



# **Plymouth City Council**

## **Tenancy Strategy**

### **Consultation**

**October 2012**

This consultation document seeks further views on Social Housing Reform and how national policy changes will affect social housing provision and delivery in Plymouth. It is intended to provide an opportunity for comment, which will help shape the final strategy. Questions will be posed throughout the document and we welcome your views and suggestions.

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## 1. Introduction

- a) The Localism Act 2011 sets out a far reaching programme of reform of the Housing Sector, which will change how social housing is built, allocated and managed. These changes in the context of a difficult economic period and financial constraints on local authorities and their Registered Housing Provider partners, places increased pressure on the housing sector.
- b) It is essential that the Local Authority reviews its strategic housing objectives, and does so in the context of the Localism Act. We must ensure that we develop an approach which promotes housing provision of a decent standard; supports vulnerable people; and ensures mixed, sustainable communities. This strategy will set out Plymouth City Council's position on these key issues.
- c) Section 150 of the Localism Act 2011, 'Tenancy Strategies' requires the Local Authority to produce a tenancy strategy which Registered Housing Providers must have 'regard to' in formulating policies that cover:
  - i) the kind of tenancies granted
  - ii) circumstances in which particular types of tenancy will be granted
  - iii) lengths of tenancies granted when these are for a fixed term
  - iv) circumstances in which a further tenancy may be granted on expiry of an existing tenancy.
- d) Housing Providers will need to be:
  - i) informed of the tenancy strategy
  - ii) be able to evidence that they have had regard to it
  - iii) consider the tenancy strategy when they review their own policies.
- e) This document has been written after Registered Housing Providers had to make business decisions about fixed term tenancies, affordable rents, conversions and disposals as part of their bid for grant under the 2011-15 Homes and Communities Agency Affordable Homes Programme. Some landlords may therefore have already written their own tenancy policies. The strategy will however need to influence social housing policies of local housing providers going forward, and we recommend that providers consider reviewing their own policies in the light of it.
- f) In developing the Tenancy Strategy we will also consider the 'Housing Plan' and our Allocation Policies, including policies formed by Devon Home Choice Partnership. This will ensure the Local Authority Tenancy Strategy compliments those strategies and policies within the sub-region, whilst having regard to local housing markets and operational differences.

### **Question One –**

**If you are a Registered Housing Provider, when did you write your most recent tenancy policy and when do you next expect to review it? Do you agree that you should review your policy in the context of the Tenancy Strategy?**

## **2. Reforms in Detail**

- a) Housing and Welfare Reforms brought in by the government to address perceived failings in the current system of providing social housing are fundamental and far reaching. To summarise they believe:
- i) that social housing is a scarce resource and needs to be used effectively to meet housing demand
  - ii) that low income working households who are unable to access social housing are often living in unsuitable and expensive accommodation, such as temporary accommodation
  - iii) the cost to the taxpayer of housing benefit is considerable and rising
  - iv) that the social housing sector is not flexible enough in meeting housing need and does not provide sufficient mobility for those wishing to move to access employment
  - v) new homes are needed to meet demand but the amount of subsidy available for the social housing sector cannot increase
- b) To address these issues wide-ranging reforms are being implemented nationally and include:
- i) Introducing Fixed Term Tenancies for social housing (tenure)
  - ii) Using Affordable Rents to deliver new housing supply with reduced public subsidy. Affordable Rents are set at higher levels than social rents, at up to 80% of market rent (tenure)
  - iii) Giving local authorities greater control of their housing registers or waiting lists (allocations).
  - iv) Enabling authorities to discharge their homelessness duty through an offer of accommodation in the private rented sector (allocations).

### **Tenure Reform**

- c) Registered Providers (this includes Local Authorities and Housing Associations) will be able to let homes to housing register applicants on fixed term tenancies. The purpose of this reform is to enable better targeting of the social housing stock to those in most need. It is expected that by giving shorter tenancies to those who are able to move on and access other housing options, stock will be freed up and made available to households in greater need.

## **Affordable Rents**

- d) A proportion of new builds and relets can be designated 'affordable rent' properties with rents charged at up to 80% of market rent. The intention is that additional funding can be generated by the higher rents which may be used to support new build investment in a time where Homes and Communities Agency (HCA) subsidy is falling. The Affordable Homes Programme 2011-15 is intended to create 150,000 new homes in the social rented sector.

## **Homelessness**

- e) It will now be possible to discharge homelessness duty by offer of suitable accommodation in the private rented sector (PRS). Previously the household could refuse an offer in the PRS even if this sector was fully affordable to them, and could insist on an offer with a Registered Provider. This change is intended to respond to the shortage in social housing. There are conditions attached to this in the legislation, and it is for Local Authorities to decide how and when to use this ability.

### **Question Two –**

**Are there any circumstances in which you believe that Plymouth City Council should or should not discharge a homeless duty into the private sector?**

## **Tenancy Allocation**

- f) Previously anyone could apply for social housing, now local authorities will have freedom to set additional criteria as to who may be able to join the register, according to local needs and priorities. This power could be used to target housing at those in most need, or it could be used to meet other objectives. Others will be expected to pursue other options, rather than joining the social housing register.

## **Consultation Process**

- g) *This consultation document seeks views on social housing reform and will help shape Plymouth's final tenancy strategy. Through a series of questions throughout the document we seek opinion and where applicable your policy position. It is hoped that the final document will help bring convergence in policy terms between housing providers in Plymouth and*

assist at an operational level in formulating policies around provision and management of housing. This should reflect the diverse needs of the wider community in Plymouth, ensuring both fairness and stability.

