

# **EAST HERTFORDSHIRE COUNCIL**

## **TENANCY STRATEGY**

**2021 to 2026**



# **Contents**

## **Foreword by the Executive Member for Neighbourhoods**

## **Executive Summary**

### **1. Introduction**

### **2. National Contexts**

2.1 The Localism Act 2011

2.2 Social Housing White Paper 2020

### **3. The Housing Context in East Hertfordshire**

3.1 Overview of East Hertfordshire

3.2 Overall housing stock in the district

3.3 Affordable housing new build 2015-2016 to 2020-2021

3.4 Registered Providers in East Herts

3.5 Rent levels in East Herts

3.6 The Housing Register and Allocations

3.7 Homelessness and Temporary Accommodation

3.8 The Private Rented Sector

3.9 Earnings and Affordability checks

3.10 Affordability scenarios by household type

3.11 Tenancies offered by Registered Providers

Conclusions

### **4. Guidance for Registered Providers**

4.1 Rent levels

4.2 Flexible (fixed term) tenancies

4.3 Mutual Exchanges

4.4 Needs of specific groups

## **5. Monitoring and Review**

Glossary

## **Foreword by the Executive Member for Neighbourhoods**

A home we can afford in a neighbourhood in which we wish to put down roots and establish support networks is essential to the wellbeing of us all. East Herts Council is committed to making an affordable housing offer to the residents of our district.

East Herts Council values its partnerships with the registered providers who develop and manage the district's affordable homes. They have created developments of attractive housing, transformed neighbourhoods by replacing out-of-date dwellings with well-designed and sustainable houses and flats, and participated in local initiatives to improve the district's environment and the health of its residents.

Yet we live in a rapidly changing world. East Hertfordshire is an increasingly popular place to live, and was named as the UK's Best Place to Live in the Halifax Quality of Life Survey 2020. At the same time, the need for affordable housing is growing in our district. The number of households on the housing register has increased; we have seen more applications for assistance from homeless persons, particularly from those with support needs; more families are living in temporary accommodation; the number of individuals who are sleeping rough remains consistent. The causes of this trend of rising housing need includes more households in receipt of low incomes, a widening gap between household earnings and housing costs, and more people being asked to leave by friends or family or not being able to afford accommodation in the private sector.

Every local authority is obliged to produce a Tenancy Strategy under the Localism Act 2011. The new Tenancy Strategy for 2021 to 2026 gives East Herts Council an opportunity to give guidance to our registered provider partners on what we expect in terms of affordable and sustainable tenancies. We expect that rents should be set at a level which households on a lower household income can afford, and that the tenancies which are offered allow households to settle and thrive on their local area.

We look forward to continuing to work with our registered provider partners to ensure that East Hertfordshire is a welcoming and affordable place to live for our residents.



Cllr Peter Boylan

Executive Member for Neighbourhoods

## East Herts Council

# Tenancy Strategy 2021 to 2026 – Executive Summary

### The Aims of the East Hertfordshire Tenancy Strategy 2021-2026 are:

1. To outline the approach of East Hertfordshire Council to working with local registered providers to ensure that residents have access to affordable and safe housing.
2. To set out East Hertfordshire Council's requirements and expectations of Registered Providers operating within the district, to ensure that housing is built to meet local housing needs.
3. To ensure that the Tenancy Strategy is taken into account when Registered Providers and other social housing providers, who own and manage homes in the East Hertfordshire area, adopt or review their own tenancy policies and operating procedures.

The Tenancy Strategy sets out the matters that Registered Providers of affordable housing in the district must have regard to when they develop policies relating to:

- The kinds of tenancies they grant.
- The circumstances in which they will grant a tenancy of a particular kind.
- The length of the tenancies.

## Guidance for Registered Providers

### Rent Levels

East Hertfordshire Council expects Registered Providers to have regard to the following:

- the retention and development of homes for Social Rent
- setting or maintaining Affordable Rent levels at the lower end of the 50 per cent to 80 per cent spectrum or capped at Local Housing Allowance (LHA) rates, so that tenants on low incomes can live in a homes which are both affordable and suitable for their needs.
- providing full details of current Affordability Checks and Financial Assessment procedures to the local authority as required for monitoring purposes, with information on why a household would be turned down for an offer of a home

as a result.

## **Tenancy Types**

Lifetime tenancies should be created as far as possible.

Where flexible (fixed term) tenancies are issued, East Hertfordshire Council recommends that the following basic principles are adopted by Registered Providers as a minimum:

- a minimum of a five year fixed term tenancy
- the fixed term tenancy to be re-issued at the end of the term unless there is a significant change of circumstance for the household.
- the organisation's policy and procedures covering the criteria under which fixed term tenancies would not be renewed is provided to East Herts Council
- a full review of the tenant's circumstances be carried out prior to a fixed term tenancy ending which should at least take account of the likelihood of the household being able to find suitable alternative accommodation.

## **Needs of specific groups**

Families with children of school age or younger – If these households are not offered a lifetime/assured tenancy, East Hertfordshire Council's preferred tenancy term is a minimum of five years.

Households with a disabled member or a member with special needs – If these households are not offered a lifetime/assured tenancy, East Hertfordshire Council's preferred tenancy term is a minimum of ten years.

Older people over the age of 60 – If these households are not offered a lifetime/assured tenancy, East Hertfordshire Council's preferred tenancy term is a minimum of five years for households living in general needs accommodation. Lifetime/assured tenancies should be awarded to older people living in accommodation designed especially for older people.

In deciding on the use of fixed term tenancies, East Hertfordshire Council requests that Registered Providers consider health and wellbeing, the role of friends and relatives in enabling independence and the possibility that insecurity of tenure may add to someone's worries about their future.

