

NORTH HERTS COUNCIL

TENANCY STRATEGY 2024 - 2029

1. Introduction

- 1.1 North Herts Council, as the local housing authority, has a duty to prepare and publish a Tenancy Strategy¹.
- 1.2 The purpose of the Tenancy Strategy is to set out the high level objectives which registered providers of social housing operating in the district need to have regard to in formulating their own policies on tenancies. Specifically, the Tenancy Strategy provides guidance to registered providers relating to:
 - the types of tenancies they will grant;
 - the circumstances in which different types of tenancies will be granted;
 - where fixed-term tenancies are granted, the length of the fixed term and the circumstances in which a further tenancy will be granted when the fixed term expires.
- 1.3 The Tenancy Strategy also further aims to provide registered providers with relevant information about the North Hertfordshire housing market and the needs of our local residents. We hope this will facilitate an open and constructive partnership between the Council and our provider partners, in support of the priorities contained within our Housing Strategy 2024-2029:
 - to maximise the delivery of genuinely affordable homes;
 - to ensure high standards of housing; and
 - to prevent and manage of homelessness.
- 1.4 We will review this Tenancy Strategy annually and update it as necessary.

2. Legislative context

- 2.1 The [Housing and Regeneration Act 2008](#) established the framework for the regulation of social housing, a function which is currently performed by the [Regulator of Social Housing](#) (RSH).
- 2.2. The RSH regulates the sector via a set of regulatory standards which contain specific expectations that registered providers must comply with. The [Tenancy Standard](#) forms part of the RSH's consumer standards, and sets out expectations around allocation of social housing and terms around tenure.
- 2.3 This includes a requirement for registered providers to publish clear and accessible policies setting out their approach to specified areas of tenancy management, including:
 - the type of tenancies they will grant and the circumstances in which they will be granted;

¹ Localism Act 2011 section 150.

- the length of fixed term tenancies, exceptions and circumstances in which a further tenancy will be granted;
 - appeals and complaints processes;
 - how the needs of households who are vulnerable by reason of age, disability or illness, and households with children, are taken into account;
 - advice and assistance provided to tenants on finding alternative accommodation if another tenancy is not granted to them;
 - policy on granting discretionary succession rights, taking account of the needs of vulnerable household members.
- 2.4 The [Localism Act 2011](#) introduced significant reform to social housing tenure, introducing the ability for registered providers, should they choose, to offer tenancies for a fixed term to new tenants with effect from 1st April 2012. Prior to this, registered providers were required to offer tenants the “most secure” form of tenancy, meaning the majority of tenants were offered assured tenancies, in effect lifetime tenancies.
- 2.5 The Act also introduced an Affordable Rent model which enables providers to set rent at up to 80% of local market rents (including service charges, if applicable) on both a proportion of their existing re-lets and on new build properties.
- 2.6 Most recently, the [Social Housing Regulation Act 2023](#) has laid new foundations for increased regulation of registered providers and establishes provisions to protect tenants from serious hazards in their homes. New consumer standards and a regular inspections regime will take effect from April 2024.

3. Housing in North Hertfordshire

- 3.1 North Hertfordshire is an attractive place to live and work, with good transport links including fast rail services to London and Cambridge. The private sector housing market reflects this, with average house prices over nine times average annual earnings².
- 3.2 Evidence from the latest [Strategic Housing Market Assessment](#) (2023) estimates that almost one-third (29%) of newly forming households are unable to afford to rent or buy on the private market locally.

The private rented sector

- 3.3 The private rental sector in North Herts is small, accounting for 15% of households according to the 2021 Census. Properties are in high demand, both from the traditional cohort of young professionals but also increasingly from families unable to afford the cost of buying a home locally.
- 3.4 Latest official data for private sector rents in North Herts is set out in table 1 below. The Council also undertakes more regular, informal monitoring of local rents and our most recent review, undertaken in September 2023, suggests that rents could be 10-20% higher than those reported in table 1. Rents vary

² ONS house price to residence-based earnings ratios 2022.

significantly across the district, dependent on the supply of properties and demand for particular localities, with Royston generally being a cheaper area and Hitchin and surrounding villages the most expensive.