### **3. Purpose and Scope of the Tenancy Strategy**

3.1 Plymouth's Housing Plan 2012-17<sup>1</sup>, sets out priority objectives for developing, improving and investing in people's homes, neighbourhoods and communities and demonstrates the need for a coordinated approach by Council services to ensure:

- Improved housing supply of the right type and tenure to improve economic and physical regeneration of our City.
- All sectors of the City's housing market are nurtured in order to improve the City's housing offer, with support for the most vulnerable.
- Improved housing standards, which will help the health and wellbeing of residents and reduce inequalities over time.
- Accessibility to good quality housing, which is affordable. This can reduce inequalities and provide an environment where children can thrive, get the best from education and help adults get back to work.
- Communities and residents have a sense of place and there is increased engagement.

3.2 The caveat to this should be delivery of objectives in a climate with restricted resources and within our statutory powers. We must ensure we operate within financial and legal frameworks.

3.3 The economic downturn and recession have resulted in reduced funds to local authorities and many of their partners. The programme of reform set out by Government attempts to tackle the lack of capital investment, but in turn has led to a radical overhaul of the social housing sector and the way social housing is built, allocated and managed. Welfare Reform must also be considered, as the effect on current and potential tenants is significant and may change the way they think about funding their housing costs.

3.4 The purpose of the Tenancy Strategy is not to prescribe, but to provide a framework which draws on national reform and considers this within the local context – its links to the sub region - and moreover Plymouth; and influences Registered Housing Provider policies and operational decisions.

3.5 At the core, the Tenancy Strategy should be principally concerned with the factors set out in 1 (c). Rent Models, allocation policies and homelessness policies will interlink with tenure issues and it is essential

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<sup>1</sup> Housing Plan 2012-17

that any strategy be consistent with priorities in the Plymouth housing plan and allocation policies.

3.6 The Council must consult with all Registered Provider partners and this will inform on the Council's position and key issues that affect providers of housing services.

3.7 As a 'cooperative council' it is also essential that we consult with wider stakeholders; including those seeking access to social housing. It is therefore intended that this document is made available to the general public, including existing tenants and those on the housing register.

### **Question Three –**

**Do agree with our approach to setting out the strategy? Or do you feel we need to include anything else?**

## **4. Social Housing – The National Context**

4.1 The Government has identified a number of problems with the current system:

- Social housing is not used effectively – homes are frequently occupied by those who may not need them while others wait on the housing register
- That the use of temporary accommodation is expensive and is not always the best solution
- The cost of Housing Benefit is considerable and rising
- That there are high levels of unemployment in the social housing sector and policies prevent mobility and may in some instances create a disincentive to work
- That public subsidy for new social housing has had to be significantly reduced

4.2 These problems will be tackled through reform in key areas such as:

- Tenure
- Rents
- Housing Register (Waiting Lists)
- Allocations
- Discharge of Homelessness Duty
- Mobility Schemes
- Welfare Reform (Universal Credit)

4.3 The majority of the reforms, relevant to our strategic housing priorities and objectives, can be found in the Localism Act 2011 and are discussed in more detail below.

4.4 The reforms relating to welfare benefit reform can be found in the Welfare Reform Act 2012.

**Question Four –  
Does this section fully outline the national context of social housing reform? Do you think there are any additional factors we should take into account?**

## **5. The Local Context – Plymouth**

5.1 It is essential that the Tenancy Strategy aligns with national legislation and guidance, but should also ensure that key assessments are undertaken to:

- i) see the extent to which Plymouth experiences the issues identified nationally
- ii) see how far we need to consider local factors in addressing housing delivery and services in Plymouth

5.2 In comparison to the UK, Plymouth has<sup>2</sup>:

- Lower levels of owner occupation and higher levels of private rented and social rented homes
- Poor standard social rented homes with many needing renewal and regeneration in mono-tenure estates
- High social and financial exclusion in a low waged economy with significant worklessness
- Less affordable homes than much of the UK because of the lower wage base
- Marked differences in house prices to rent and buy from one part of Plymouth to another

5.3 However some issues experienced are similar to those felt across the UK:

- The effect of the economic downturn
- Reduced public resources and funding
- Reduced development and limited access to finance.
- Higher household costs for fuel, food and housing.

5.4 Good quality housing should be at the heart of any thriving community and is essential to achieving the City's vision **'to be one of Europe's finest, most**

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<sup>2</sup> Housing Plan 2012-17



**vibrant waterfront cities, where an outstanding quality of life is enjoyed by everyone**'. It is important that the Tenancy Strategy fits with the City's vision and also aligns itself with the four key priorities the City has to:

- Deliver Growth
- Raise Aspirations
- Reduce Inequality
- Provide Value for Communities

5.5 There is evidence that significant steps have been made to improve housing conditions and services in Plymouth in recent years<sup>3</sup>:

- Through housing stock transfer of Council Homes securing £253m of investment in decent homes and major regeneration for 15,500 households
- Providing 993 new affordable homes from 2008-11
- Meeting housing and support needs of older people, adding 140 units of Extra Care Housing across the City
- Improving access to quality private rented accommodation through our 'HouseLet' and 'EasyLet' schemes, saving £120k in Bed and Breakfast costs
- 470 vulnerable households have warmer homes and reduced fuel bills through the delivery of 4600 energy efficiency measures
- In 2011, 1333 households were rehoused through Devon Home Choice
- The level of statutory homelessness reduced from 1391 in 2002/3 to 286 in 2010/11

5.6 These outcomes are extremely positive and go some way to achieving our broader housing objectives. However the demand for housing is increasing as resources are put under greater pressure.

#### **Housing Need and Supply<sup>4</sup>**

5.7 Our Housing Register currently has in excess of 9,500 households awaiting housing. The level of demand has risen from 6625 in 2010 and is exacerbated by market forces.