# **Tenancy Strategy 2021- 2026**

The Aims of the East Herts Tenancy Strategy 2021-2026 are:

To outline the approach of East Hertfordshire Council to working with local Registered Providers to make sure that the residents have access to affordable and safe housing.

To set out East Hertfordshire Council's requirements and expectations of Registered Providers operating within the district, to ensure that housing is built to meet local housing need.

To ensure that the Tenancy Strategy is taken into account when Registered Providers and other social housing providers, who own and manage homes in the East Hertfordshire area, adopt or review their own tenancy policies and operating procedures.

## **1. Introduction**

### **The Purpose of the East Hertfordshire Tenancy Strategy**

Under the Localism Act 2011 all housing authorities have a duty to produce a Tenancy Strategy. This sets out the objectives to be taken into account by Registered Providers as they make decisions about their own tenancy policies.

It is vital that Registered Providers help local authorities to meet housing need in their areas. The purpose of this document is to provide appropriate guidance at a strategic level to Registered Providers who own and/or manage housing stock in the East Hertfordshire district.

The Tenancy Strategy sets out the matters that Registered Providers of affordable housing in the district must have regard to when they develop policies to be applied in East Herts relating to:

- the kinds of tenancies they grant
  - the circumstances in which they will grant a tenancy of a particular kind
  - the length of those tenancies
- The circumstances in which they will grant a further tenancy on the ending of an existing tenancy.

In addition, this document provides contextual information on local housing markets and housing need across the district. This will further assist Registered Providers in understanding the impacts of their policies and how they can best support East Hertfordshire Council in ensuring:

- local housing need continues to be met with rents being affordable to a wide range of households in housing need
- new tenancies remain sustainable to prevent homelessness
- overall affordable housing stock numbers do not diminish
- an appropriate choice of tenures at a range of rent levels is made available.

East Hertfordshire Council has updated its Tenancy Strategy to take account of changing:

- legislative contexts at the national level
- economic and housing market conditions at the local level.

## **2. National Contexts**

### **2.1 The Localism Act 2011**

The Localism Act Section 150 relates to Tenancy Strategies. It introduced the duty upon housing authorities to provide a Tenancy Strategy. It also specifies that an authority must keep its Tenancy Strategy under review and may modify it from time to time.

### **2.2 Social Housing White Paper**

The Social Housing White Paper, published in November 2020, contained the following section: *Considering how to ensure social housing is allocated fairly.*

The government will publish the results of an evidence gathering exercise which it has carried out into how people access social housing. The government will consider the findings to ensure that housing is allocated in the fairest way possible and achieves the best outcomes for local places and communities. This will include considering how to improve joint working between local authorities and registered providers to ensure that social housing is being allocated efficiently. How to improve *joint working* between local authorities and housing associations to ensure that social housing is being allocated efficiently.

## **3. The Housing Context in East Hertfordshire**

### **3.1 Overview of East Hertfordshire**

East Hertfordshire is an attractive place to live. This is reflected in its high house prices, which are higher than neighbouring local authority areas and have



significantly increased in recent years. Achieving housing development that responds to local needs, while recognising the environmental and other constraints in East Hertfordshire, is a significant challenge. It is also necessary to recognise the specific accommodation and housing needs of different groups in the community.

East Hertfordshire has an ageing population. Meeting the varying needs of older people will be a challenge while still ensuring that the district remains attractive and accessible to young people.

### 3.2 Overall housing stock in the district

The total number of homes in East Hertfordshire rose by 4.4% between 1 April 2015 and 1 April 2020, from 60,338 to 63,011,

Tenure	1 April 2020	
Local authority	16	
Registered provider (Housing Association), both for rent and low cost home ownership	8,327	13.0%
Other public sector	30	
Private sector (including both owner-occupation and the private rented sector).	55,593	87.0%
<b>Total</b>	<b>63,011</b>	

Source: MHCLG

### 3.3 Affordable Housing New build in East Hertfordshire (completions 2015-2016 to 2020-2021)

	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	Total
Social Rent	-	-	-	2 (0.5%)	-	-	2 (0.2%)
Affordable Rent	71 (68.6%)	130 (72.6%)	40 (62.5%)	279 (68.5%)	98 (56.3%)	104 (43.5%)	722 (62.0%)
Intermediate Rent	--	-	-	-	-	-	-
Shared Ownership	31 (30.4%)	49 (27.3%)	24 (37.5%)	126 (31.0%)	50 (28.7%)	135 (56.5%)	415 (35.6%)
Affordable Home Ownership	--	-	-	-	26 (14.9%)	-	26 (2.2%)
<b>Total</b>	<b>102</b>	<b>179</b>	<b>64</b>	<b>407</b>	<b>174</b>	<b>239</b>	<b>1,165</b>

Source: MHCLG Housing Starts and Completion tables

This table shows that Affordable Rent has remained consistently around two thirds of overall new affordable housing provision since 2015. Social Rent now features very little in new affordable housing development.

### 3.4 Registered providers in East Hertfordshire

In 2002 East Hertfordshire transferred its housing stock to two housing associations, now Network Homes and Clarion Housing. By 2020 there is a total of 17 Registered Providers who own and manage affordable housing in the district. These homes are rented at a mix of Social Rent and Affordable Rent.

