

East Herts Council Report

Overview and Scrutiny Committee

Date of Meeting: 7 September 2021

Report by: Councillor Peter Boylan, Executive Member for Neighbourhoods

Report title: The East Herts Tenancy Strategy 2021 to 2026

Ward(s) affected: All

Summary

- The current East Herts Council Tenancy Strategy, written in 2016, requires updating. Therefore, a new Tenancy Strategy for 2021 to 2026 has been drafted to respond to new legislation, changing market conditions and evolving housing need trends. This report provides information on the contexts which have been taken into account when devising an updated strategy.

RECOMMENDATIONS FOR OVERVIEW AND SCRUTINY COMMITTEE:

A. The Overview and Scrutiny Committee provides comments and recommendations on the draft East Herts Tenancy Strategy for 2021 to 2026.

1.0 Proposal(s)

1.1 That the following guidance should be provided to registered providers who own and manage affordable housing in East Hertfordshire

Rent levels:

- There should be due regard to the housing market and Local Housing Allowance levels when setting rents in East Hertfordshire.
- Conversion of Social Rent to Affordable Rent should be minimised.
- Affordable Rents should be set towards to the lower end of the 50 per cent to 80 per cent Market Rent spectrum.

Tenancies:

- There should be an emphasis on either lifetime tenancies or long-term tenancies of at least five years.
- Special consideration should be given to the groups in greater need of settled accommodation such as older people, households with children and victims of domestic violence.

2.0 Background

2.1 Under the Localism Act 2011 each local authority has an obligation to produce a tenancy strategy which sets out the matters to which providers of affordable housing must have regard when they develop their own tenancy policies. This includes:

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

2.2 The new East Herts Tenancy Strategy contains a set of recommendations to which registered providers are expected to have regard under each of the following themes:

- Rent levels
- Tenancy types
- The needs of specific groups.

2.3 The new Tenancy Strategy takes account of legislative contexts at the national level, and changing economic and housing market conditions at the local level.

2.4 A total of sixteen registered provider (also known as housing associations) own and manage affordable housing for rent and/or low cost home ownership in the East Herts district. In 2002 East Herts Council transferred its entire housing stock to two housing associations which are now Network Homes and Clarion Housing. Other large housing associations that own and manage housing in East Herts, include Paradigm, Metropolitan, Hightown, B3 Living and Catalyst. In April 2020 registered providers owned 8,327 homes in East Herts (affordable housing for rent and low cost home ownership), constituting 13 per cent of the district's entire housing stock.

2.5 Between 1 April 2015 and 31 March 2021 registered providers developed a total of 724 new affordable homes for rent in East Herts.

2.6 Since 2011 there have been major changes in the range of tenancy types which registered providers can offer and the levels of rents which they can charge:

- Before 2011 registered providers predominantly offered Assured Tenancies. These tenancies were, in effect, periodic lifetime tenancies which could be brought to an end only if the tenant breached one of the grounds under the Housing Act 1988 e.g. failure to pay rent. A registered provider might also offer a Starter Tenancy for an initial twelve month period under which it would be easier to

evict a tenant more quickly. However, a tenant usually progressed to an Assured Tenancy after a Starter Tenancy had expired. However, the Localism Act 2011 allowed registered providers to introduce new Fixed Term/Flexible tenancies, with a specified term of not less than five years or two years in exceptional circumstances. These tenancies would be reviewed towards the end of their specified term, and could be brought to an end if the tenancy was no longer considered to be required or appropriate for the tenant.

- Before 2011 registered providers mainly charged Social Rents which were set using a government formula. These rents were calculated according to the value and size of each property and the local income levels in the area in which the property was located. Social Rents are traditionally set at approximately 50 per cent of Market Rent. However, from 2011 registered providers were given discretion to set Affordable Rents. These rents could be set up to a maximum value 80 per cent of Market Rent, including a service charge where applicable. When a property which had been let at Social Rent was vacated, it could be relet at Affordable Rent. The usual percentage range of an Affordable Rent is 50 per cent to 80 per cent of market rent. Affordable Rents have become the predominant affordable rent level in East Herts for new homes; between 1 April 2015 and 31 March 2021 722 of the new homes developed were rented at an Affordable Rent and 2 were rented at Social Rent. These Affordable Rents can exceed Local Housing Allowance levels, which are the maximum amount of housing-related benefit payable to tenants of the private rented sector.