5.8 Plymouth's Housing Market Needs Assessment identified in 2010 an annual shortfall of affordable housing to 1,663 dwellings.<sup>5</sup> This was an increase on the 2006 assessment where the shortfall was 1,468 units. Since 2006 to 2010

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<sup>3</sup> Housing Plan 2012-2017

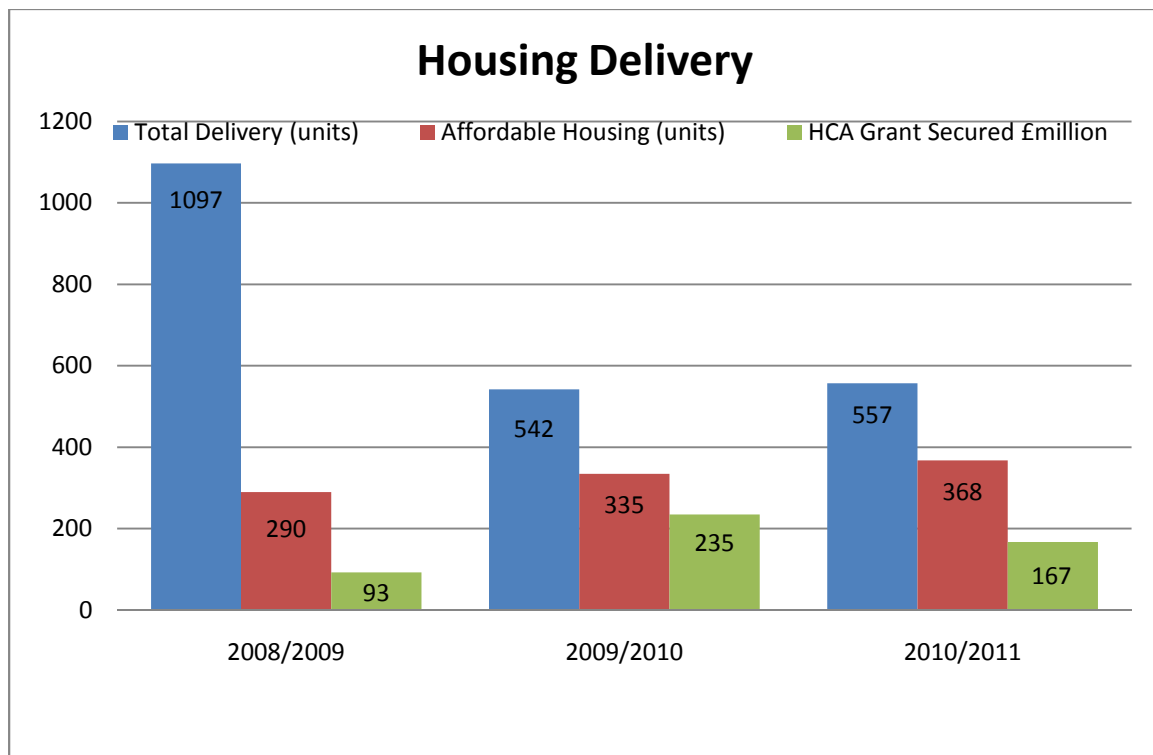
<sup>4</sup> Housing Plan 2012-17

<sup>5</sup> SHMNA – DCA Consultants 2006 – update 2009/10

we have supplied on average 273 new affordable homes per year, evidence that demand far outstrips supply.

5.9 During 2008-11 the Homes and Communities Agency (HCA) supported new affordable housing delivery with over £8.4 billion of funding nationally.<sup>6</sup> Plymouth received nearly £50 million during this period. Nationally, funding has dropped to just £4.5 billion for the period 2011-15 and Plymouth is anticipating to receive in the region of £12 million for new affordable homes delivery.

5.10 The previous level of grant funding available to help affordable housing development is evident in the numbers of total homes delivered in the 2008-2011 time period. The graph below illustrates this in more detail. Total city delivery was not only affected by the market downturn, reducing by almost half in 2009/10, but also that delivery of affordable housing contributed significantly to the total in 2009/10 and 2010/11 due to significant levels of funding which in most cases unlocked stalled development sites.



5.11 Despite incentives from Government and local initiatives, such as Planning's Market Recovery Scheme we are still in a difficult financial climate with

<sup>6</sup> Figures from [www.homesandcommunities.co.uk](http://www.homesandcommunities.co.uk) The bulk of government support for building new homes is distributed through the HCA.

developer financiers being increasingly risk adverse and development viability being placed under pressure from increasing costs.

- 5.12 The general lack of credit and access to mortgages has also added to the difficulties in the housing market and has affected consumer confidence. Many people are unable to enter home ownership, as this has become an unaffordable option.
- 5.13 In 2010 to afford a lower quartile home of £115,000 someone would need to earn £29,500 a year and secure a deposit of £11,500. The lower quartile, gross annual income in Plymouth was £17,225 clearly indicating an affordability gap. Additional analysis of applicants to the housing register shows that across all bands over 90% are unable to afford their own accommodation without some form of financial assistance.
- 5.14 Some people are unable to access social housing as their earnings are too high, but also have difficulty accessing low cost home ownership, thus placing increasing pressure on the private rented sector.
- 5.15 Plymouth does have a buoyant private rented sector and a significant amount of the City's rented housing stock is in the private sector.<sup>7</sup>

Tenure	Dwellings	Plymouth %	England
Owner Occupied	67,793	60.3	67.4
Privately Rented	22,065	19.6	15.6
Social Housing	22,619	20.1	17.0
<b>Total</b>	<b>112,477</b>	<b>100.0</b>	<b>100.0</b>

One difficulty with this sector is that many vulnerable people experience difficulty accessing and maintaining tenancies, whilst others experience difficulty with affordability. As pressure on this sector increases from those who cannot afford to buy this may become more difficult for some of those already marginalised. This may impact on the numbers registering with Devon Home Choice, and place increased pressures on other housing services. Under 35's for example are now unable to get housing benefit for a one bed home and many are therefore reliant on renting a single room, but may still be able to access a one bed flat in social housing.

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<sup>7</sup> Housing Plan 2012-17

## Homelessness<sup>8 & 9</sup>

5.16 Demand for housing could continue to rise according to national projections and this also suggests a shortfall in supply. Cases of homelessness have in the recent past increased following a period of decline, and loss of tenancies in the private rented sector is highlighted as a major cause. During the first two quarters of 2012/13 loss of Assured Shorthold tenancy was the most common cause of homeless acceptances in Plymouth, representing 36% of the total. This may increase as welfare reform takes hold.