#### Registered providers in the area – housing stock for rent as on 31 March 2021

	General needs	Sheltered housing	Supported housing	
B3 Living	115			115
Catalyst	302			302
Clarion	2,559	421	30	3,010
English Rural	5	-	-	5
Hastoe	24	-	-	24
Hightown	239	-	-	239
Home Group	20	-	-	20
Housing 21	-	55	-	55
Metropolitan Thames Valley	59	-	24	83
Network	3,183	431	10	3,624
Origin	144	-	-	144
Paradigm	187	-	-	187
Places for People	23	-	-	23
Sage	68	-	-	68
Sanctuary	27	41	-	68
Stonewater/L &G	22	-	-	22
Welwyn Garden City HA	1	-	-	1
Total	6,784	948	64	7,796

This table shows the variation of in the size of the housing stock which Registered Providers own and manage in East Herts. The tenancy strategy applies to all Registered Providers, irrespective of the amount of stock they own in East Herts.

### 3.5 Rent Levels in East Hertfordshire

#### Social and Affordable Rents

Affordable Rent, as a rental product for Registered Providers, was introduced by the government in April 2011. It is rented housing where the rent is up to 80 per cent of the local private market rent. The Affordable Rent charged is re-calculated each time a tenancy is granted or renewed, so will fluctuate in line with local private market

rents. The government introduced Affordable Rent to enable Registered Providers to generate additional rental income from rents. This would enable greater investment by Registered Providers to deliver additional affordable housing in a time of constrained grant budgets.

Social and Affordable Rents are sometimes viewed in two different categories e.g. Social Rents at 50 per cent of local market rent and Affordable Rent at up to 80 per cent of local market rents. However, Social Rents are set using a government formula which creates a formula rent for each property based on its relative value, its size and the relative local incomes in the area in which it is situated. Affordable Rents are set in relation to the market rent rates for the area in which the property is located. From rent and affordability perspectives, it is more useful to view affordable housing for rent as a continuum between typically 50 per cent and 80 per cent of local market rents rather than seeing Social Rents and Affordable Rents in separate categories.

Social and Affordable average weekly rent data in East Hertfordshire has been provided from an analysis of properties which were advertised for letting between 1 April and 10 July 2020. Additional data shows how this compares with private rents in the district as at March 2020 and Local Housing Allowance rates for the district in December 2020. The gaps between social and affordable rents and private rents are very wide. The table also shows the significant gaps between private rent levels and all maximum Local Housing Allowance levels in the district.

	1 bedroom	2 bedroom	3 bedroom
Social Rent	£102.22	£118.03	£143.93
Affordable Rent	£145.68	£183.29	£224.93
Average private rents March 2020*	£200.00	£250.00	£337.50
LHA in Harlow and Stortford Broad Rental Market Area	£165.70	£207.12	£258.90
LHA in South East Herts Broad Rental Market Area	£172.60	£212.88	£276.16
LHA in Stevenage and North Herts Broad Rental Market Area	£155.34	£195.62	£241.64

\*Source: Office for National Statistics

### 3.6 The Housing Register and Allocations

	Total on Housing Register as on 1 April	Total lettings to Registered Providers	Total lettings to non-Registered Providers
2014-2015	2,009	459	10
2015-2016	2,198	524	3
2016-2017	2,025	501	4
2017-2018	2,039	509	1
2018-2019	2,119	562	3

2019-2020	2,125	522	0
2020-2021	2,168	447 (376 general needs)	0

Source: Local Authority Housing Statistics, MHCLG

The Housing Register includes applicants for general needs and sheltered housing.

The number of households on the housing register between 2014/2015 and 2020/2021 rose by 7.9 per cent.

We have seen a significant reduction in the number of lettings during the financial year 2020-2021. A total of 323 homes have been let, of which 263 were homes for general needs. Although this covers 75 per cent of the financial year, this represents only 62 per cent of the total number of lettings (522) which were made during the previous financial year 2019-2020. This could be due to a number of reasons, such as households being unwilling to move due to the Covid19 pandemic.

### 3.7 Homelessness and Temporary Accommodation

Homelessness has increased substantially in East Hertfordshire during the financial year 2020-2021. The table below shows how the number of households assessed as homeless per 1,000 households in the population increased during 2020 and compares with other local authorities:

Hertfordshire local authority/region/country	January to March 2020	July to September 2020
Broxbourne	0.54	1.87
Dacorum	0.82	2.03
East Hertfordshire	0.65	1.28
Hertsmere	0.63	1.49
North Hertfordshire	0.75	1.54
St Albans	1.08	0.51
Stevenage	0.26	2.77
Three Rivers	1.57	0.50
Watford	0.49	1.05
Welwyn Hatfield	0.57	1.83
East of England	0.63	1.60
England	0.69	1.39

Source: MHCLG Live tables on Homelessness

Between 1 July and 30 September 2020 the reasons for homelessness or threats of homelessness among those who approached East Hertfordshire Council for assistance were as follows:

Reason for homelessness or threatened homelessness	Percentage of households homelessness or threatened with homelessness
Family or friends no longer willing to accommodate	34%
End of a privately rented tenancy – assured shorthold or non-assured shorthold	21%
Domestic violence or abuse	9%
Non-violent breakdown of relationship	8%

End of Social Rented tenancy	6%
Evicted from supported accommodation	4%
Left an institution e.g. hospital, armed forces	3%
Non-racially motivated violence	1%
Other	14%

As the below table shows, the number of households in temporary accommodation has increased significantly over the past five years. An increasing number of households have been unable to move into housing association accommodation because they have failed affordability checks and financial assessments.

Date	Number of households placed in temporary accommodation by East Hertfordshire Council (year end snapshot data)
31 March 2015	19
31 March 2016	19
31 March 2017	15
31 March 2018	25
31 March 2019	28
31 March 2020	47
31 March 2021	52

In addition, East Hertfordshire Council is seeing rising numbers of people in housing need who have a high level of support needs, particularly from single person households. Increasingly, the allocation of affordable housing in the district is focused upon the most vulnerable people in the smaller accommodation.

