demoted tenancies should be used in relevant circumstances to tackle anti-social behaviour.

Fixed Term (flexible) Tenancies

- 3.8 The Council accepts that there will be circumstances where fixed-term tenancies will help make best use of the social housing stock. These circumstances include addressing under-occupation (e.g. family homes too large for the needs of the household) and where homes are needed in the short-term (e.g. for demolition) to meet regeneration objectives.
- 3.9 If fixed-term tenancies are used, caution should be exercised. The effect should be monitored over the long-term to ensure the stability of communities isn't undermined, by encouraging too much transience in local populations. We are also aware of the potential for people to become caught in a 'benefit trap' if the security of their tenancies is linked to them not improving their own circumstances.
- 3.10 Fixed-term tenancies must be offered in accordance with the requirements set out in the Localism Act. Social housing landlords who grant fixed term tenancies must provide a review and an appeal process that reflects the requirements of the Act.
- 3.11 It is not appropriate to use fixed term tenancies as a mechanism to manage rent arrears, anti social behaviour or damage to property. These should be tackled through breaches to the tenancy agreement.

Mortgage Rescue, Equitable and Family Intervention Tenancies

- 3.12 These tenancies should be offered in circumstances relevant to the individual household.

The length of fixed-term tenancies

- 3.13 Where fixed-term tenancies are offered these should be for a minimum period of five years, or for a minimum of 2 years in the case of regeneration schemes.

Further granting of tenancies

- 3.14 On the coming to an end of an existing fixed-term tenancy, a further tenancy must be granted unless the household does not meet the requirements under which it was originally allocated. Where a tenancy is not re-issued, obtaining possession of the home must be in accordance with the requirements set out in the Localism Act. Where a flexible tenancy is not renewed the Council expects that the social housing provider offers advice and assistance; this would include preventing homelessness by offering the household suitable accommodation from its own housing stock.

Access to the housing register

- 3.15 We will review and consult on our Homefinder Allocations Policy in light of the Localism Act. Whilst this strategy does not set out the specific changes that we will make to this policy, the main issues we will be considering as part of our policy review are:
- Whether we should only accept applications from the people who are most in need.
 - What, if any, local residency criteria should be applied.
 - Whether people who have sufficient financial resources to enable them to buy a property or rent privately should be excluded.
 - Whether those applicants who have previously had a poor tenancy record should be excluded.

Discharging the homelessness duty with an offer of private rented housing

- 3.16 The change in legislation presents us with an opportunity to use the private rented sector to address homelessness; we already do this to some extent through our Deposit Guarantee Scheme, although these clients choose to have a private rented home. In discharging our homelessness duty in this way we will need to ensure that it does not result in repeat homelessness. This caution is based on statistics that show 58 households (26%) who were accepted as homeless in 2010-11 did so because of a private rented tenancy ending.
- 3.17 An offer of a private rented home will only be made when we have assessed the household as being suitable for a private sector tenancy (including an assessment of affordability), that the property is of a good standard and is available on a 12-month tenancy. We will encourage landlords to offer tenancies of 12 months or more using a range of incentives – for example, advice and support, private sector leasing schemes and deposit bonds.
- 3.18 We will closely monitor the effect of placing people into the private rented sector and whether the households present as homeless again after the 12-month tenancy. If this happens, we will consider reviewing our approach.

Succession rights

- 3.19 The Localism Act reduces automatic statutory rights of succession for all new flexible and secure tenancies. New tenancies will provide a statutory right of succession to a spouse/partner and not to other family members who had lived with the deceased tenant for 12 months prior to the tenant's death. However, local authorities have the power to grant additional succession rights if they choose to do so in their tenancy terms. Existing tenants' rights to succession will not be affected.
- 3.20 We will not grant additional succession rights. Where an application to succeed a tenancy is made by other family members, the Council will consider the vulnerability of the remaining family member and the need to make the best use of the housing stock. Where it is not appropriate to allocate the property to additional family members they will be given priority through the

allocations policy to move to alternative accommodation that meets their needs.

Affordable Rents

- 3.21 The Council accepts that affordable rent is now part of 'the housing offer' for some RPs, particularly as some element of affordable rent is a condition of most new development contracts with the Homes and Communities Agency. The increased income from affordable rents will enable the delivery of more affordable housing, which is in short supply in the borough.
- 3.22 The Council supports the use of affordable rents where they form part of a framework agreement with the HCA to deliver affordable housing. However, social housing landlords should be able to evidence an understanding of how this will meet the needs of tenants and have clear policies for ensuring tenants are able to afford and sustain this product and are not trapped into benefit dependency.
- 3.23 The difference between a RP social rent and affordable rent for an average 2-bed home could be as much as £20 per week. This may restrict accessibility for those who are on low incomes. Similarly, if offered to only those who are on full housing benefit it could trap people into benefit dependency. This is why careful consideration needs to be given to those households who are offered affordable rent and where it is offered. Whilst areas with higher rent levels would maximise income from affordable rent a concentration of this type of rent could restrict choice of location for applicants.

4. Monitoring and review of the strategy

- 4.1 The Council has established a project group to oversee the development of the Tenancy Strategy. This group will support the Council in its role of monitoring and reviewing the impact of applying the flexibilities locally.

- 4.2 A set of key indicators has been established. These are shown at Appendix 1. The indicators will be used to assess trends and identify emerging issues, taking into account of what the strategy is trying to achieve. Monitoring will inform future reviews and enable our response to remain appropriate and relevant to changing circumstances.

Draft

Appendix 1 - Key Performance Indicators

Indicator	Why collect this information?	Who will provide it?
No. of social lets (re-lets and new homes) of which: <ul style="list-style-type: none"> • No. that were flexible tenancies • No. that were affordable rent tenancies 	To understand to what extent these new types of tenancies are being used in the borough	North Tyneside Homes Registered Providers
No. of social housing evictions, broken down by tenancy type and reason for eviction	To understand whether affordable tenancies are appropriate for local people. Are people in affordable rented homes being evicted for rent arrears?	North Tyneside Homes Registered providers
No. of people presenting as homeless	To understand whether homelessness is increasing at a faster rate than previous trends show	North Tyneside Homes
Reasons for homelessness	To understand the reasons for homelessness and whether these are changing compared to previous trends	North Tyneside Homes
No. of households where homelessness duty discharged with offer of private rented home and of these, the number who have presented as homeless again within 2 years	To understand to what extent we are discharging our homeless duty into the private rented sector, how sustainable this approach is and whether this is causing repeat homelessness	North Tyneside Homes
No. of people on the North Tyneside Homefinder (housing) register	To understand whether the need for social housing is increasing at a faster rate than previous trends show	North Tyneside Homes
Diversity profile of homeless acceptances	To assess whether a particular group of people is more likely to become homeless	North Tyneside Homes
Diversity profile (protected characteristics) of those on the housing register by band and successful housing applicants by band	To ensure that housing allocations are representative of the groups on the register	North Tyneside Homes

Appendix 2

List of registered providers operating in North Tyneside

Anchor
Bernicia
Guinness Housing Association
Habinteg Housing Association
Haig Homes
Hanover Housing Association
Home Group Limited
Housing 21
Isos Housing Group
Jacob Wrights Almshouses
Johnnie Johnson Housing
North Tyneside Homes
Places for People
Railway Housing Association
Richmond Fellowship
Riverside North East
Tees Valley Housing
Two Castles Housing Association
Tyne Housing Association