5.17 Comparable figures for England show that in the two years to 2012 loss of AST as a homelessness reason has risen from 11% in 2009/10 to 19% in 2011/12. For the first two quarters of 2012/13 this has risen to 20%, which whilst still a sharp increase over the period is substantially lower than the figure for Plymouth.

5.18 These official statistics only cover homeless people who are in priority need and unintentionally homeless, and therefore the total numbers are potentially much higher. There will be many non-priority homeless who are at risk of sofa surfing or rough sleeping and who access the city's supported housing provision, and it is important that this strategy also takes account of these needs.

5.19 Since 2009 there has also been an increase in homeless acceptances and the number of households in temporary accommodation increased to 96 by 30 September 2012. This shows a steady increase from 67 on the same date in 2009, 81 in 2010 and 87 in 2011. However we are still some way short of the previous peak of 137 in 2005. Although there are many more homeless families with dependent children living in temporary accommodation, there are also many more vulnerable adults without dependant children. This has caused a significant increase in statutory homeless duties to single people, particularly to those people with mental illness/disability and physical disability.

5.20 Many applicants to social housing are currently overcrowded to some degree and others more seriously. In Plymouth the Devon Home Choice register has 1737 households lacking a bedroom and 144 lacking two or more bedrooms. This has a direct link to child poverty and ill health. Making best use of the social housing stock as envisaged by the Localism Act may however help alleviate this problem.

5.21 Repossessions (homeowners, social tenants and private rented tenants) are rising, on average 92 hearings are held in court every month. Of particular

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<sup>8</sup> Housing Plan 2012-17  
<sup>9</sup>CLG live homelessness tables

concern in Plymouth is the increase in repossession action taken by private sector landlords.

5.22 Welfare, housing and social policy reform is a key challenge and the Tenancy Strategy could help people access and sustain affordable housing.

5.23 Social Housing Reform, suggests that homelessness duty can be discharged through the offer of acceptable accommodation in the private rented sector. However there may be circumstances in which this is not appropriate and care will need to be taken to ensure that duties are discharged safely and sustainably.

**Question Five –**

**We have already asked your views on discharging duty into the private rented sector, but are there any other measures of safeguards you would like to see in place, or any other factors you would like us to consider.**

**Supporting People**

5.24 The Supporting People (SP) programme provides housing related support to a broad range of groups such as young people and teenage parents, the homeless, victims of domestic abuse, substance misusers, ex-offenders, older people, those with learning disabilities and mental health issues and refugees.

5.25 The programme in Plymouth in 2008/9 was allocated £8.2 million of grant funding for a three year period. The grant remained static during this period representing a reduction in real terms. Since 2009 SP funding is no longer paid as a ring-fenced grant and has been incorporated into the City's area based grant. The Government's Comprehensive Spending Review (CSR) in 2010 has put greater pressure on funding with a 12% reduction over the CSR four year period.

5.26 As a consequence a 'category management' process has been put in place to identify savings and ensure resources are targeted at those in most need.

5.27 Decreased funding and pressure on services by groups, for example older persons, will inevitably result in SP looking to source external funding through joint commissioning, and external sources i.e. Social Care, the NHS and Community Partnership.

5.28 Housing market pressures will make demands on housing advice and support, and decreased SP budgets supporting those who are most vulnerable will increasingly place pressure on Housing Services. Some of the housing reforms make increase these demands in some respects, but through the

Tenancy Strategy and smart joint working with partners we can make best use of the homes that are available, and find innovative solutions that meet need. Some partners are already reviewing their supported housing for older people, and the city council is keen to engage with them in developing products that better meet the needs of our residents.

## **Regeneration**

5.29 Another challenge for Plymouth is to address the age, condition and tenure of housing stock, particularly in recognising that poor housing affects health outcomes, child poverty, educational outcomes for children, and the general wellbeing of the community.

5.23 Stock transfer of the Council's housing stock to Plymouth Community Homes in 2009, secured vital investment to bring the majority of social rented homes up to the Decent Homes Standard by 2015 with the exception of North Prospect regeneration project which runs over at least 10 years.

5.24 Regeneration of Devonport continues alongside North Prospect and both are key priorities for the City.

5.25 Over the course of both projects we shall see:

	<b>Devonport</b>	<b>North Prospect</b>
Demolitions	623	803
New Build	1447	1161
Refurbishment		670

This will inevitably create periods where increased demands will be placed on supply, whilst households are moved to other suitable accommodation along with other applicants registered with Devon Home Choice. There will of course be a net gain to the city over the life of the regeneration projects, and one of the challenges is to support this process through our policies and strategies to make sure that this happens.

5.26 In recent years the Council along with the HCA have provided land and funds to help accelerate delivery to assist RPs within the City, to provide affordable housing and help increase supply of affordable homes to help address demand issues. The city council is exploring a range of options to additional resources that may increase supply in the medium term.

5.27 The earlier years of the regeneration of North Prospect overlap with the later years of Devonport regeneration. This means that for an extended period these

schemes will impact upon the supply side of social housing, by creating a net loss to the stock of over 100 units a year.

## **Population**

5.28 Plymouth's population currently stands at 256,400<sup>9</sup> but is forecast to increase in coming years. Whilst this is lower than previous forecasts, the Council's LDF Core Strategy<sup>10</sup> anticipates a population increase to 300,000 by the end of the Plan period, 2021.

5.29 This increase is especially true of older persons who are living longer and ultimately will require additional housing related support, placing pressure on supply of specialist housing. By 2030 it is anticipated that Plymouth's population of 65 years and over will be 58,600 with an increase in the number of people with a long term limiting illness or dementia.<sup>11</sup>

5.30 This demonstrates that there will be a significant demand for housing and related services to help older persons this will clearly stretch finite resources and funding further and may restrict assistance that can be provided to other vulnerable groups.