Table 1. Private sector rents (pcm) 2022/23

	Lower quartile	Mean	LHA rate*
Room	£475	£514	£341
1 bedroom	£750	£811	£673
2 bedroom	£900	£1,032	£848
3 bedroom	£1,173	£1,325	£1,047
4+ bedroom	£1,550	£1,861	£1,296

Source: Private rental market statistics 2022/23, ONS June 2023

* For North Herts and Stevenage Broad Rental Market Area

- 3.5 Table 1 clearly illustrates the stark reality of the recent freeze³ of Local Housing Allowance (LHA) rates, which has meant that LHA is no longer sufficient to cover rents of even the cheapest 25% of properties in the district, across all property sizes. As a result, the private rented sector is now an extremely limited option for local households on low incomes, further increasing pressures on social housing.
- 3.6 The Autumn Statement 2023 returned LHA to the 30th percentile of local rents in April 2024. These new rates are shown in table 2 below, which includes all Broad Rental Market Areas (BRMAs) covering North Herts, the largest of which is North Herts and Stevenage BRMA. Whilst this will undoubtedly improve the situation for some renters, this is likely to be a short-term fix as it is widely expected that LHA rates will once again be frozen from April 2024 so any continued rent rises would result once more in growing gaps between support and rents. In addition, some claimants, particularly families with children, will not benefit in full from the increase in LHA if they are subject to the benefit gap.

Table 2. Monthly LHA rates for North Hertfordshire, April 2024

	North Herts & Stevenage BRMA	Luton BRMA	South East Herts BRMA	South West Herts BRMA
Room	£434.98	£434.98	£473.72	£499.94
1 bedroom	£772.89	£698.10	£832.69	£947.40
2 bedroom	£972.31	£872.60	£1,047.11	£1,246.57
3 bedroom	£1,246.57	£1,096.98	£1,366.26	£1,495.91
4 bedroom	£1,595.62	£1,346.28	£1,695.33	£1,994.50

Source: [Local Housing Allowance Rates 2024-2025](#)

³ LHA has been frozen since 2020, based on rents in 2018-19.

Housing needs

- 3.7 Demand for social housing in the district is consistently high. Almost 2,500 households are currently registered for social housing in North Herts and we receive on average over 100 new applications a month to register for social housing. Average annual lets of general needs housing averages at just under 400 a year⁴, the majority being 1 bedroom (30% of lets) and 2 bedroom (40% of lets) properties. Wait times for larger properties are the longest, averaging up to five years for four bedroom properties. Further data on demand for social housing and lettings is available on our [website](#), updated annually.
- 3.8 North Herts Council transferred its housing stock to North Hertfordshire Homes, now [settle](#) housing, in 2003. Whilst settle is by far the largest stock holder in the district, we work with over 30 registered providers in total to meet the housing needs of our residents. A full list of providers is at Annex 1.
- 3.9 Our recent [review of homelessness](#) in the district highlights the pressures that the Council faces from households who are homeless or threatened with homelessness. Most commonly, these households may be fleeing domestic abuse or other violence, are having to leave private rented accommodation or short-term living arrangements with family or friends, or are leaving hospital or prison with nowhere else to go. The Council has legal duties to accommodate homeless households who are in priority need, and with social housing in high demand, most will be placed initially into temporary accommodation. Purpose built temporary accommodation consistently operates at near to full capacity and the Council has become increasingly reliant on hotel placements as table 3 below illustrates.

Table 3. Households in temporary accommodation (as at year end)

	Total households in temporary accommodation	Of which, hotel placements
31 March 2019*	85	4
31 March 2020	93	19
31 March 2021	135	55
31 March 2022	98	12
31 March 2023	93	13
31 March 2024	102	19

Source: Statutory homelessness detailed local authority level tables, DLUHC and *NHC analysis of case level data

- 3.10 A significant proportion of our clients – 60% - have one or more support needs, most commonly poor mental health, physical ill health or disability and histories of repeat homelessness and/or rough sleeping. Many of these are single people and many face multiple disadvantages (38% of households we owe a duty to have two or more support needs) and require specialist support before they are able to live independently successfully.