### 3.8 The Private Rented Sector

The English Housing Survey 2018-2019 recorded that nationally the number of privately rented homes had doubled since the beginning of the millennium, from 10% of housing stock in 2002 to approximately 19-20% of housing stock in 2018-2019.

In 2011 East Hertfordshire's private rented sector was recorded as consisting of 7,446 homes, 13.2% of the total housing stock in the district. Details of the current size of the sector are awaited from the Census 2021. It is anticipated that, as with national trends, the size of the sector will have increased further.

The median average Private Sector rents in East Hertfordshire were recorded on 30 September 2020 as follows:

Property size	Median average monthly rents
Room	£358
Studio	£650
1 bedroom	£800
2 bedroom	£1,000
3 bedroom	£1,350
4 bedroom	£1,680
All	£995

Source: Office for National Statistics

Local Housing Allowance rates – Three Local Housing Allowance areas cover the East Hertfordshire district. The following table shows the difference between the median average weekly rents in the sector in September 2020 and the amount of Local Housing Allowance available in December 2020 to cover the cost of rents:

	Room	1 bedroom	2 bedroom	3 bedroom	4+ bedroom
Median monthly rent	£358	£800	£1,000	£1,350	£1,680
Median weekly rent	£89.50	£200.00	£250.00	£337.50	£420.00
Harlow & Stortford LHA area	£76.50	£165.70	£207.12	£258.90	£299.18
Difference	£13.00	£34.30	£22.49	£78.60	£120.82
South East Herts LHA area	£82.04	£172.60	£212.88	£276.16	£322.19
Difference	£7.46	£27.40	£16.73	£61.34	£97.81
Stevenage and North Herts LHA area	£78.59	£155.34	£195.62	£241.64	£299.18
Difference	£10.91	£44.66	£33.99	£95.86	£120.82

In all cases, the median market rent exceeds the Local Housing Allowance rent, with the gap expanding as the number of bedrooms increases. This is not unexpected, given that Local Housing Allowance rates were frozen for five years. However, it does demonstrate the problem of finding affordable accommodation for those who are eligible for benefits, with many having to “top up” the rent element of their benefits using money which could be used for food and other day-to-day expenses. Analysis by homelessness charity Shelter has put East Hertfordshire 9<sup>th</sup> in the top ten local authorities outside London with the biggest shortfall between Local Housing Allowance and rents.

Demand from households unable to buy, landlords’ reluctance to let to tenants in receipt of benefits, and the increasing gap between the Local Housing Allowance rate and market rents have contributed to a significant drop in the proportion of private sector tenants who are in receipt of housing-related benefits. Between 2013 and 2017 there was a 22 per cent (346 households) reduction in the number of households in receipt of housing-related benefits in privately rented accommodation in East Hertfordshire.

The Benefit Cap (which includes housing-related costs) for households outside Greater London currently stands at the following levels:

- Single person households - £257.69 per week or £13,400 per year
- Couples and single parents - £384.62 per week or £20,000 per year

These amounts have not increased since 2016, despite rises in the cost of living.

Households who before the Covid19 pandemic may have earned enough to avoid the Benefit Cap may now have seen reduction in the hours they were working, meaning that their incomes have become severely restricted.

The unaffordability and inaccessibility of almost East Hertfordshire’s entire private rented sector increases the pressure on social housing.

The allocation to social housing is playing an ever increasing role in the prevention of homelessness. While the number of households who have had their homelessness prevented has remained fairly constant, the proportion of households having their homelessness prevented through an allocation of social housing increased from 55 per cent in 2014 to 77 per cent in 2017.

The private rented sector no longer plays a significant role in preventing homelessness in East Hertfordshire.

### 3.9 Earnings and Affordability checks

A significant proportion of households in East Hertfordshire are in receipt of low incomes. This is illustrated by the following:

- the East Hertfordshire Housing Strategy 2016-2021 referred to the housing needs survey for the district undertaken in 2015. The survey highlighted the fact that 21 per cent of households in the district earned less than £20,000 per year
- in September 2020 just over half of the households on the council’s housing register were in employment (51%) of whom 45% did not receive any welfare benefits. The maximum qualifying income level for households on the East Hertfordshire Council housing register is £48,000
- in East Hertfordshire the lag between earning and rent inflation was significant between 2011 and 2019. While private rents in the district have increased by 29 per cent, wages have risen by only 4 per cent (based on a two person household with one full-time and one part-time worker)
- the Indices of Multiple Deprivation 2019 showed that 12 East Hertfordshire lower super output areas were ranked in the 50 per cent most deprived in terms of income, compared with all lower super output areas in England, and that 10 East Hertfordshire lower super output areas were ranked in the 50 per cent most deprived in terms of employment across England
- East Hertfordshire has seen a significant rise in the number and percentage of households in receipt of out-of-work benefits during 2020, from 1.2% (1,140 households) in March 2020 to 4.0% (3,450 households) in May 2021. The wards in the district which have been affected most acutely are:

Wards	March 2020 – number of households claiming out-of-work benefits	May 2021 - number of households claiming out-of-work benefits
East Herts district	1,140 (1.2%) of total	3,450 (4.0% of total)
Bishop’s Stortford Central	40 (1.3% of total)	320 (4.4% of total)

Hertford Castle	40 (1.8% of total)	250 (4.0% of total)
Bishop's Stortford All Saints	30 (1.2% of total)	235 (4.2% of total)
Hertford Sele	45 (2.7% of total)	220 (6.2% of total)
Sawbridgeworth	35 (1.4% of total)	200 (3.7% of total)

Employees in these wards may have been disproportionately affected by the impact of the Covid19 pandemic upon certain types of occupations for example hospitality, retail, jobs associated with Stansted Airport.