## **Housing for Disabled People**

5.31 It is inevitable, given the information above that the demand for suitably adapted properties for disabled people will continue to increase. As at 09 October 2012 there were 1271 households on the housing register in Plymouth who reported having impaired mobility, of which 91 were seeking wheelchair suitable accommodation. Devon Home Choice has already been more successful than many lettings schemes around the country in enabling adapted homes to be let to those who need them.

### **Question Six –**

**Do you agree that all adapted homes should continue to be advertised with a preference to people with a matching level of disability? Do you think that any other measures should also be considered – for example identifying homes that are more suited to adaptation and also targeting these to disabled people?**

<sup>9</sup> Office for National Statistics Census 2011

<sup>10</sup> LDF Core Strategy 2006-2021

<sup>11</sup> Market Position Statement 2011-2013 - Strategic Commissioning Team, Adult Social Care

## **Welfare Reform**

5.32 The Welfare Reform Act 2012 represents the most comprehensive reform of the welfare state in a generation. It is anticipated that changes will be introduced in 2013.

5.33 Housing Costs will be payable from the single Universal Credit, which will place responsibility for payment of rent with the tenant. Universal Credit will extinguish the use of six means tested benefits, including housing benefit, child and working tax credit, and income based job seekers allowance, integrating these into one single payment which will be paid monthly to eligible persons of working age.

5.34 The issues arising from such change will include pressure being placed on households who are living in homes that are bigger than their need, as housing payments will be reduced. This may increase pressure on the number of people wanting to downsize, as they seek to prevent hardship and the possibility of falling into arrears. This will increase demand for smaller homes, but on the plus side is expected to free up larger homes that can be used to meet need.

5.35 It may however cause a rise in overcrowding particularly in the private sector as people seek to contain housing costs by remaining in cheaper, but unsuitable properties. Demand for cheaper properties may rise, particularly from those persons who will not be able otherwise to meet their full housing costs and may wish to reduce housing costs to help pay for other cost of living expenses.

5.36 Housing payments not being paid direct to private landlords may result in a reduction in the number of homes available for private rent for some people as landlords become less willing to let to benefit claimants. This may place further demand on social housing registers, where former private sector tenants cannot secure housing.

### **Question Seven -**

- i) Does this section suitably reflect Plymouth's position?**
- ii) Has it identified all the major factors that impact on market conditions, funding and the demands on housing services in Plymouth?**



## **6. Reforms in more detail**

### **6.1 Tenure**

Registered Providers (this includes Councils and Housing Associations) will be able to let homes on 'flexible' tenancies. The Secretary of State has recommended five years as the standard minimum, though in exceptional circumstances this period can be reduced to two years. The length of a flexible tenancy will be in addition to any probationary period. Lifetime tenancies may still be offered where considered appropriate.

- 6.2.1 The purpose of the reform is to better target the social housing stock to those who are most in need. It is expected that by giving shorter tenancies to those that are able to move on and access other housing options that stock will be made available to other households in greater need on the register.

### **6.3 Affordable Rent Tenure**

Subject to qualifying conditions, Registered Providers will be able to charge an 'affordable rent' on a proportion of new builds and re-lets. Affordable rent is generally higher than current 'social rent' and defined as a rent of up to a maximum 80% of the open market rate.

- 6.3.1 It is intended that this change will allow Registered Housing Providers to maximise income from higher rents and support greater borrowing. This in turn will enable investment in new homes and allow delivery to continue, which may otherwise have declined with substantial cuts to HCA subsidies.

### **6.4 Homelessness**

It will now be possible for homelessness duties to be discharged by the offer of suitable accommodation in to the private rented sector. Previously households could refuse an offer in the private rented sector and insist on an offer with a Registered Provider.

- 6.4.1 This is a response to the shortage of social housing with the view that greater use of the private rented sector is acceptable. It is intended that this will reduce substantial costs associated with the use of temporary accommodation by households, while potentially waiting for suitable social housing to become available.

## **6.5 Tenancy Allocation**

There will be the freedom to end the practice of running 'open' housing registers. Whereas previously almost anyone could apply for social housing, local authorities are now permitted to set their own eligibility criteria to join the register, according to local needs and priorities. Devon Home Choice partners have recently reviewed how the housing register works and have agreed to continue with an open register for the time being, however this is due to be looked at again in 2013.

- 6.5.1 These measures are intended to target housing to those that are most in need. Households able to access other tenures, such as private rented, shared ownership or owner occupation will be expected to pursue those options instead, rather than joining the social housing register.

### **Question Eight –**

**Is this a clear and complete summary of the major reforms and the options available to Councils and Registered Providers to target social housing to the people that most need it? Would you make any additions or amendments?**

## **7. The Council's position**

The following sets out the Council's position on the extent to which these reforms should be implemented in Plymouth. It should act as a guide to Registered Providers and ask them to consider key issues in development of their own policies and procedures.

### **7.1 Tenure Type & Length**

It is understood and accepted that the use of flexible tenancies can be appropriate in some circumstances and is particularly useful when a property has special features that may not always be required (disabled adaptations), or where there is an acute shortage of a particular property type (large family homes), or if the property is in a particular location (regeneration area). However we also accept that the use of lifetime tenancies is still appropriate and can particularly help vulnerable households and help to sustain mixed communities over the long term.

7.2 The use of Flexible Tenancies is potentially one of the most far reaching and controversial of all the reforms.

7.3 The Council recognises that social housing is a scarce resource, demand far outstrips supply, both from existing homes which are available for re-let and new housing and is exacerbated by market forces.

7.4 Social housing may sometimes be occupied by households who have the financial means to be able to access other tenures (such as private rented/ owner occupied/ shared ownership), whilst these options are not available to many of the households on the register, because of their circumstances.

