



COMMUNITY OVERVIEW AND SCRUTINY PANEL

Panel Report

Public

Date of Meeting: 11th October 2012

Title: TENANCY STRATEGY

Report of: The Director of Community Engagement

Report reference: CD46/12

Summary:

Carlisle City Council is required to publish a Tenancy Strategy by 15 January 2013 to meet the requirements of the Localism Act, 2011. The policy (attached as Appendix 1) is currently being consulted upon.

Questions for / input required from Scrutiny:

Comment on the information within the report.

Recommendations:

Members of Community Overview and Scrutiny Panel are asked to:

1. Give their views and as appropriate endorse the Tenancy Strategy

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Note: in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers: None

1.0 Background

- 1.1 The Localism Act, 2011 introduced a programme of reform which will change the way people access social housing, the way tenancies are issued, and the way the homelessness duty is discharged.
- 1.2 Carlisle City Council is required to publish a Tenancy Strategy by 15 January 2013 to provide the framework for the delivery of new affordable homes, and to set out the broad objectives that registered providers must have regard to when developing or reviewing their own tenancy policies.

2.0 Tenancy Strategy

- 2.1 The Tenancy Strategy (attached as appendix 1) outlines the City Council's approach to the following areas of its housing and homelessness functions:
- Fixed-term tenancies – Registered providers are now being given the freedom to offer limited term 'flexible tenancies' to new social housing residents.
 - Affordable rents – Registered providers operating in Carlisle can now charge an 'affordable rent' on a proportion of new build and re-let properties.
 - Allocations – Local authorities now have the freedom to limit access to the housing register, basing eligibility on local needs and priorities.
 - Homelessness – The Localism Act gives local authorities the freedom to discharge homeless duties through the offer of suitable accommodation in the private rented sector.
- 2.2 A summary of the Council's position on each of these areas is shown on page 23 of the draft Tenancy Strategy, and for ease of reference is shown in table one below:

Table 1: Summary of the City Council's position		
Policy Area	Key Considerations	Carlisle City Council's Position
Fixed Term Tenancies	<ul style="list-style-type: none">• Addressing imbalances Making best use of the housing stock• Impacts of security on wellbeing on individuals and families• May discourage aspiration and result in residualisation	<p>No support for implementation at this time</p> <ul style="list-style-type: none">• Conversations with Registered Providers about approaches to tackling under occupation within rural communities• Conversations with Registered Providers about policy and resourcing to meet the needs of older and disabled tenants• Review in dialogue with stakeholders through Carlisle Housing Partnership

Affordable Rents	<ul style="list-style-type: none"> • Additional funds for new build • Little/ no impact on affordability as limited differential between market rents and social rents across the district. • Affordable Rent required for Homes and Communities Agency Contracts • Affordable Housing Development a riskier proposition for local registered providers 	<p>Widespread Implementation except</p> <ul style="list-style-type: none"> • Limited rent rises/ conversions to affordable rents to 1 and 2 bed properties to incentivise downsizing and reduce under occupation
Allocations	<ul style="list-style-type: none"> • Most people on the housing register in bands D+, D and E do not stand a realistic prospect of being housed within a reasonable timescale 	<p>Review</p> <ul style="list-style-type: none"> • Review of Allocation Policy underway will consider eligibility criteria and new flexibilities under Localism Act
Homelessness (Duty Discharge in Private Sector)	<ul style="list-style-type: none"> • Ability to access accommodation in locations where there is little or no social/ affordable housing provision 	<p>No support for implementation at this time</p> <ul style="list-style-type: none"> • Review in dialogue with stakeholders through Carlisle Housing Partnership

3.0 Consultation

3.1 There is a requirement to consult with the following key partners;

- Registered Providers
- Charities and non-statutory agencies involved in the provision of housing, housing advice and information, and housing-related support.
- Voluntary and community organisations
- Tenants and Residents Organisations
- Individual tenants / members of the public – via the website
- Private sector landlords
- Elected Members via the City Council's democratic processes.

A three month consultation period started on 31 August till 23rd November 2012.

3.2 The document has been produced containing targeted questions designed to elicit responses in regard to issues about Fixed-Term tenancies, Affordable Rents, Allocations and Homelessness. The Council's position on each of these areas is based on evidence from the Housing Need and Demand Study, research findings and reports produced by Shelter and the University of Sheffield, dialogue with Registered Providers operating in the district and discussions with the Portfolio Holder. The draft strategy also refers explicitly to data contained in Riverside Housing Association's team brief, dated July 2012. Express consent has been obtained from Riverside's local Director of Operations for use of this data within the draft strategy.

3.3 The proposed timetable for the endorsement of the Tenancy Strategy is as follows:

- External Consultation – 31 August to 23rd November
- Feedback from the consultation exercise will be circulated and the strategy reviewed in line with the proposed timetable above.
- Community Overview and Scrutiny Panel 11 October
- Executive 13 December
- Full Council 8 January 2013

Impact assessments

Does the change have an impact on the following?