3.0 Reason(s)

- 3.1 The extent of housing need in East Herts has grown since the last tenancy strategy was produced in 2016. Examples of the

increase in housing need: the number of households on the housing register rose by nearly eight per cent between 2014-2015 and 2020-2021; the number of households assessed as homeless per 1,000 households in the population rose from 0.65 on 31 March 2020 to 1.28 on 30 September 2020; the number of households living in temporary accommodation grew from 19 on 31 March 2020 to 64 on 31 March 2021. The following factors have contributed to the increase in the levels of housing need in East Herts:

- There has been a significant reduction in the number of affordable homes available for letting. In 2020-2021 a total of 323 homes were let, compared to 522 in 2019-2020. This may be partly due to households being unwilling to move during the Covid19 pandemic.
- The Covid19 pandemic may also have increased homelessness among individuals who had been staying with friends or family on a casual basis. This appears to have led to an increase in rough sleeping.
- The private rented sector has become increasingly unaffordable, with widening gaps between the maximum amount of housing-related benefit which a household can claim (Local Housing Allowance) and market rents. Benefit cap levels have remained at 2016 levels, despite rises in the cost of living. Private landlords in East Herts have become increasingly reluctant to let a home to a household in receipt of benefits.
- Since the beginning of the Covid19 pandemic there has been a rise in out-of-work benefit claims in East Herts, from 1,140 claims (1.2 per cent of the workforce) in March 2020 to 3,450 per cent (4.0 per cent of the workforce) in May 2021. In addition, households who before the Covid19 pandemic may have earned enough to avoid the Benefit Cap may have seen a reduction in their working hours, leading to their incomes becoming severely restricted.

- 3.2 In Autumn 2020 HQN Consultancy carried out research into housing affordability in East Herts and produced a report *"Affordable Housing in East Hertfordshire"*. Their research included assessing the affordability of Social, Affordable and Market rents for three household types who were either wholly dependent upon benefits for their income or whose income was restricted to the National Living Wage. The findings of the research showed that Affordable Rents at the higher end of the 50 per cent to 80 per cent of Market Rent spectrum were usually unaffordable to households in these three groups, even if housing costs were to consume up to 40 per cent of their gross household income.
- 3.3 The East Herts Tenancy Strategy provides the following guidance to registered providers:

Rent levels:

- There should be due regard to the housing market and Local Housing Allowance levels when setting rents in East Hertfordshire.
- Conversion of Social Rent to Affordable Rent should be minimised.
- Affordable Rents should be set towards to the lower end of the 50 per cent to 80 per cent Market Rent spectrum.

Tenancies:

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- Special consideration should be given to the groups in greater need of settled accommodation such as older people, households with children and victims of domestic violence.

4.0 Options

- 4.1 To not produce a tenant strategy – NOT RECOMMENDED.
Every local authority is obliged under the Localism Act 2011 to produce a tenancy strategy for their district at least once every five years. The East Herts Tenancy Strategy will provide a firm foundation for partnership working with registered providers.

5.0 Risks

- 5.1 The East Herts Tenancy Strategy takes the form of guidance to registered providers, rather than specific contractual obligations. Therefore there is no risk associated with the production of a tenancy strategy.

6.0 Implications/Consultations

- 6.1 The Tenancy Strategy was presented to members of the East Herts Housing Forum on 29 June 2021. Member of the Forum consist mainly of representatives of registered providers who develop and manage housing in East Herts. Forum members were invited to contribute their views on the proposals on the new East Herts Tenancy Strategy during a two week consultation period. The Tenancy Strategy received positive comments from Forum Members, and it is considered to provide clear guidance.

Community Safety

No

Data Protection

No

Equalities

Yes. The profile of tenants of the social housing sector in East Herts shows that certain Protected Characteristic groups, as defined under

the Equality Act 2010, are highly represented among household who rent their homes from a registered provider:

- Age – a high percentage of younger households aged 18 to 44.
- Pregnancy and Maternity – A high percentage of households with children, especially those headed by a lone parent.
- Gender – a high percentage of household headed by females.
- Marriage and Civil Partnership – a high percentage of households headed by a single person and by a lone parent.

Environmental Sustainability

No

Financial

No

Health and Safety

No

Human Resources

No

Human Rights

No

Legal

Yes. Every local authority is obliged to produce a tenancy strategy under the Localism Act 2011.

Specific Wards

No

7.0 Background papers, appendices and other relevant material

7.1 The draft East Herts Tenancy Strategy 2021 to 2026

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