7.5 The number of homes that may be under-occupied is difficult to estimate and at the time of writing the document reliable figures are not available. However early indications from our partners suggests that there may be over 3,000 under occupied homes in the social housing sector in Plymouth. Currently the DHC register shows that in Plymouth there are 459 social tenancies that are under-occupying by two or more bedrooms and a further 340 that can downsize by one bedroom. These figures are far higher than they would have been only a year ago, and it seems likely that tenant awareness of welfare reform has encouraged many to apply to the register to seek to downsize. Recent changes to DHC policy have given additional preference to downsizers, and whilst this is showing encouraging early signs it is far too early to report on the impacts.

7.6 There is a significant shortage of large family properties as already set out in this document. Attempts to tackle under occupation with incentives and other measures have not had the desired affect and the problem persists. This is only compounded by a limited number of new build larger units available as developers seek to maximise delivery of homes on sites. Although there are early indications that the recent changes to DHC polices and the impacts of Welfare Reform may help free up some larger homes, it will remain essential to make best use of all larger social rented homes.

7.7 There is an issue with the use of adapted properties, where in some cases adaptations are no longer required and householders remain in residence with no use of them. Flexible tenancies could allow landlords to keep these homes available for people with a disability, although his could mean another person losing their home.

7.9 This problem could be minimised with the appropriate use of flexible tenancies, but as it could only be used for new tenancies and therefore any benefits will not be seen for some years.

7.10 Balanced against the positive aspects of flexible tenancy use, the Council also recognise the risks of using them.

7.11 Vulnerable groups need to be considered, as they could be unduly disadvantaged with the use of flexible tenancies. Particularly where there is a

care or support need or where there are learning difficulties or mental health issues, which may require a different approach.

7.12 It seems right to suggest that flexible tenancies might not be suitable in such cases and that tenant and landlords' needs would be better served by granting lifetime tenancies.

7.11 Flexible tenancies could potentially destabilise communities, particularly if their implementation requires those who are financially better off to move on. It could lead to some estates becoming occupied predominantly by benefit dependant households. This could potentially undermine the city priority to Provide Value for Communities. Removal of the 'home for life' could also have a detrimental effect on the pride people have for their homes and neighbourhoods.

7.12 Reducing Inequalities, another City priority, could also be undermined. If tenancy renewal is based on income it could be a disincentive to accessing employment and a higher income, as the resultant impact will be tenancy termination.

7.13 The impact for RPs in terms of administration costs could be a disincentive if flexible tenancies are used in the main rather than the exception. Reviews will need to be undertaken which will inevitably place pressure on resources and there will be a likely increase in rent loss and voids and also possession proceedings in some cases where the decision is taken not to renew.

7.14 As would be expected there are clear advantages and disadvantages to the use of flexible tenancies. A flexible tenancy may target stock more effectively, but there are clearly financial implications for RPs which may discourage their use for all new tenancies. The Council therefore supports the principle of using flexible tenancies to make more efficient use of housing stock and to more effectively focus provision on those in most need, but it also recognises the extent and circumstances in which implementation would be supported is limited. We believe that there will be situations when the use of flexible tenancies will be a good option, but also circumstances in which it may not be. One way of managing this in a transparent way could be by including the issue within local lettings plans where these exist.

**Question Nine -**

- i) Do you agree with our position on the use of Flexible Tenancies?**
- ii) Do you think that the Council should set a list of common principles in conjunction with RPs where the use of flexible tenancies is accepted and agreed?**
- iii) Do you think it more appropriate to use flexible tenancies in specific cases only?**
- iv) Is there anything missing that you feel we should consider?**
- v) If you are a Registered Housing Provider, what is your own policy on flexible tenancies?**

**7.15 Affordable Rent**

Registered Providers will be able to charge an 'affordable rent' on a proportion of new build homes and re-lets. Affordable rent is generally higher than the more traditional 'social rent'. Affordable Rent is defined as a rent of up to 80% of open market rent.

7.16 The intention of such reform is to improve the income stream from the higher rents, which would give RP's a greater borrowing capacity to enable investment in new build homes despite significant cuts to HCA subsidies.

7.17 In February 2011 the Council commissioned Ark Housing Consultancy to undertake research into the impacts reforms would have on the housing market.<sup>12</sup>

7.18 The research concluded that households would need to earn between £17,000 and £24,000 to be able to afford 'Affordable Rent' at 80% of average market rent for one, two and three bed properties. The vast majority of households housed in 2010 could only afford this product if they were in receipt of housing benefits. In some areas of the city, for some larger homes, and for most newer homes the affordability gap was even greater with very few applicants to the housing register being able to afford homes without the support of Housing Benefit.

7.19 In order to maximise delivery of new homes whilst meeting housing need and affordability, the Council put forward recommendations following the research to RP partners in terms of managing housing stock in Plymouth.

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<sup>12</sup> The Plymouth Ask

7.20 The research concluded that:

- there should be no conversions of any four bed social rent properties to affordable rent, as they are a particularly scarce resource and in certain areas could be unaffordable because of values.
- That all new properties or conversions of smaller units should have affordable rents mitigated to local housing allowance levels to allow for Welfare Reform and affordability. In some areas this would result in rent levels below 80% of market rent.
- there should be a restriction in the number of conversions by RPs and the levels would be agreed with the Council yearly, and where appropriate in terms of large or specialist accommodation on a case by case basis.
- Tenants within regeneration schemes should be afforded the opportunity to return to the same type of tenancy (type and length of tenure) and not be unnecessarily disadvantaged.
- That there was a place to provide various forms of affordable tenure (such as social rent, shared ownership **and** affordable rent) to address need in the City.
- It was also agreed that RPs would consult with the Council regarding conversion levels and that when it appeared that conversion would make homes unaffordable to families on average incomes the homes would remain at social rent levels to avoid affordability issues; that strategies to deal with specialist housing or those units in regeneration areas would also be made in full consultation with the Council again to prevent disadvantaging those in most housing need.

