



Derby City Council

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# **DRAFT TENANCY STRATEGY**

## **A Brief Summary of the Key Points**

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## **A BRIEF SUMMARY OF THE MAIN POINTS OF THE TENANCY STRATEGY**

*Please note this document comprises a brief outline of the key points. The strategy document in full can be obtained by following the link in section four*

### **1. Introduction and Purpose**

The Tenancy Strategy outlines Derby's response to the social housing reforms legislated for in the Localism Act 2011. These reforms are far reaching and will impact on the way social housing (i.e. housing provided by the Council and Housing Associations) is resourced, allocated and managed.

The reforms are intended by government to address what it sees as 'failings' in the current system for providing social housing. These 'failings' are as follows:

- Social housing is a scarce resource and it is not being used as effectively as it could be to meet housing needs
- Some low income households, unable to access social housing, are living in more expensive accommodation such as temporary accommodation
- The housing benefit bill is considerable and rising
- Compared to the private rented sector, the social rented sector is not as flexible in meeting needs and demand and providing mobility for those wishing to move to access employment.
- New homes are desperately needed to meet housing need but there is a lack of public subsidy for new social housing supply

Many of the reforms to housing can be implemented with a degree of local discretion. The Tenancy Strategy therefore sets out our strategic approach to the utilisation of these reforms and how they can be best be used in Derby to meet our broader housing objectives.

### **2. The Reforms in Detail and the Response of the Council**

- *Introducing fixed term tenancies for social housing – 'Tenure Reform'*

Potentially the most controversial reform or 'freedom' relates to security of tenure for social housing tenants. Whereas previously new tenants would usually receive a lifetime tenancy, Councils and Housing Associations are now able to let to new tenants on a fixed term basis. At the end of the fixed term, subject to an assessment of suitability and continuing need, the tenancy may be renewed or allowed to expire, in the latter case with the tenant being asked to 'move on'<sup>1</sup>.

The purpose of this reform is to enable better targeting of the social housing stock to those in most need.

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<sup>1</sup> Changes to security of tenure will affect new tenants only, with existing tenants being unaffected in the vast majority of cases.

The Council agrees that more effective matching of stock with those in most need is essential. However we are also concerned that such tenancies may not be appropriate for certain vulnerable groups, such as those in supported housing. There is also the danger that terminating tenancies on the basis of income may result in disincentives to aspiration and the 'residualisation' of estates. Our initial approach therefore (which may be subject to review/change) is to use these tenancies for general needs applicants only, and that on expiry of the fixed term renewal will happen by default unless under-occupation or unused adaptations are present.

- *Using a new rent scheme to finance the building of new homes - 'Affordable Rents'*

Subject to certain conditions, a proportion of new-builds and relets can be designated 'affordable rent' properties with rents charged at up to 80% of a market rent. The intention is that the additional funding generated by these higher rents can be used to support new build investment in a time where subsidy is falling dramatically.

The Council accepts that they will apply to some new housing and some relets, particularly as most new development contracts with the Homes and Communities Agency<sup>2</sup> require an element of affordable rent. But we are concerned over the implications for affordability and would seek to minimise rises for larger properties.

- *Fulfilling our duty to provide accommodation for homelessness households*

It will be possible to fulfil the duty to homeless households by the offer of accommodation in the private rented sector. (Previously the household could refuse an offer of privately owned accommodation and insist on an offer with the Council or a Housing Association). This change is intended to respond to the shortage in social housing and reduce the substantial costs of providing temporary accommodation

The Council welcomes these changes as an additional tool to tackle and prevent homelessness.

- *Changing the way we manage the housing register (waiting list) – 'Allocations'*

Whereas previously almost anyone could apply for social housing, we now have the freedom to set our own criteria to join the lists, according to local needs and priorities. This measure, as with tenure reform, is primarily intended to allow housing to be targeted at those in most need.

Our view is that the allocations system is in need of fundamental reassessment. Data from Derby Homefinder shows that many households on the register stand no realistic chance of being housed, while average waiting times for 2 bed properties

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<sup>2</sup> The Homes and Communities Agency is the body which distributes government funds to Housing Associations and Councils to help them build new accommodation

are over one year. Households seeking four bed properties wait on average over two and a half years.

### **3. Summary**

The formulation of the Tenancy Strategy is a legal requirement of the Localism Act. It sets out the basis for action on our own stock while also giving guidance to other registered housing providers (housing associations) as to the position of the Council on the key issues.

The changes when implemented will affect new tenants only - existing tenants will be unaffected in the vast majority of cases. The exception to this is where tenants voluntarily give up a secure tenancy to sign up for a fixed term tenancy when moving properties.

### **4. Consultation and More Information**

We will not implement any changes until a wide – ranging consultation process has been completed. This consultation will finish at the end of March.

You can join in the consultation and obtain more information about the tenancy strategy by visiting the Council's web pages at:

<http://www.derby.gov.uk/tenancy-strategy/>

Here can access the full strategy document and a plain English summary of the key issues. You can also complete the online survey questionnaire.

Alternatively you may wish to gain more information by contacting us at the Council by telephone, writing or emailing. Please use the contact details below:

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