⁴ NHC Common Housing Register data 2018/19 – 2022/23.

4. Affordability

- 4.1 As table 1 above illustrates, the private rented sector is out of reach for the majority of households who rely on benefits as their main source of income. Table 4 below sets out social and affordable rents in the district, for general needs properties let in line with our [Common Housing Allocation Scheme](#) in 2022/23.

Table 4. Social and affordable rents (pcm) 2023/24

	1 bed	2 bed	3 bed	4 bed
Social rent	£498	£586	£667	£856
Affordable rent	£639	£910	£1,147	-
LHA*	£675	£850	£1,050	£1,300

Source: NHC analysis of 2023/24 lets

*North Herts and Stevenage BRMA

- 4.2 With affordable rents able to be set at up to 80% of market rents, and without reference to local incomes, there is a significant gap between social rent and affordable rent levels across all property sizes. On average, affordable rents fall within LHA rates, however there have been increasing instances of affordable rents for newbuild properties being set without regard to the relevant LHA rates and also increasing numbers of nominations rejected by registered providers due to concerns over households' ability to afford properties.
- 4.3 A further consideration, particularly for families requiring larger properties (of 3 bedrooms or more), is the impact of the benefit cap on households who are not in work (or do not earn enough through work) - current levels are set out in table 5. Since 2019, the number of households in North Herts affected by the benefit cap has doubled⁵.

Table 5. Benefit cap (2024/25)

	Per week	Per month	Per year
In a couple, or have children	£423	£1,835	£22,020
Single without children	£284	£1,229	£14,753

- 4.4 A family requiring a three bedroom property for example, and who are not in work, would be very likely to be affected by the benefit cap⁶ as even affordable rents limited to the LHA rate of £1,047 per month (table 4) would take them over the benefit cap threshold when other benefits received by the household are taken into account. As a minimum, housing costs would in effect make up almost 60% of net household income, very far from being affordable. The situation is even worse for households requiring larger sized properties still.

⁵ [Benefit Cap Statistics](#), Department for Work and Pensions

⁶ Assuming exemptions do not apply, such as being in receipt of specified disabilities allowances.

5. Guidance for registered providers

- 5.1 The Localism Act 2011 states that registered providers must have regard to local authorities' tenancy strategies when preparing their own tenancy policies⁷.
- 5.2 The current Tenancy Standard also states that registered providers should cooperate with local authorities' strategic housing function, and their duties to meet identified local housing needs. This includes assistance with local authorities' homelessness duties, and through meeting obligations in nominations agreements.
- 5.3 The guidelines that follow have been produced to help registered providers meet these obligations.

Rent levels

- 5.4 There are many households in North Herts for whom social housing is the only sustainable affordable option. These include homeless households currently in temporary accommodation (which includes hotels). We are therefore clear that social housing, whether let at social or affordable rents, must be affordable to all our local residents including those who rely on benefit receipt as their sole source of income.
- 5.5 Nonetheless, the Council recognises the importance of the affordable rent model in securing the delivery of new homes to meet the district's housing needs and we will therefore support new affordable rented housing *where it is appropriate and affordable to the local community*. Our latest Strategic Housing Market Assessment (SHMA) advises that affordability is a particular concern for larger properties let at affordable rent levels and advises that affordable rent should be set at no more than 70% of market rents for three bedroom properties and should not be used at all for properties of four bedrooms or more.
- 5.6 The Council therefore expects that:
 - i) affordable rents should be no higher than LHA rates;
 - ii) affordable rents should be set at 70% of market rents for 3 bedroom properties;
 - iii) larger properties of 4 or more bedrooms should only be let at social rent;
 - iv) registered providers will work with the Council where affordability issues are identified, to achieve an acceptable resolution and ensure properties are affordable locally;
 - v) scarce properties that meet specific needs such as adapted units, supported housing, sheltered housing and rural properties should not normally be converted to affordable rent;
 - vi) registered providers should consult with the Council at an early stage on plans to convert existing social rented properties to affordable rent; and
 - vii) the Council would wish to see any extra income received through conversions in the district used to invest in new supply in North Herts.

