

## **City Executive Board 5 December 2012 - Tenancy Strategy and Policy Appendix B**

### **Oxford City Council Tenancy Strategy and Policy Statement**

#### **Introduction**

This document sets out Oxford City Council's Tenancy Strategy as strategic housing authority in the area and should be taken into account when Registered Providers (Housing Associations) adopt or review their own policies. It also incorporates the Tenancy Policy for Oxford City Council as a landlord (Council housing).. It has been developed following consultation with Registered Providers, council tenants and the general public in Autumn 2012.

#### **Background**

Social landlords normally provide tenancies for life as long as the tenant pays the rent and meets tenancy obligations. Some landlords, including Oxford City Council, offer an Introductory Tenancy prior to a tenant being offered a tenancy for life (secure tenancies for council tenants and assured tenancies for other social housing tenants), i.e they have to have conducted their tenancy in a satisfactory manner in the first year.

Social landlords are now able to offer Flexible (fixed term) Tenancies if they choose to do so.

The principle behind the introduction of Flexible (fixed term) Tenancies is that Secure or Assured Tenancies do not take into account a households changing circumstances e.g. if income rises and tenants could afford housing on the open market or household composition changes.

Flexible (fixed term) Tenancies will normally be for a minimum term of 5 years (although 2 years can be offered in exceptional circumstances) and offer broadly the same tenancy conditions as those for secure tenants except for the fixed term.

The rights of existing social tenants are protected except where they choose to move to a home let under a Flexible (fixed term) Tenancy.

The Homes and Communities Agency (HCA) Affordable Homes Programme 2011-15 introduced Affordable Rents – tenancies let with rents of up to 80% of local market rents. It is a requirement that any additional homes part funded by HCA under the programme will be let at Affordable Rents and that Registered Providers may also elect to re-let a proportion of existing homes using the Affordable Rent regime when a property becomes empty.

#### **Oxford City context**

There is a shortage of affordable housing in Oxford.

House prices and private rents in Oxford are amongst the highest in the country – well above national averages. Oxford has been identified as the most unaffordable location outside some areas of London for private renting (Shelter 2011). Demand for rented accommodation is high. There are c6,000 people on the Housing Register and this is growing. Homelessness is a continuing pressure.

Oxford City Council wants to ensure social housing – existing or new – meets the needs of local people. Preventing homelessness is a high priority for the Council. Moreover, it wants to promote homes – not just housing – where people can build lives, gain access to education, training, work and secure better health and well-being. And by providing settled homes, we can also help to build successful, stable neighbourhoods and communities.

There are good reasons to seek to use social housing in the most effective way ensuring it is available to those that need it. These include:

- A severe shortage of affordable accommodation which cannot be met in the private sector as demand and rents are too high – even with availability of housing benefit
- Concern to ensure that social housing is available for those who need it.
- 6,000 households on the Housing Register, the overwhelming majority of whom may never be offered a council or housing association tenancy.
- An expectation to see social housing occupied by tenants with a need for the accommodation that they occupy.
- Need for move on accommodation for vulnerable people who are building settled lives moving from hostels or other unsuitable accommodation. Lack of move on housing can block the freeing up of much needed specialist accommodation for those that need it

However, the introduction of Flexible (fixed term) Tenancies could lead to

**Impacts on households:**

- A negative impact on well being including vulnerable tenants due to feelings of insecurity
- Creation of a potential poverty trap – discourage earning more or children leaving home due to tenancy loss
- Homelessness as private sector rents are high and inaccessible

**Impacts on communities**

- Residualisation of council housing – especially with Oxford prices. Housing only the poor and vulnerable will considerably weaken communities

- Loss of community as a consequence of the short term nature of tenancies – people are less likely to see themselves as stakeholders in community and will not invest time in improving neighbourhoods

#### **Landlord and management issues**

- Considerable cost of tenancy reviews, potential appeals, advice to those losing tenancies and other administration costs
- Disincentive to improving homes
- Perverse incentive to Right To Buy which may not be sustainable in long term
- Complicating the housing offer and opening doors to concessions

Oxford City Council has considered all the above and the opportunity of re-allocating much needed homes if they were to be freed up a consequence of fixed term tenancies in bringing forward it's Tenancy Strategy and Policy

### **Oxford City Council – Tenancy Strategy**

Oxford City Council's preferred social housing tenancy is a Lifetime Tenancy (secure or assured tenancy). It considers that all social housing tenants should be offered Lifetime Tenancies..

The Council acknowledges the use of Introductory Tenancies in addition to Lifetime Tenancies and that some specialist supported housing may be let on different tenancy terms.

Flexible (fixed term) Tenancies are normally specifically prohibited for any homes provided via s106 agreements – including on reletting of the property – as there is a need to provide long term security of tenure.

Oxford City Council does not support Registered Providers (RP) offering new housing or converting existing tenancies (churn) to Flexible (fixed term) tenancies. It commends that Registered Providers continue to offer Lifetime Tenancies (secure and assured) within Oxford City.

If a Registered Provider (RP) decides to offer Flexible Tenancies, the Council would expect clear information to be provided to prospective tenants before the start of a tenancy (ie at bidding stage) and to adopt an agreed protocol on respective roles at the end of a fixed term. Registered Provider policies should conform to the Regulator's requirements on tenancy standards and usually be for a minimum of 5 years. There should be a presumption that Flexible (fixed term) Tenancies will be renewed if the circumstances of the household are broadly similar to those when the original letting was made.

#### **Affordable Rent:**

Oxford City Council's preferred rent option is a Social Rent model.

The Council does not support Affordable Rents (up to a maximum of 80% of market rents) within the social rented sector for either new or existing housing.