Equality Impact Screening	Impact Yes/No?	Is the impact positive or negative?
Does the policy/service impact on the following?	yes	positive
Age	yes	positive
Disability	yes	positive
Race	yes	positive
Gender/ Transgender	yes	positive
Sexual Orientation	yes	positive
Religion or belief	yes	positive
Human Rights	yes	positive
Health inequalities	yes	positive
Rurality	yes	positive

If you consider there is either no impact or no negative impact, please give reasons:

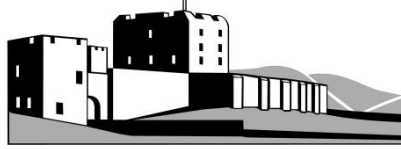
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If an equality Impact is necessary, please contact the P&P team.

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Tenancy Strategy Consultation Document

August 2012

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1. Introduction

The Localism Act introduced a programme of reform which will change the way people access social housing, the way tenancies are issued, and the way the homelessness duty is discharged.

Carlisle City Council is required to publish a Tenancy Strategy to provide the framework for the delivery of new affordable homes, and to set out the broad objectives that registered providers must have regard to when developing or reviewing their own tenancy policies. Under the Localism Act, the Tenancy Strategy must also summarise the policies of registered providers or 'explain where they may be found'¹.

This Tenancy Strategy outlines the City Council's approach to the following areas of its housing and homelessness functions:

- Fixed-term tenancies – Registered providers are now being given the freedom to offer limited term 'flexible tenancies' to new social housing residents.
- Affordable rents – Registered providers operating in Carlisle can now charge an 'affordable rent' on a proportion of new build and re-let properties.
- Allocations – Local authorities now have the freedom to limit access to the housing register, basing eligibility on local needs and priorities.
- Homelessness – The Localism Act gives local authorities the freedom to discharge homeless duties through the offer of suitable accommodation in the private rented sector.

Through this document, the City Council will consult with our local, regional and national partners on its Tenancy Strategy. The objective of the Strategic Tenancy Strategy is to assist the City Council in meeting its strategic aims for housing, and ultimately to realise its strategic vision for housing, that 'everyone can access affordable, safe and warm housing and the support they need to live independently'. We will work alongside partners to realise this.

Consultation on this document will run from 31th August to 23rd November 2012. A final document will be published in January 2013.

¹ <http://www.legislation.gov.uk/ukpga/2011/20/section/150/enacted>

2. Background and Strategic Fit

The Government has identified a number of issues with social housing:

- Some social housing is not being used effectively, and frequently occupied by those that may not need it while thousands wait for accommodation on housing registers
- Expensive use of temporary accommodation
- A considerable housing benefit bill
- High levels of unemployment in the social rented sector and lack of geographical mobility.

These issues are apparent at a time of great financial uncertainty, with budget reductions leading to falling subsidies for new social housing supply.

The government proposes that these problems are tackled by reforms to a number of key areas, the principal ones being:

- Tenure
- Rents
- Allocations
- Discharge of the Homelessness Duty
- Changes to housing and welfare benefit

Local Context

The Carlisle Housing Strategy 2012-16 was finalised in March 2012. This identified a number of key issues within Carlisle's housing market.

When drawing up the Carlisle Housing Strategy 2012-16, a review was undertaken of the outcomes from the previous Housing Strategy 2005-2011. The review identified significant improvements to housing stock and housing-related support services have been made over the last few years:

- Since 2006/7 2,021 new houses have been built in Carlisle and District including 480 affordable housing units
- Since 2006/07 over 556 empty homes have been returned to use in Carlisle and District
- Since 2008/09 442 households have been prevented from becoming homeless

- Since 2009, the county wide Rent Deposit Scheme (DIGS) has assisted X vulnerable households to obtain private sector accommodation in Carlisle and District

All of these outcomes contribute to achieving our broader housing objectives defined in our Housing Strategy 2012-16 and our Homelessness Strategy 2008-13.

Housing Need and Supply

The Housing Strategy 2012-16 highlighted the need to develop more affordable housing. Our housing register (Cumbria Choice) consistently shows in excess of 4,112 households registered in Carlisle and District, including people assessed as homeless or at risk of becoming homeless.

A separate evaluation of housing need was undertaken as part of our Strategic Housing Market Assessment (SHMA) in 2006. This analysis established that the shortfall in affordable housing provision was 222 units per year. A further evaluation of housing need was commissioned in 2011, through the Carlisle Housing Need and Demand Study. This analysis established that the district of Carlisle has an affordable housing shortfall of 708 units per year, with most of the shortfall occurring in the urban area. Around half of this need is currently being met through the private rented sector supported by Local Housing Allowances (LHA).