7.21 The Council are supportive of the use of affordable rents, both as a means of broadening housing choice and generating additional funds to support new build programmes. We also note that RP's are bound by the terms of the contracts they have with the HCA which requires them to include affordable rent tenure as part of their contract. However we also encourage the use of other rent and low cost homeownership products as a means of meeting the needs of those who wish to access affordable housing.

**Question Ten -**

- i) Do you feel this section provides sufficient information regarding affordability levels in Plymouth?**
- ii) Do you feel anything more should be included?**
- iii) Is a restriction in affordable rent levels appropriate for certain property types?**
- iv) Is a restriction in the number and type of conversions acceptable?**
- v) If you are a Registered Housing Provider what is your company policy on the use of affordable rents?**
- vi) Any other comments or suggestions?**

## **7.22 Homelessness**

The Council will be able to discharge homelessness duty by the offer of suitable accommodation in the private rented sector.

7.23 Whilst this change is seen as another tool in tackling and preventing homelessness it should not be seen as the 'default' position, for the reasons stated above in terms of suitability and affordability. Each case would clearly need to be assessed on its own merit to consider appropriateness.

7.24 In Plymouth whilst over many years being successful in reducing the use of temporary accommodation, we now find that the most recent period has seen an increase. Using homes in the private rented sector to discharge duty may actually be more appropriate than using Bed and Breakfast or hostels. Plymouth successfully runs a scheme called Houselet where homes are let to the Council by private landlords to house homeless families, which has saved the Council around £120,000 in temporary housing costs.

## **7.25 Allocations and housing register**

The Localism Act set out a new framework for tenancy allocation policies, and this has now been supplemented by a new code of guidance – the 'Allocation of accommodation: guidance for local housing authorities in England'. This was published in June 2012 and creates a number of new challenges and opportunities.

<b>Bedroom Need</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>Totals</b>
<b>Band A (Emergency)</b>	2	2	2	0	0	0	<b>6</b>
<b>Band B (High)</b>	560	374	144	50	13	1	<b>1142</b>
<b>Band C (Medium)</b>	507	510	308	90	1	0	<b>1416</b>
<b>Band D (Low)</b>	2851	472	124	19	3	0	<b>3469</b>
<b>Band E (No need)</b>	1599	1316	458	42	3	2	<b>3420</b>
<b>Total of Band</b>	<b>5519</b>	<b>2674</b>	<b>1036</b>	<b>201</b>	<b>20</b>	<b>3</b>	<b>9453</b>

Breakdown of housing register in Plymouth 10 October 2012

To put this structure in context the following outlines and illustrates the reasons behind the bands.

- Band A = People fleeing serious risk of violence
- Band B = Homeless people, those with high health and wellbeing needs, and those experiencing severe overcrowding
- Band C = Households lacking a bedroom
- Band D = Sofa surfers and rough sleepers, people with shared facilities, 'non-priority' homeless (e.g. intentionally homeless)
- Band E = 'No housing need' which will include people who are 'adequately' housed wish to move for social or employment reasons,

people who are struggling with high rents, and those with financial resources deemed sufficient to secure their own accommodation

<b>Bedroom Need</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>Totals</b>
<b>Band A (Emergency)</b>	13	16	4	1	0	<b>34</b>
<b>Band B (High)</b>	312	257	106	25	1	<b>701</b>
<b>Band C (Medium)</b>	271	124	74	5	0	<b>474</b>
<b>Band D (Low)</b>	120	17	2	0	0	<b>139</b>
<b>Band E (No Need)</b>	29	5	0	1	0	<b>35</b>
<b>Total of Band</b>	<b>745</b>	<b>419</b>	<b>186</b>	<b>32</b>	<b>1</b>	<b>1383</b>

Breakdown of households housed from Plymouth register 2011-12

7.26 Eligibility criteria are now wider and certain persons from abroad who are subject to immigration control are not eligible. The full criteria for this are set out in the new S160ZA of the Housing Act 1996.

7.27 Housing registers no longer have to be open to all regardless of eligibility, and it is for the local housing authority to decide the classes of persons who will be 'qualifying persons' for an offer of accommodation.

7.28 Persons who might be excluded may include people who are guilty of certain antisocial behaviours, people who do not have 'local connections' or local residence, people who have an income that might enable them to comfortably access homes in other sectors, or others. The existing housing register operated under Devon Home Choice already does this.

7.29 Housing authorities are also able to give 'additional preference' to certain groups; for example those with urgent health needs or those in severely overcrowded accommodation. This is also something that already exists within DHC and there is a five band priority structure that extends from 'Emergency Need' at Band A to 'No Need' at band E.

7.30 Housing authorities are encouraged to look at the needs of serving and/or former members of the armed forces in framing their allocation schemes in line with the Government's Armed Forces Covenant Published in May 2011.

7.31 There are some statutory provisions that all housing authorities must comply with, for example a requirement not to discriminate against former members of the armed forces on the ground that they have no local connection to the area, provide they apply for an allocation of housing within five years of their discharge. However we are free to decide to meet these minimum requirements or to consider other options; these include giving former members of the armed forces preference over others when other factors are equal, or advertising a proportion of homes with a preference for former members of the armed forces. Currently



DHC policies favour the second option, should any local authorities wish to give additional preference in some circumstances.

7.32 Local Authorities have also been asked to consider how they can use their allocation policies to support households who are working (in particular those in low paid work), actively seeking work, or contributing to the community in other ways – for example by volunteering. Again DHC has left this to local discretion in framing adverts should this be a factor we wish to consider. This may include lower needs groups who may struggle with affordability of other housing options, for example those in low paid work.

**Question Eleven -**

- i) What are your views on excluding some groups from the register, and if you agree this which groups should not be allowed to join the register?**
- ii) What are your views on the groups we already give additional preference to and what do you think of the existing five band structure of Devon Home Choice?**
- iii) What are your views on giving additional preference in some circumstances to former members of the armed forces?**
- iv) Do you think there are any other groups we should give additional preference to and if so who are they?**
- v) If you are a Registered Housing Provider do you already have any policies on applicants and income levels that may be relevant?**
- vi) Do you have any other comments or suggestions?**

**7.25 Mobility**

Mobility in social housing should be actively encouraged and the Council supports greater mobility in the social housing sector. It can help people move to access employment or for health/support reasons. The government is committed to its national Homeswap a system for the whole of the UK, where all homes available are advertised.