The table below shows the number of households nominated for an allocation by the council who were subsequently rejected by Registered Providers on the grounds of affordability only. The number of rejections has increased sharply over the past three years. The number for 1 April to 17 July 2020 had already exceeded the total for the whole of the previous year:

Year	Nominations rejected due to affordability	Total number of nominations (can include more than one nomination to one property).	Rejections as a percentage of the total number of nominations
2016-2017	2	490	0.4%
2017-2018	10	512	2.0%
2018-2019	25	576	4.3%
2019-2020	37	555	6.7%
1 April 2020 to 31 December 2020	54	323	16.7%

As previously stated, the levels of the Benefit Cap have not increased in line with the cost of living. This has a particular impact on affordability assessments. If rents are not capped at Local Housing Allowance levels, households find their living costs, including rent, are higher than the Benefit Cap. In consequence, only those in work who earn above a certain level (£604.59) or are in receipt of a Personal Independence Payment (non-means tested) are considered able to afford the accommodation.

The following table, using data from the Annual Survey of Hours and Earnings (ASHE) for the East Herts district in 2020, shows the difficulty of affording accommodation for a significant percentage of households who have just one household member in employment who is working full-time: just under 40 per cent earn below the £604.59 threshold referred to above).

Earnings decile	Weekly median average gross earnings per individual
Lowest 10 per cent	£399.00 (£20,748 per year)
Lowest 20 per cent	£479.10 (£24,913 per year)
Lowest 25 per cent	£506.30 (£26,328 per year)
Lowest 30 per cent	£543.10 (£28,412 per year)
Lowest 40 per cent	£611.20 (£31,782 per year)
Median average	£714.70 (£37,164 per year)



Source: Annual Survey of Hours and Earnings (ASHE) for full-time employment in the East Hertfordshire district 2020

### 3.10 Affordability scenarios by household type

Housing Quality Network (HQN) Consulting has carried out research on the affordability housing options in September 2020 for a three household types in East Hertfordshire:

- a Single Person aged over 35 requiring either a room in shared accommodation or 1 bedroom self-contained accommodation
- a lone parent with 1 children requiring 2 bedroom accommodation
- a couple with 2 children requiring 3 bedroom accommodation.

These are household types who often require housing assistance in East Hertfordshire.

The research assesses the housing options which would be affordable to these household types:

- if they were either wholly dependent on benefits for their income or if they were in receipt of the National Minimum Wage and working 40 hours full-time.
- if their housing costs were to not exceed 40 per cent of their gross weekly income (40 per cent is not regarded as a generous percentage of household income to spend on housing costs).

	Unaffordable at or below 40% of weekly income
	Affordable at or below 40% of weekly income

#### Single person aged over 35 requiring a room in shared accommodation or one bedroom self-contained accommodation

Income levels	Affordable/Unaffordable housing options
<b>Benefits only</b> <ul style="list-style-type: none"> <li>• Total weekly income £214.59</li> <li>• 40% of weekly income <u>£85.84</u></li> </ul>	Social rented accommodation – self-contained at £102.22 per week
	Affordable rented – self contained at 65% Market Rent at £120.00 per week
	Affordable rented – self contained at 72% Market Rent at £132.92 per week
	Affordable rented – self contained at 80% Market Rent at £145.68 per week
	Market rented – self-contained at £184.61 per week
	Market rented – room in shared accommodation at £82.61 per week
<b>National Living Wage only</b> <ul style="list-style-type: none"> <li>• £328.24 weekly income.</li> <li>• 40% of weekly income <u>£131.30</u></li> </ul>	Affordable rented – self-contained at 72% of market rent at £132.92 per week
	Affordable rented – 80% of market rent at £145.68 per week
	Market rented accommodation – self-contained. At £184.61 per week
	Social rented accommodation – self-contained at £102.22 per week

	Affordable rented – self-contained at 65% of market rent at £120.00 per week
	Market rented – room in shared accommodation at £82.61 per week

### Lone parent with 1 child requiring two bedroom self-contained accommodation

Income levels	Affordable/Unaffordable housing options
<b>Benefits only</b>	Affordable rented at 72% of Market Rent at £166.15 per week
	Affordable rented at 80% of Market Rent at £184.62 per week
	Market rented at £230.77 per week
	Social rented accommodation at £118.03 per week
<ul style="list-style-type: none"> <li>Total weekly income £384.14.</li> <li>40% weekly income <u>£153.66</u></li> </ul>	Affordable rented at 65% of Market Rent at £150.00 per week
	Affordable rented at 80% of Market Rent at £184.62 per week
	Market rented at £230.77 per week
	Social rented accommodation at £118.03 per week
<b>National Living Wage only, working full-time with childcare costs.</b>	Affordable rented at 65% of Market Rent at £150.00 per week
	Affordable rented at 72% of Market Rent at £166.15 per week
	Affordable rented at 80% of Market Rent at £184.62 per week
	Market rented at £230.77 per week
<ul style="list-style-type: none"> <li>Total weekly income £428.32</li> <li>40% weekly income <u>£171.33</u></li> </ul>	Social rented accommodation at £118.03 per week

### Couple with 2 children requiring three bedroom self-contained accommodation

Income levels	Affordable/Unaffordable housing options
<b>Benefits only</b>	Affordable rented at 65% of Market Rent at £202.50 per week
	Affordable rented at 72% of Market Rent at £224.93 per week
	Affordable rented at 80% of Market Rent at £249.93 per week
	Market rented at £311.54 per week
<ul style="list-style-type: none"> <li>Total weekly income £417.34</li> <li>40% weekly income <u>£166.94.</u></li> </ul>	Social rented accommodation at £143.93 per week
	Market rented at £311.54 per week
	Social rented accommodation at £143.93 per week
	Affordable rented at 65% of Market Rent at £202.50 per week
<b>National Living Wage only, one adult working full-time with no childcare costs.</b>	Affordable rented at 72% of Market Rent at £224.93 per week
	Affordable rented at 80% of Market Rent at £249.93 per week
	Affordable rented at 65% of Market Rent at £202.50 per week
	Affordable rented at 72% of Market Rent at £224.93 per week
<ul style="list-style-type: none"> <li>Total weekly income £699.00</li> <li>40% of weekly income <u>£276.60</u></li> </ul>	Social rented accommodation at £143.93 per week

Low cost home ownership and market sale is unaffordable to all these groups.