In the period 2006/07 to 2011/12 affordable homes were delivered. The precise figures are shown below

Table 1: Numbers of affordable housing built 2006-11						
Year	2006/07	2007/8	2008/9	2009/10	2010/11	2011/12
No. of affordable dwellings built	20	22	53	65	162	158

Source: Carlisle City Council's internal Records, Covalent Software Limited, All Rights Reserved

These affordable housing units were delivered under a far more generous funding regime than is in place for current and future years.

In the period 2006/11, the Homes and Communities Agency (HCA) support for affordable housing was £8.4 billion nationally. In the current four year period 2011-15, this national support for affordable housing dropped to £4.5 billion with Carlisle expected to receive £2.4 million.

Population Growth Projections

The Carlisle Housing Strategy 2012-16 also identifies the strong challenge posed by population growth projections. The population of Carlisle and District was estimated at

104,500 in 2010, but is projected to increase to between 105,013 to 118,499 by 2030 based on different scenarios.² Over the same period, the population aged over 65 is projected to increase to 30,481. Within that projection, the oldest age group, 90+ shows an increase from 868 people to 2,348. The projected increase in population, coupled with an increasingly proportion of older people, represents a significant growing demand for housing and related services

Welfare Reform

The Welfare Reform Act 2012 heralded a number of changes that will further impact on the demand for housing services, and in particular vulnerable households. Although these changes will be implemented nationally, the extent of their impacts will vary according to local housing markets. The key changes are as follows:

- Changes/caps to the amount of LHA payable to certain households - introduced April 2011 and January 2012 for review claims
- Significant increases in non-dependant deductions from April 2011 to 2014
- Benefits for single people aged up to 35 limited to the rent on a room in private sector shared accommodation – introduced January 2012
- Limiting housing benefit for working age tenants so that it only covers the size of property such tenants are judged to require
- Abolition of Community Care Grants and Loans and their replacement with a local scheme – from April 2013
- Introduction of benefit caps for people who are unemployed and below pensionable age – from April 2013
- Housing benefit to become part of Universal Credit from October 2013 to December 2017; and direct payments of Universal Credit paid monthly in arrears to the household
- The localisation of Council Tax.
- The introduction of online claims, with benefit paid monthly in arrears.

These measures are likely to have a number of potentially negative impacts, including:

- Increased demand for discretionary housing payments
- Higher demand for social/ affordable housing from tenants who currently live in the private rented sector
- Increase in rent arrears; and private landlords becoming less willing to let to benefit claimants
- Increased debt, poverty, ill health, and potentially rising levels of homelessness
- Changing attitudes of lenders adversely impacting on registered providers borrowing requirements for new supply of affordable housing.

² Housing Need and Demand Study 2011

Accessing both rented and purchased housing

The Carlisle Housing Strategy 2012-16 identified that residents were struggling to access housing both in the purchase and the rented market.

The Housing Need and Demand Study established that only 13.5% of non owners in Carlisle have savings of more than £5,000. This factor, combined with the general downturn in the housing market due to the lack of credit and mortgage availability means, that owner occupation is an unaffordable option for a large portion of households seeking to enter that tenure. This downturn has also impacted on the shared ownership model.

The private rented sector currently houses around 5,817 households in Carlisle and District representing 12% of the total households. The increase in private renting is line with the national growth rate of around 67% since 2001.³ An estimated 1,631 households in the private rented sector claim Local Housing Allowances. The proportion of households in the private rented sector claiming Local Housing Allowances is slightly above the national average of 24%

Problems of housing supply are also exacerbated by the well documented downturn in new house building which has affected the private sector as well as the social housing sector.

The Need for a Strategic Review

The challenges outlined in the Housing Strategy 2012-16 are exacerbated by cuts to funding for the supply of housing and housing related support, and from increases in demand for these services.

In view of this it is essential that the new freedoms under the Localism Act should be considered in detail in order to assess the scope for meeting the needs identified in the City Council's Housing and Homelessness Strategies.

The degree to which the City Council will utilise the new powers provided by these reforms in Carlisle will in principle depend on two pivotal assessments:

- i) The extent to which Carlisle experiences the same issues as those identified nationally – i.e. those issues which the reforms are intended to address.
- ii) The extent to which implementation of these reforms is an appropriate means to address the challenges facing Carlisle.

³ Housing Need and Demand Study p71

With reference to the above assessments, the following chapters set out the position of the City Council on the extent to which the new reforms should be implemented locally. In particular, it informs registered providers of the key considerations the City Council would like to see in the development and review of their own policies.

Background and Strategic Fit

Q1. Do you consider that local context reflects the position in Carlisle and District and has identified the major factors affecting the housing market?