This is because:

- Social housing is for people in housing need and charging higher rents will exacerbate problems with affordability and limit choice for those on lower incomes
- Affordable Rent homes will be outside the reach and unsustainable for many homeless households and those on the Housing Register, with or without Housing Benefit, due to high and escalating private rents in the City
- Affordable rents at the maximum of 80% would be above 30% of household net income and more than 50% of any Universal Benefit
- They do not offer long term security of tenure.
- Affordable rents can increase dependency on Housing Benefit and hence costs to the public purse

However, the Council acknowledges exceptional circumstances:

- Affordable Rents may be applied to new homes funded by HCA where Affordable Rent is a condition of grant. Hence not to offer properties with Affordable Rents would limit funding and new affordable homes in the area. In this case, the rent should be capped and not exceed Local Housing Allowance Rates and not normally rise above 30% of household income
- Affordable Rents could be offered in cases of additionality, for example to provide homes in addition to and not instead of secure tenancies as part of the 20% intermediate percentage contained within planning policy

### **Homes provided via s106 agreements and the Council's Affordable Housing Planning Policy**

The Council's Affordable Housing Planning Policy has been set out in the Core Strategy adopted in March 2011 and the subject of refinement through the production of the Sites and Housing Development Plan Document which has undergone a number of detailed consultations between 2010 and 2012. The Council requires relevant new housing developments to include 50% of homes to be social affordable housing with an 80/20% split for social rented/intermediate mix

Where properties have been provided or agreed via s106 agreements, the terms of those agreements will continue to apply and will normally prohibit the use or conversion to Affordable Rents or Flexible (fixed term) Tenancies.

For new s106 agreements, the planning policy framework is governed by PPS3 definitions and Oxford City Council's Affordable Housing Planning

Policy. The latter is being reviewed to account for Affordable Rents and Flexible (fixed term) Tenancies (consultation and policy adoption in 2012).

As the strategic housing authority and a good landlord, Oxford City Council will continue to bring forward new intermediate housing options and ensure these options are promoted to those on the Housing Register and secure or assured tenants. This will enable households with financial ability to have wider choices than secure tenancies – thus making best use of social housing which is in short supply. Mobility schemes will also be made available and publicised.

### **Policy Statement - Homes provided by Oxford City Council**

Oxford City Council provides 7,546 affordable homes in the City plus 206 outside the City. Housing Associations provide a further 5,117 homes (this includes bedspaces).

In its Landlord Role, the Council supports and will take full regard of the overarching Tenancy Strategy for Oxford.

### **Tenancy Policy**

Oxford City Council will continue to offer Introductory and Secure Tenancies as its default tenancy type for both new build and relets

### **Affordable Rents**

The Council will not offer tenancies on an Affordable Rent basis unless it is a condition of grant for new homes with part funding from HCA.

The rationale behind this is that failure to offer properties with Affordable Rents would limit new funding and new affordable homes in the area. In this case, the rent should be capped and not exceed Local Housing Allowance Rates and not normally rise above 30% of household income

### **Monitoring and review**

The impact of the Tenancy Policies of Oxford City Council and partner Registered Providers will be monitored via the Oxford Register of Affordable Housing Partnership and Annual Reviews with individual Registered Providers.

## More information

More information in relation to the local housing market, needs and rents can be found within the Housing Strategy 2012-15 and Housing Evidence Base which is available on the Oxford City Council website [www.oxford.gov.uk](http://www.oxford.gov.uk).

<p><b>Rents</b> Private sector rents in Oxford are considerably higher than social housing rents.</p> <p><b>Weekly rents in Oxford</b></p> <table border="1"> <thead> <tr> <th>Property type</th> <th>Average Council rent, 2012</th> <th>Average Housing Association rent, 2011</th> <th>Average private rent</th> <th>LHA rate for Oxfordshire, Mar 2012</th> </tr> </thead> <tbody> <tr> <td>Room</td> <td>N/A</td> <td>N/A</td> <td>£92.08</td> <td>£80.77</td> </tr> <tr> <td>1 bed</td> <td>£81.36</td> <td>£86.40</td> <td>£182.54</td> <td>£150.00</td> </tr> <tr> <td>2 bed</td> <td>£90.13</td> <td>£98.45</td> <td>£227.54</td> <td>£183.46</td> </tr> <tr> <td>3 bed</td> <td>£99.63</td> <td>£107.18</td> <td>£275.54</td> <td>£219.23</td> </tr> <tr> <td>4 bed</td> <td>£105.18</td> <td>£116.16</td> <td>£392.77</td> <td>£294.23</td> </tr> </tbody> </table> <p>Oxford has been identified as the most unaffordable location outside of London for private renting where median rents for two bedroom homes account for 55% of local median full-time earnings.</p> <p>The Local Housing Allowance does not cover lower quartile private rents in Oxford. The lower quartile rent for a 2-bed property is £850 per month and the LHA rate is £795.</p>	Property type	Average Council rent, 2012	Average Housing Association rent, 2011	Average private rent	LHA rate for Oxfordshire, Mar 2012	Room	N/A	N/A	£92.08	£80.77	1 bed	£81.36	£86.40	£182.54	£150.00	2 bed	£90.13	£98.45	£227.54	£183.46	3 bed	£99.63	£107.18	£275.54	£219.23	4 bed	£105.18	£116.16	£392.77	£294.23	<p>Source</p> <p>RSR returns</p> <p>Valuation Office Agency, Summary of monthly rents recorded over the 12 months to the end of December 2011</p> <p>LHA rates March 2012</p> <p>Shelter Private Rent Watch, Analysis of local rent levels and affordability, 2011</p>
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