### 3.11 Tenancies offered by Registered Providers

Historically, tenants of social landlords have been offered an assured tenancy which granted them a home for life, provided they did not breach the terms of their tenancy on any specified grounds. Fixed term tenancies were introduced as part of the Localism Act with the aim of assisting Registered Providers to offer more flexible (fixed-term) tenancies. The view was that this would then enable landlords to make

best use of their housing stock and better meet local housing needs with a review of the tenant's situation at the end of the fixed term.

Registered Providers are able to offer fixed term tenancies on a minimum fixed term of five years. However, in exceptional circumstances flexible tenancies can be for as little as two years.

Social landlords have still been able to offer the traditional assured and introductory/starter tenancies. Existing flexible tenancies were introduced in addition to these options, and social landlords do not have to use them.

Existing assured tenants cannot have their tenancies converted to a flexible tenancy, and many are offered special protections if they move to another home.

In recent years a number of Registered Providers who own a large amount of affordable housing have ceased their use of flexible tenancies. Reasons for this include the increased anxiety of tenants, extra work for front-line staff, and to simplify the lettings process. The tenancies most commonly offered in East Hertfordshire indicate that, although the principle of using Starter or Probationary tenancies remains strong, Registered Providers prefer to offer life-time tenancies after these initial tenancies end. This is supported by East Herts Council

### **Types of tenancies offered by Registered Providers in East Hertfordshire October 2020 to May 2021**

Landlord	General/Sheltered	Tenancy type offered
B3 Living	General	One year Starter Tenancy then Assured Tenancy
Catalyst	General	Starter Tenancy then Assured Tenancy
Clarion	General	Twelve month probationary period then Assured Tenancy.
Clarion	Sheltered	Assured Tenancy – Social Rent
Clarion	Sheltered	Starter Tenancy followed by Assured Tenancy.
Hightown	General	Probationary Tenancy then Assured Tenancy
Metropolitan	General	Assured Tenancy
Network	General	Assured Tenancy
Network	Sheltered	Assured Tenancy
Sage	General	Starter tenancy followed by five year Fixed Term Tenancy
Sanctuary/Catalyst	General	One year Starter Tenancy followed by Assured Tenancy.

### **Conclusions**

- East Hertfordshire Council has sustained a good supply of new affordable housing between 2015/16 and 2020/2021, particularly the number of new affordable homes for rent, primarily through planning obligations. However, this has consisted almost wholly of Affordable Rent, while the supply of new properties at Social Rent is now negligible.

- The council has a strong pipeline of new homes being developed through planning agreements but they are all at affordable rent levels and often exceed Local Housing Allowance rates.
- Tenants of affordable housing are offered mainly lifetime tenancies once they have completed Starter or Probationary tenancies as flexible tenancies have become less popular with Registered Providers.

However

- Since the ending of the 2016/2020 rent freeze, Social and Affordable rents will begin to rise again.
- Housing need in the district is undoubtedly increasing, with the number of households on the housing register going up by 5.8 per cent between 2014/2015 and 2020/2021. The total number of households on the housing register between 31 March 2015 and 31 March 2021 rose by 7.9 per cent.
- The number of homes being let has seen a significant decrease between April 2020 and March 2021 and turnover of housing is currently declining. This may be due to households being unwilling to move during the pandemic
- The number of households approaching the local authority for assistance under homelessness legislation has increased. The number of households living in temporary accommodation has also risen. East Hertfordshire Council is also receiving applications for assistance from an expanding number of people in housing need who also have a high level of vulnerability and support need.
- Use of the private rented sector by households on low incomes, and also as a prevention option for households in housing need, is decreasing. This is due to a number of reasons: an increase in the number of households unable to buy a home, landlords' reluctance to let to households in receipt of benefits and the growing gap between market rent levels and local housing allowance levels. In consequence, the reliance on registered provider social housing as a homelessness prevention measure has grown.
- The extent of low incomes in East Hertfordshire has grown and is perhaps likely to increase due to the economic upheaval arising from the Covid19 pandemic. The number of households who are refused accommodation by a registered provider due to failing an affordability check or financial assessment has gone up significantly in recent years.
- The level of Affordable Rents, as a percentage of market rents, can make a significant difference to whether a home is affordable to a household on a low income.
- The larger properties are more unaffordable as a percentage of income for households whose income consists of benefits only. They usually accommodate younger families who are more vulnerable. Since the beginning of the Covid19 pandemic in March 2020 there has been an increase in the number of larger families on the East Herts housing register.

## 4.Guidance for Registered Providers

### Summary:

- East Hertfordshire Council is seeking to work in partnership with registered providers to meet current and future housing needs in the district.

### Rent levels

- For properties currently let at Social Rent levels, conversions to Affordable Rent should be minimised.
- Registered Providers should have due regard to the market and Local Housing Allowance levels in terms of rent setting.
- Affordable Rents should be set towards the lower end of the 50% to 80% of Market Rent spectrum or capped at Local Housing Allowance levels.