Draft

3. Our policy on... fixed-term flexible tenancies

The changes

As a result of the Localism Act, registered providers can now offer fixed-term flexible tenancies, from 1st April 2012. This tenancy has a statutory minimum fixed-term of two years, though the government expects five years to be the normal term. Permanent tenancies are still an acceptable form of tenancy.

Registered providers of social housing must determine the period of a fixed-term tenancy on an individual tenant-by-tenant basis. They must also set out their own policy criteria on whether or not to issue a new tenancy offer at the end of a fixed term, and the assistance they will provide to tenants in the event that a tenancy is not renewed.

The introduction of fixed-term tenancies may result in some tenancies not being renewed once expired, with some households forced to look for alternative accommodation. This is a step away from previous policy, and therefore the approach the City Council will take is carefully considered in some detail.

The current situation

Registered providers already have flexibility in the range of tenancies they can offer, for example probationary tenancies to promote sustainable neighbourhoods. After 12 months satisfactory conduct, probationary tenancies revert to a permanent tenancy. Tenants with permanent tenancies are not affected by fixed-term tenancies.

One of the motivations behind the implementation of fixed-term tenancies is that, by moving those people out of the social sector who are adjudged to no longer require it, much needed affordable housing can be freed up. The government also argues that 'inflexible, lifetime tenancies also contribute to significant imbalances between the size of households and the properties they live in'⁴.

The Housing Need and Demand Study identified a shortfall in affordable housing provision of 708 units, per year, for the next five years as a result of the barriers to market housing for both sale and rent. The majority of this affordable housing need requirement is in the urban area of Carlisle. As the data on page seven illustrates, the private sector currently makes a significant contribution towards meeting the housing need of people in receipt of Local Housing Allowances. However, it is anticipated that welfare reform will make particular groups, notably benefit claimants in housing need, less attractive to the sector.

Analysis of Cumbria Choice's housing register highlights a strong demand for social housing in Carlisle. There are currently 14,761 households on the list for social housing

⁴ DCLG (November 2010) *Local decisions: a fairer future for social housing consultation* paragraph 1.11

for Cumbria, with 28% having a local connection to Carlisle. The table below breaks down this group by priority banding group.

Table 2: Cumbria Choice Housing Register sorted by priority banding		
Band	Cumbria	Carlisle
A	263	59
B	321	79
C	3553	905
D	4174	1222
D+	4448	1346
E	2002	506
Total	14761	4,118

Source: Cumbria Choice Housing Register - May 31, 2012

As the table highlights, there are over a thousand households who are adjudged to have a considerable need for social housing (bands A-C). There is clearly therefore a strong need to make available affordable homes in the district.

The introduction of fixed-term tenancies potentially presents an opportunity to tackle under-occupation by promoting mobility and increasing turnover. The biggest provider of social rented housing in Carlisle, Riverside, has identified that 899 of its tenants (15%) are under occupying their homes⁵. Those who under-occupy in the social housing sector will be affected by changes to the way housing benefit is paid. From April 2013, benefit claimants under-occupying in the social housing sector by one room or more will lose a percentage of their housing benefit. Potential repercussions include higher rates of arrears, evictions and ultimately homelessness presentations.

Another issue identified in the Housing Need and Demand Study, and by the Carlisle Housing Strategy, is that a growing older population in Carlisle will lead to increasing support needs. The Housing Need and Demand study shows a projected increase in the number of people aged 65 and over increasing to 30,481 by 2030, with an almost trebling of the oldest age group, 90+, from 868 to 2348. To meet these increasing support needs effectively, the City Council and its partners need to be more adept in the way that Disabled Facility Grants are allocated, and the way that adapted housing is utilised.

⁵ Riverside Team Brief – July 2012

Table 3: Cost of disabled facility adaptations in the social housing sector (2006-12)		
Date	Number of adaptations	Funding (£s)
2006/7	67	318,700
2007/8	115	633,000
2008/9	143	542,841
2009/10	133	486,092
2010/11	136	610,290
2011/12	63	300,000
Total	657	2,890,729

Source: Disabled Facility Grant monitoring sheet

The table above highlights the investment made by the City Council and registered providers on Disabled Facility Adaptations. It is not currently known how many of the adapted properties are currently being occupied by tenants requiring such adaptations.

The above analysis highlights evidence to suggest that fixed-term tenancies could make more affordable housing available in the long term.