7.26 The Council and RPs are already committed to assisting movement within Devon with the introduction of the Devon-wide choice based lettings system, Devon Home Choice. It is hoped that if RPs operating in the City sign up to a national mobility scheme that this will give further choice to households in the social housing sector.

7.27 Wherever possible we would hope that tenants moving through such a scheme would be able to enjoy the same security of tenure and rent model in their new homes as in their previous tenancy. However we also understand that a voluntary exchange to a home which is affordable rented or to a flexible

tenancy may occur and in such cases, tenants will need to make a choice about whether the move is right for them.

**Question Twelve -**

**What are your views on mobility in social housing?**

**ii) If applicable what is your policy?**

**iii) How would you best address conflicts in relation to differences in security of tenure/rent models for transferring tenants?**

**iv) Any other comments or suggestions?**

## **8. Other matters**

### **8.1 Disposals**

From time to time housing providers may find a business case for disposing of homes that are within their ownership. This may be for a variety of reasons such as affordability of essential repairs and maintenance, economies of housing management functions, to free up funds for other developments, or other reasons. We recognise that there will be times when disposal is the most appropriate option, but believe that regardless of any legislative controls, good partnership working demands that there should be consultation between the authority and its RP partners before any disposal goes ahead.

8.2 Generally we would not want to obstruct any disposals that were in the best interests of the city, but would expect these to be limited to where a genuine benefit to the city exists. In particular we would expect that in the first instance RP's should consider whether disposal to another RP would be appropriate. We also envisage that disposals would be limited to where there was a genuine business case that expenditure on maintenance improvement or management would be disproportionate, and that in the alternative additional affordable housing could be created within the city. The authority is however committed to ensuring that the city consists of balanced communities where there are affordable housing options throughout each district. We would not therefore support any wholesale disposals based on locality.

**Question Thirteen –**

**Do you agree our views on the disposal of social housing? Is there anything else you want to add?**

### **8.3 Summary of questions**

One – If you are a Registered Housing Provider, when did you write your most recent tenancy policy and when do you next expect to review it? Do you agree that you should review your policy in the context of the Tenancy Strategy?

Two – Are there any circumstances in which you believe that Plymouth City Council should or should not discharge a homeless duty into the private sector?

Three - Do agree with our approach to setting out the strategy? Or do you feel we need to include anything else?

Four - Does this section fully outline the national context of social housing reform? Do you think there are any additional factors we should take into account?

Five - We have already asked your views on discharging duty into the private rented sector, but are there any other measures of safeguards you would like to see in place, or any other factors you would like us to consider.

Six - Do you agree that all adapted homes should continue to be advertised with a preference to people with a matching level of disability? Do you think that any other measures should also be considered – for example identifying homes that are more suited to adaptation and also targeting these to disabled people?

Seven - Does this section suitably reflect Plymouth's position? Has it identified all the major factors that impact on market conditions, funding and the demands on housing services in Plymouth?

Eight - Is this a clear and complete summary of the major reforms and the options available to Councils and Registered Providers to target social housing to the people that most need it? Would you make any additions or amendments?

Nine - Do you agree with our position on the use of Flexible Tenancies? Do you think that the Council should set a list of common principles in conjunction with RPs where the use of flexible tenancies is accepted and agreed? Do you think it more appropriate to use flexible tenancies in specific cases only? Is there anything missing that you feel we should consider?

Ten - Do you feel this section provides sufficient information regarding affordability levels in Plymouth? Do you feel anything more should be included? Is a restriction in affordable rent levels appropriate for certain property types? Is a restriction in the number and type of conversions acceptable? If you are a Registered Housing Provider what is your company policy on the use of affordable rents? Any other comments or suggestions?

Eleven - What are your views on excluding some groups from the register, and if you agree this which groups should not be allowed to join the register? What are your views on the groups we already give additional preference to and what do you think of the existing five band structure of Devon Home Choice? What are your views on giving additional preference in some circumstances to former members of the armed forces? Do you think there are any other groups we should give additional preference to and if so who are they? If you are a Registered Housing Provider do you already have any policies on applicants and income levels that may be relevant? Do you have any other comments or suggestions?

Twelve - What are your views on mobility in social housing? If applicable what is your policy? How would you best address conflicts in relation to differences in security of tenure/rent models for transferring tenants? Any other comments or suggestions?

Thirteen - Do you agree our views on the disposal of social housing? Is there anything else you want to add?

#### **8.4 Timetable**

Consultation and discussions with partners began between some time ago and this is now both the formal part of the consultation as required by the Localism Act, as well as a wider exercise that will give others the opportunity to comment and contribute. We are required to have our Tenancy Strategy in place by 15 January 2013. The following timetable will therefore be set for this part of the process.

12 October 2012 – Publication of consultation document  
26 October 2012 – Close of consultation and collation of responses  
02 November 2012 – Publication of draft Tenancy Strategy  
15 January 2013 – Final strategy published

#### **8.5 Return address for responses**

Responses may be emailed to us at [housingoptions@plymouthh.gov.uk](mailto:housingoptions@plymouthh.gov.uk)

Alternatively written responses may be sent by post to:

Kevin Neil – Housing Options Team Leader  
Floor 12, Civic centre  
Plymouth City Council  
Armada Way  
Plymouth  
PL1 3QR

**Homes and Communities  
Plymouth City Council  
Floor 12, Civic Centre  
Armada Way  
Plymouth  
PL1 3AA**

**Telephone: 01752 305496**

**Email: [housingoptions@plymouth.gov.uk](mailto:housingoptions@plymouth.gov.uk)**

**Tenancy Strategy Consultation  
October 2012**