### Tenancy Types

- There must be an emphasis on lifetime tenancies.

### 4.1 Rent Levels

East Hertfordshire Council expects registered providers to have regard to the following:

- The retention and development of homes for Social Rent.
- To set or maintain Affordable Rent levels at the lower end of the 50% to 80% spectrum or capped at LHA rates.
- To be proactive in both setting and re-evaluating Affordable Rent levels locally so that tenants on low incomes can afford to live in a home which is affordable and suitable for their needs.
- To provide full details of current Affordability Checks and Financial Assessment procedures to the local authority, with information on why a household would be turned down for an offer of a home as a result.

### 4.2 Flexible (fixed-term)Tenancies

Where flexible (fixed term) tenancies are issued, East Hertfordshire Council suggests that the following basic principles are adopted as a minimum:

- A minimum of a five year fixed term tenancy for most households.
- For fixed term tenancies to be re-issued at the end of the team unless there is a significant change of circumstance for the household.
- To provide clear policy and procedures to East Hertfordshire Council of the criteria under which fixed term tenancies would end.

- For a full review to be carried out prior to a fixed term tenancy ending. This review should take account of the likelihood of the household being able to find suitable alternative accommodation.

East Hertfordshire Council recognises that there may be situations where it may not be appropriate to re-issue a fixed term tenancy. This includes where:

- the home is under-occupied by more than one bedroom
- the home is significantly overcrowded
- the financial circumstances of the tenant have changed to such an extent that other housing options are available and appropriate
- the tenant comes into legal ownership of another home or property
- breaches of tenancy or tenancy fraud are identified during the fixed term tenancy review process
- the tenant's behaviour during the fixed term of the tenancy has been unacceptable. This behaviour has been sustained and has been documented.

### **4.3 Mutual Exchanges**

Mutual exchange is a useful tool for meeting housing need and making good use of a Registered Provider's housing stock. East Hertfordshire Council would not like to see fixed term tenancies or higher rent levels to impact upon the effectiveness of mutual exchange. Although there are protections for existing tenants in certain circumstances, these are not universal. East Hertfordshire Council would like to encourage registered providers to set out in their tenancy policies the implications to a tenant's security of tenure and rent level if they mutually exchange their home and, in general, adopt policies which promote the continued use of mutual exchange for all tenants.

### **4.4 Needs of specific groups**

There are some groups for whom the type of tenancy with which they are issued will have more of an impact. East Hertfordshire Council has set out below the groups for which it believes that special consideration for a suitable tenancy would be beneficial, and for whom guidance on the types of appropriate tenancies that it would prefer registered providers to consider.

#### **a) Victims of domestic abuse**

The Domestic Abuse Act 2021 became law on 5 July 2021. The Act:

- places a duty on local authorities in England to provide accommodation based support to victims of domestic abuse and their children in refuges and other safe accommodation.
- provides that all eligible homeless victims of domestic abuse automatically have 'priority need' for homelessness assistance.
- ensures that where a local authority, for reasons connected with domestic abuse, grants a new secure tenancy to a social tenant who had or has a

secure lifetime or assured tenancy (other than an assured shorthold tenancy) this must be a secure lifetime tenancy.

East Herts Council requests that registered provider partners take into account the obligations of the local authority under the Domestic Abuse Act 2021 and the needs of victims of domestic abuse.

#### **b) Families with children of school age or younger**

If these households are not offered a lifetime/assured tenancy, East Hertfordshire Council's preferred tenancy term is a minimum of five years. Security and stability during a child's education are both crucial, and families often also rely on nearby friends and relatives to provide care for their children. East Hertfordshire Council expects these factors to be considered by providers when reaching a decision about the use of fixed term tenancies for this household group.

#### **c) Households with a disabled member or a member with special needs**

If these households are not offered a lifetime/assured tenancy, East Hertfordshire Council's preferred tenancy term is that a minimum ten year fixed term tenancy is granted where it is likely that the disabled person will remain living in the property for some time and still require the adaptations.

#### **d) Older people over the age of 60**

If these households are not offered a lifetime/assured tenancy, East Hertfordshire Council's preferred tenancy terms are:

- a minimum of a five year fixed term tenancy for older people living in general needs accommodation
- lifetime/assured tenancies for older people living in sheltered housing (accommodation designed especially for older people).

In deciding on the use of fixed term tenancies for this household group, East Hertfordshire Council would like Registered Providers to consider health and wellbeing, the role of friends and relatives in enabling independence and the possibility that insecurity of tenure may add to someone's worries about their future.

#### **e) Other factors**

East Hertfordshire Council requests that Registered Providers give special consideration to the following when developing their tenancy policies:

- households in rural areas with strong family and employment links with their current area of residence
- single households under 35, particularly in relation to those on low incomes and affordability.

## **5. Monitoring and Review**

The tenancy strategy will be monitored through meetings of the East Herts Council Housing Forum.



## Glossary

**Affordable Housing** – Affordable Housing is an umbrella term which cover both homes for rent at below market levels and also homes for low cost home ownership. The National Planning Policy Framework defines Affordable Housing as follows: Housing for sale or rent, for those whose needs are not met by the market and which complies with one or more of the following definitions: **Affordable housing for rent** at least 20 per cent below local market rents (including service charges where applicable); **Discounted market sales housing** sold at a discount of at least 20 per cent below local market value; **Other affordable routes to home ownership** that provides a route to ownership for those who could not achieve home ownership through the market, and is at a price equivalent to at least 20 per cent below local market value.

**Affordable Rent** – Affordable Rents were introduced in 2011. Housing let at an Affordable Rent is allocated by a Registered Provider to households who are eligible for social housing at a rent of no more than 80 per cent of the Local Market Rent. This includes service charges where applicable. The usual percentage range of an Affordable Rent is 50 to 80 per cent of full market rent.