Despite the potential benefits to be gained from the use of fixed-term tenancies, the City Council also recognises that a number of significant barriers and risks exist. These include:

- *Impacts of security on wellbeing:* Fixed-term tenancies may cause particular anxieties to vulnerable groups who may struggle with the practicalities of providing evidence of their need and who may worry about the potential outcome of tenancy reviews. Research quoted in Shelter's publication 'Local decisions on tenure reform'⁶ indicates people associate security of tenure with a settled and stable home enabling people to lay down roots, plan for the future and bring up their children without fear of disruption to their education, schooling, general wellbeing and overall life-chances.
- *Sustainable Communities:* Fixed-term tenancies may result in the 'residualisation' of housing estates, occupied predominantly by low income households. Tenants on fixed-term tenancies will be aware that they may at some point in the future be required to leave their homes. Effectively, the stability and comfort taken from having a permanent place to live disappears with the introduction of fixed-term tenancies. This has clear repercussions for local communities, sustainability and increasing homeless presentations.
- *Disincentive to self-improvement:* Residents on fixed-term tenancies may deliberately choose not to improve their circumstances (for example, take a

⁶ Local decisions on tenure reform- Shelter July 2012, p 25

higher paying job) if they believe it jeopardises their chances of having their tenancy renewed.

- *Increased costs:* Administrative costs associated with reviewing expiring tenancies will be incurred toward the end of a fixed term. Increased turnover may also result in increased rent loss through voids, and further costs incurred through appeals and possession proceedings may arise when decisions are taken not to renew.

Conversations with registered providers indicate that they too share these concerns, and that such concerns may deter them from implementing fixed-term tenancies.

The City Council's response to the changes

The City Council is committed to ensuring tenants feel as secure and protected as possible in order to meet needs and reduce homelessness. In the context of Carlisle's housing market, the City Council holds a strong view that the undesirable effects of fixed-term tenancies listed above significantly outweigh any potential longer term gains that may be made from addressing under occupation or making best use of adapted properties, as there are other ways to address these imbalances. In considering the impact that fixed term tenancies could make, it is important to bear in mind that they would only be applied to new tenancies not existing ones, and so their introduction would not tackle current imbalances. Furthermore, the City Council acknowledges the concerns of Registered Providers in relation to the introduction of fixed-term tenancies.

In relation to addressing under occupation, the City Council supports the efforts made by Registered Providers to provide advice, information and positive incentives for tenants to downsize, and maintain their obligations to work with the City Council to address homelessness. The City Council also recognises the need to engage more with Registered Providers about their approach to addressing under occupation within Carlisle's rural communities, where supply side shortages of appropriately sized properties may exist.

To address the challenges of an ageing population and projected increased demand for adapted properties, the City Council will also engage with Registered Providers to seek assurances and develop voluntary agreements about maintaining adapted properties, developing a register and advertising through Cumbria Choice. The City Council wishes to acknowledge the very significant contribution made by Riverside Housing Association in meeting the needs of its older and disabled tenants through its policies and resources and will seek similar undertakings from other Registered Providers operating in Carlisle and District.

Acknowledging that the housing market in Carlisle is fluid and dynamic, the City Council will review its position on fixed term tenancies through dialogue with stakeholders engaged in the Carlisle Housing Partnership.

Fixed-term tenancies

- Q2. Have we taken into account the relevant factors in coming to a position on the use of fixed-term tenancies? If not, what other factors should be considered?
- Q3. Do you agree with our position on fixed-term tenancies?

Draft

4. Our policy on... Affordable Rents

The changes

As part of a shake-up of how social housing is funded, registered providers are able to charge Affordable Rents, at up to 80% of the market rent, on new build and re-let properties. The intention of the change is to provide additional funding to support new build investment at a time when subsidy from the Homes and Communities Agency is falling. Affordable Rents enable registered providers to borrow more money (based on a higher projected income), and thus fund more affordable housing development without the need for government funding.

The current situation

Carlisle's Housing Need and Demand Study found a lack of movement in the purchase market (as mortgage restrictions became tighter) and constraints in the supply of rented properties as the funding model for the delivery of affordable housing is not responsive to housing need and the delivery model for private rented housing has been constrained by mortgage finance availability. This has increased the pressure on the provision of affordable housing in the district.

Though comparatively house prices and rents are low in the Carlisle district, this must be seen in the context of low salaries. Within the urban area, the average income is £16,809, although incomes in the rural east and rural west areas are significantly higher at £23,347 and £26,037 respectively. The Housing Need and Demand Study highlighted that Carlisle has a low wage economy, dependent on manufacturing, transport, communication and distribution, and hotels and restaurants.

Discussions with local registered providers suggest that there will be widespread take-up of the Affordable Rent model, albeit in varying degrees, by registered providers. However, local evidence suggests that given the relatively limited differentials between social rent levels and market rents in Carlisle, the progressive move from social rented tenancies to Affordable Rented tenancies will have limited impact on rent levels. From an affordability perspective this is positive, however the reduction in grant subsidy per property from the Homes and Communities Agency, coupled with limited differentials between social rent levels and market rent levels, makes development in Carlisle a riskier proposition for registered providers. As a result, securing affordable housing development has increased reliance on cross subsidisation through borrowings and surpluses generated elsewhere (including conversion rates) discounted land values and adjustments to tenure, house type and size and build costs.

The City Council's response to the changes

The City Council is broadly in favour of the implementation of affordable rents, given the relatively limited differentials between social and market rents in the district. Many residents, therefore, will see little difference in their weekly rent levels. The City Council also recognises that in order to secure Homes and Communities Agency funding for affordable housing development, registered providers have entered into a contract which requires affordable housing.

We will also seek to limit rent rises and conversions to affordable rent levels on 1 and 2 bed properties, in areas where this would see a rise in rent. We believe this is another tool that could incentivise down-sizing and reduce under-occupation in larger, family-sized properties.

Affordable Rents

- Q4. Does our analysis of the current situation accurately summarise the issues?
- Q5. What do you think of our proposal to limit rent rises and conversions to affordable rented tenancies on 1 and 2 bed properties?

5. Our policy on... Allocations

The changes

Local authorities have been given the freedom to put a halt to the 'open doors' approach to social housing lists, and set their own eligibility criteria based on local needs and priorities, including income. As with other recent measures, this is primarily intended to allow housing to be targeted at those in most need. Households able to access other housing tenures, such as private rented, shared ownership and owner occupation, will be expected to explore such options rather than joining the social housing register. Further information about government guidance on allocations can be found in the Department of Communities and Local Government's recently published 'Allocation of accommodation: guidance for local housing authorities in England'⁷.

The current situation

In June 2011, Carlisle City Council merged its social housing register with the five other local authorities in Cumbria, as part of the Cumbria Choice allocation scheme. Cumbria Choice is a needs-based policy that give priority to the 'Reasonable Preference' groups, including people assessed as homeless or at risk of homeless. There are a total of 14,761 applicants signed up to Cumbria Choice across the county, 28% of whom have local connections to Carlisle⁸.

The table in chapter three highlights that a significant number of applicants have a priority band of A-C, and therefore are unlikely to be affected by any entry restrictions applied to the waiting list.

Analysis of lettings by band from 1 June 2011 to 31 May 2012, in table 4 below, shows that 464 properties were let to people with a local connection to the district of Carlisle.

Table 4: Breakdown of lettings made through Cumbria Choice by Band	
Band	Carlisle
A	106
B	53
C	202
D	44
D+	52
E	7
Total	464

Source: Cumbria Choice Housing Register

⁷ 'Allocation of accommodation: guidance for local housing authorities in England', Department of Communities and Local Government, June 2012

⁸ Cumbria Choice database – 1/08/2012

When assessed against the numbers of people registered with Cumbria Choice, as shown in table 2 on page 9, it is clear that fewer than 25% of people in Band C are offered housing within a year. Furthermore, the majority of people registered in bands D, D+ and E do not stand a realistic prospect of being housed.

The City Council's response to the changes

The county-wide Cumbria Choice scheme is currently being reviewed, including the allocation policy and housing list eligibility criteria. The recent changes published by the government will be fed into the consultation process for consideration. Benefits such as a reduced list with reduced administration costs, and the ability to focus on only those in priority need must be weighed against the downsides that come from restricting affordable housing to only certain groups, and the resulting sustainability concerns that stem from it.

Allocations

- Q6. Should the City Council look to limit access to the Cumbria Choice housing register to residents from lower priority bands?
- Q7. What further changes should the Cumbria Choice project board look to make to the Cumbria Choice allocation scheme?

6. Our policy on... Homelessness (the discharge of duty in the Private Sector)

The changes

The Localism Act makes it possible for local authorities to discharge duties to homeless households through the offer of suitable accommodation in the private rented sector, without the applicant's agreement. There is protection to ensure that the accommodation will be available for a minimum fixed term of 12 months and if the applicant becomes unintentionally homeless again within two years of accepting the private rented sector offer, the main homelessness duty will recur regardless of priority need.

Local authorities will still be able to end the homelessness duty with an offer of social housing where they decide this is appropriate.

The government has accepted that additional regulatory safeguards are necessary to prevent the use of poor quality accommodation, given that homeless households may be vulnerable and offered accommodation over which they have less choice, and has recently consulted on the new flexibilities in the Localism Act⁹. The option to discharge duty in the private rented sector is expected to become law by the end of 2012.

This change to the homeless duties of local authorities nationally is to ensure greater use of the private rented sector at a time when there is a shortage of social housing. It is also intended to reduce costs for local authorities who have to accommodate households in temporary accommodation until suitable social housing becomes available.

The current situation

The shortfall of affordable housing in the district, coupled with projected household growth and reforms to the welfare system means that continuing pressures and demand for homelessness services are anticipated.

As table five below demonstrates, while the City Council saw a marginal drop in homelessness applications from 2009/10 to 2011/12, the number of households accepted as homeless actually increased. Over the same period, the number of homeless prevention cases has increased while non-priority need cases have reduced by a third.