**Assured Tenancy** – An Assured Tenancy is the type of tenancy held by most Registered Provider tenants. A tenant holding an Assured Tenancy may not be evicted without a reasonable ground in the Housing Act 1988. The tenancy can only come to an end either by an order of the court or by surrender by the tenant.

**Benefit Cap** is a maximum allowance on the total amount of benefit a household is entitled to receive under the benefits system introduced in April 2013. In March 2021 the benefit cap levels for households outside Greater London were:

- £384.62 per week (£20,000) for a couple
- £384.62 per week (£20,000) for a single parent whose child is living with them.
- £257.69 per week (£13,400) for a single person.

**Broad Rental Market Area (BRMA)** – Local Housing Allowance (LHA) rates are used to calculate Housing-related Benefit for tenants renting from private landlords. LHA rates relate to the area in which a person/household makes a claim. These areas are called broad rental market areas (BRMA). A BRMA is where a person/household could reasonably be expected to live taking into account access to facilities and services. LHA rates are based on private market rents being paid in the BRMA. Valuation Office Agency (VOA) Rent Officers collect the rental information from letting agents, landlords and tenants.

**Conversion** – Tenancy conversion occurs when a property owned by a registered provider is let at different terms and conditions than when previously let. The most common type of conversion occurs when a tenancy is relet at an Affordable Rent, whereas it was previously let at a Social Rent.

**Financial Assessment procedure** otherwise known as affordability checks or affordability assessments. These are often carried out by a Registered Provider to ensure a prospective tenant is able to afford to sustain the tenancy which if offered.

**Fixed Term Tenancies/Flexible Tenancies** are types of tenancy introduced under the Localism Act 2011 for the use of Registered Providers. These tenancies have a specified term of not less than 5 years or 2 years in exceptional circumstances.

**Local Housing Allowance (LHA)** – Local Housing Allowance (LHA) rates are used to calculate Housing Benefit for tenants renting from private landlords. LHA rates relate to the area in which someone makes a claim. These areas are called Broad Rental Market Areas (BRMA). The amounts of LHA payable are dependent upon the number of bedrooms which a household requires.

The Rent Officer maintains rental information for each category of LHA rates. These are the list of rents. Calculations are applied to the list of rents to determine the LHA rate which is set as the lower of:

- the 30th percentile on a list of rents in the Broad Rental Market Area
- the existing rate of LHA.

**Mutual Exchange** is a facility that enables a tenant to exchange their property and tenancy with another of their own Registered Provider's tenants or with a tenant of a different Registered Provider.

**National Minimum Wage** is the minimum pay per hour to which almost all workers are entitled. The National Living Wage is higher than the National Minimum Wage. From 1 April 2021 the National Living Wage will apply if workers are aged 23 and over.

**Personal Independence Payment** – Personal Independence Payment (PIP) can help a household with some of the extra costs if a household member has a long term ill-health or disability. The payment is non-means tested; a household can receive it in addition to employment and support allowance and income and savings does not affect eligibility.

**Registered Provider** is the term used for housing associations or other private sector developers, local councils or similar who are registered with the Homes England to provide social housing.

**Rent Officer** – The Rent Officer works for the government's Valuation Office Agency. The function of the Rent Officer is to determine an appropriate rent for protected/statutory tenancies. The Rent Officer will maintain a register of fair rents, and determine Local Housing Allowance levels.

**Shared Ownership** - Shared Ownership gives first time buyers and those that do not currently own a home the opportunity to purchase a share in a new build or resale property. The purchaser pays a mortgage on the share they own and pays rent to a Registered Provider on the remaining share. Because the purchaser only needs a mortgage for the share they are purchasing, the amount of money required

for a deposit is usually considerably lower when compared with the amount that would be required when purchasing outright. The purchaser has the option to increase their share during their time in the property via a process known as staircasing and in most cases can staircase all the way to 100 per cent. In exceptional cases, such as in rural areas, the Registered Provider will retain ownership of a percentage of the property.

**Sheltered housing** – Sheltered housing usually consists of accommodation designated for older people or disabled people consisting of self-contained homes, usually flats or bungalows. There is usually support available for residents, either on-site or delivered from an external service.

**Social Rent** means housing let at a periodical rent due at intervals of a month or less. Social Rents are set using a government formula. This creates a “formula rent” for each property which is calculated according to the value of the property, the size of the property, and the local income levels in the area in which the property is located. Social Rents are traditionally set at 50 per cent of Market Rent.

**Starter/Introductory/Probationary tenancies** – New tenants of a registered provider may be offered a Starter/Introductory/Probationary tenancy. These normally last 12 months and are like a trial period. Under the terms of this type of tenancy, the process for a Registered Provider to evict a tenant is quicker. A tenant of this type of tenancy will usually move on to a longer-term (assured or fixed term) tenancy after 12 months unless the registered provider has started action to evict them or extend the starter tenancy.

**Supported housing** – Supported housing is any housing scheme where housing and support services are provided as an integrated package. Some schemes are long-term, designed for people who need ongoing support to live independently, others are short-term, designed to help people develop the emotional and practical skills needed to move into more mainstream housing. This can include support with health needs, including mental health, drug and alcohol use, managing benefits and debt, developing daily living skills and accessing education, training and employment.

**Universal Credit** was introduced under the Government’s welfare reforms in 2013. It is an integrated benefit which incorporates the previous separate benefits of Income support, income based job seekers allowance, income related employment and support allowance, housing benefit, child tax credit and working tax credit. Households in receipt of universal credit and not in receipt of specific exempt benefits will be subject to the benefit cap defined above.