⁹ Homelessness (Suitability of Accommodation) (England) Order 2012 – Consultation

Table 5: Overview of Homeless Presentations to the City Council

Year	Homeless Applications	S184 Homeless Acceptance	S184 Eligible homeless but not in priority need	Advice & assistance (outcome recorded)	Total Presentations	Prevention Cases	Prevention Private Rented Sector
2009/10	458	116	103	746	1204	125	30
10/11	459	138	81	726	1185	147	21
11/12	435	168	67	752	1187	170	16

Source: Carlisle City Council's Communities, Housing and Health database

The City Council has 60 bed spaces available for temporary accommodation. In 2011/12, the occupancy rate was 87%. The City Council does use bed and breakfast accommodation, but only in emergencies and for short periods when hostel accommodation is full, inaccessible or inappropriate. Our approach ensures that the costs of temporary accommodation are kept to a minimum. Since the introduction of Cumbria Choice average length of stay in temporary accommodation has reduced by one week. For the first quarter of 2012, average length of stay in the women's and families hostel was five weeks and in the men's hostel seven weeks. This compares with six weeks and eight weeks, respectively during the same period in 2011.

Increasingly, the City Council is working closely with other agencies in the housing, social, voluntary and education sectors to combat homelessness. Our strategic role is to bring together accommodation, advice and support service providers together to create better outcomes, improve resource use and help more people. The City Council recognises and values the contribution made by registered providers in the district in making available suitable accommodation to enable the vast majority of people assessed as homeless to be housed.

The Housing Need and Demand Study recognises that the private rented sector is playing an increasingly key role in the housing market in Carlisle and District. It provides flexibility for those who do not choose to buy and affordability for those who are unable to afford to buy their own home. However, concerns have been identified about the private rented sector, particularly of its role in meeting the needs of low income and/or vulnerable households. Welfare Reform is expected to reduce the supply of decent, affordable, privately rented homes for claimant households renting in the district of Carlisle. The City Council's Stock Condition Survey 2012 identified that over a third of the stock of private rented sector homes do not meet the decent homes standard¹⁰.

¹⁰ Source Opinion Research Services Private Sector Housing Stock Condition Survey 2012

The City Council's response to the changes

The City Council is committed to ensuring tenants feel as secure and protected as possible, and in these circumstances does not consider that discharge of duty in the private sector without the applicant's agreement is appropriate. In reaching this conclusion, the City Council has attached weight to the fact that most private sector tenancies are let on fixed terms of 6-12 months, the impact that security of tenure has on wellbeing, outlined in chapter three, and research done by the University of Sheffield and Centrepont showing that that homeless people who move into the private rented sector are *more than twice as likely* to return to hostels or the streets than those who are resettled into social housing¹¹

Acknowledging that the housing market in Carlisle is fluid and dynamic, the City Council will review its position on discharge of duty in the private sector without applicant consent through dialogue with stakeholders engaged in the Carlisle Housing Partnership.

Homelessness

- Q8. Have we taken into account the relevant factors in coming to a position on the use of discharge of duty into the private rented sector without the applicant's consent?
- Q9. Do you agree with our position on duty discharge?

¹¹ University of Sheffield (2011) The FOR-HOME study: Moves to independent living. The respective figures for private and social accommodation are 12% and 5%. The study also found that after 18 months less than half (47%) of private renters were still in the accommodation they were resettled into.

7. Reporting and Monitoring

The City Council will work with its register provider partners to actively monitor the provision of flexible tenancies, affordable rented homes, private rented sector discharges and waiting list numbers.

Opportunities through the Carlisle Housing Partnership will be utilised to ensure effective monitoring in two main areas:

- 1) The effectiveness and extent to which the new measures are implemented. This will include:
 - measuring the number of fixed-term tenancies issued
 - the number of affordable rented properties
 - changes to allocations processes
 - discharge of homelessness duty in the private sector.
- 2) It will also need to consider changing market conditions and its likely impact on the demand for service provision. It will therefore also monitor:
 - Housing need
 - Homelessness approaches, preventions and acceptances
 - Number of new homes built and in which tenure(s)
 - Rent levels across all tenures
 - Changing trends in welfare benefits, particularly housing benefit
 - Affordability

Monitoring these activities will inform future changes to the strategy and enable our service response to remain appropriate and relevant to changing circumstances.

Reporting and Monitoring

Q10. Do you support the approach to monitoring and reviewing the effectiveness of this strategy?

8. Consultation

The City Council has a responsibility to understand, strategically plan, and manage the impacts of reforms to the provision of social housing. This must be done in the context of a varied and increasing housing need, complex markets, limited and falling funding streams, and the reform of the welfare system. It must also be done in consultation with local registered provider partners and other stakeholders, such as charities and non-statutory agencies involved in the provision of housing advice and information or housing-related support.

The key areas under consideration in this draft Tenancy Strategy relate to Homelessness, Affordable Rents, Allocations and Tenancies. In considering the City Council's response to the reforms, and the degree to which the City Council will utilise the new powers provided by these reforms in Carlisle, our approach has depended on two pivotal assessments:

- i) The extent to which Carlisle experiences the same issues as those identified nationally
- ii) The extent to which we assess that the implementation of these reforms is an appropriate means to address the challenges facing Carlisle.

In arriving at our position, the City Council has conducted research, and held conversations with all the major registered providers in the district. It has also carefully considered national guidance and local circumstances. The work undertaken has highlighted that Carlisle experiences many of the same issues as those identified nationally.

Assessment of both the current housing market and the scope of the government's reforms has led us to form our position on the appropriate means to address the challenges facing Carlisle. Our position on implementation of the key areas is shown in the table below:

Table 6: Summary of the City Council's position		
Policy Area	Key Considerations	Carlisle City Council's Position
Fixed Term Tenancies	<ul style="list-style-type: none"> Addressing imbalances Making best use of the housing stock Impacts of security on wellbeing on individuals and families May discourage aspiration and result in residualisation 	<p>No support for implementation at this time</p> <ul style="list-style-type: none"> Conversations with Registered Providers about approaches to tackling under occupation within rural communities Conversations with Registered Providers about policy and resourcing to meet the needs of older and disabled tenants Review in dialogue with stakeholders through Carlisle Housing Partnership
Affordable Rents	<ul style="list-style-type: none"> Additional funds for new build Little/ no impact on affordability as limited differential between market rents and social rents across the district. Affordable Rent required for Homes and Communities Agency Contracts Affordable Housing Development a riskier proposition for local registered providers 	<p>Widespread Implementation except</p> <ul style="list-style-type: none"> Limited rent rises/ conversions to affordable rents to 1 and 2 bed properties to incentivise downsizing and reduce under occupation
Allocations	<ul style="list-style-type: none"> Most people on the housing register in bands D+, D and E do not stand a realistic prospect of being housed within a reasonable timescale 	<p>Review</p> <ul style="list-style-type: none"> Review of Allocation Policy underway will consider eligibility criteria and new flexibilities under Localism Act
Homelessness (Duty Discharge in Private Sector)	<ul style="list-style-type: none"> Ability to access accommodation in locations where there is little or no social/ affordable housing provision 	<p>No support for implementation at this time</p> <ul style="list-style-type: none"> Review in dialogue with stakeholders through Carlisle Housing Partnership

The dissemination of this discussion document marks the start of the formal consultation process. All with an interest in housing in the district are welcome to respond, though the consultation is particularly aimed at the following:

- Registered providers
- Charities and non-statutory agencies involved in the provision of housing, housing advice and information, and housing-related support.
- Voluntary and community organisations
- Individual tenants / members of the public
- Councillors (elected members)
- Private sector landlords

Responsibility for this Consultation

The Strategic and Private Sector Team at Carlisle City Council is responsible for this consultation.

Timescale

Consultation on this document will run from 31st August to 23rd November 2012. A final document will be published in January 2013.

Enquiries

For further information on this consultation document please email anthonya@carlisle.gov.uk

Appendix 1: Glossary¹²

- **Affordable housing**; includes social rented, affordable rented and intermediate housing, provided to eligible households whose needs are not met by the market. Affordable housing should:
 - Meet the needs of eligible households including availability at a cost low enough for them to afford, determined with regard to local incomes and local house prices.
 - Include provision for the home to remain at an affordable price for future eligible households, or if restrictions are lifted, for the subsidy to be recycled for alternative affordable housing provision.
- **Affordable rented housing**; rented housing let by registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is not subject to the national rent regime but is subject to other rent controls that require rent of no more than 80 per cent of the local market rent.
- **Intermediate affordable housing**; housing at prices and rents above those of social rent, but below market price or rents, and which meet the criteria set out above. These can include shared equity products (e.g. HomeBuy), other low cost homes for sale and intermediate rent but does not include affordable rented housing.
- **Social Rented Housing**; rented housing owned and managed by local authorities and registered social landlords, for which guideline target rents are determined through the national rent regime. It may also include rented housing owned or managed by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with the Homes and Communities Agency as a condition of grant.

DIGS	Deposit Guarantee Scheme
HCA	Home and Communities Agency
HNDS	Housing Need and Demand Study
LHA	Local Housing Allowance
SHMA	Strategic Housing Market Assessment

Appendix 2: Bibliography

¹² Department of Communities and Local Governments 'Planning Policy Statement 3 (PPS3) Housing', Crown Copyright 2006 – 4th edition published June 2011, ISBN: 978 011 753976 7.

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