⁷ Section 150 (1)

Use of fixed-term tenancies

- 5.7 The Council recognises that fixed-term tenancies can help to ensure that affordable housing is available for those who need it most. This is an important consideration in areas such as North Herts where the private housing market is unaffordable for many and the demand for social housing is consistently high.
- 5.8 However we firmly believe that these considerations need to be balanced against the benefits that security of tenure and stability provide for individual households, particularly our most vulnerable residents. These enable individuals to put down roots and create strong, stable and supportive communities.
- 5.9 The Council recommends that fixed-term tenancies are not used at all for the following groups:
- i) households requiring sheltered or flexicare accommodation;
 - ii) households requiring supported accommodation;
 - iii) households containing someone with a life-long, serious and life affecting condition; or
 - iv) households containing someone who is vulnerable owing to some other reason and whose long-term health or safety could be at risk if they are moved from their home and established support networks.
- 5.10 Where fixed-term tenancies are used:
- i) tenancies must ordinarily be for a minimum of five years, in addition to any probationary tenancy period;
 - ii) tenancies of less than five years should only be used in exceptional circumstances which are detailed in the provider's Tenancy Policy;
 - iii) longer fixed-term tenancies should ordinarily be offered to families with dependent children, with a minimum term of 10 years;
 - iv) longer fixed-term tenancies should also be considered for older households (aged over 65) and vulnerable tenants who would benefit from the increased stability offered; and
 - v) all tenants should be given clear information on the type of tenancy being issued to them, the reasons for offering that tenancy and the process for reviewing the tenancy.

Homelessness prevention

- 5.11 The Council would expect that most fixed-term tenancies would be renewed, other than in exceptional cases where a tenant's circumstances have changed significantly or where there have been significant tenancy breaches. In these instances, we would expect registered providers to work proactively with the Council in order to prevent homelessness as far as possible. We would expect that:
- i) registered providers inform the Council's [Housing Options](#) team at the earliest opportunity, in line with existing protocols (see also [Pre-Action Protocol for Possession Claims by Social Landlords](#)) and the National Housing Federation's [Commitment to Refer](#);

- ii) tenancy reviews should consider the individual circumstances of the household, including any recommendations from the Council and other partner organisations. The outcome should not be based solely on factors such as household income; and
 - iii) where a tenancy is to be terminated without a breach of tenancy, reasonable efforts should be made to offer suitable other accommodation and consideration should be given to extending the tenancy until alternative suitable accommodation can be found.
- 5.12 The Council also wishes to re-iterate the importance of registered providers putting in place appropriate support services for tenants, in order to support tenancy sustainment and to prevent unnecessary evictions, as required by the Tenancy Standard.
- 5.13 The [Domestic Abuse Act 2021](#) has established specific provisions to support victims of domestic abuse, including duties on local authorities to provide accommodation. We request that registered providers assist wherever possible with actions to prevent and/or alleviate homelessness for this vulnerable group.

Annex 1: Affordable housing stock in North Herts, by registered provider (2022/23)

	Total	General needs self-contained units	Supported housing/housing for older people units	Low cost home ownership
Advance Housing and Support Limited	8	0	8	0
Anchor Hanover Group	30	0	30	0
B3 Living Limited	31	20	0	11
Catalyst Housing Limited	211	158	22	31
Clarion Housing Association Limited	384	337	24	23
First Garden Cities Homes Limited	1,319	1,077	215	27
Habinteg Housing Association Limited	13	8	5	0
Hastoe Housing Association Limited	4	0	0	4
Haven First	29	0	29	0
Heylo Housing Registered Provider Limited	58	0	0	58
Hightown Housing Association Limited	133	112	0	21
Home Group Limited	246	186	4	56
Housing 21	40	0	40	0
Inclusion Housing Community Interest Company	1	0	1	0
'Johnnie' Johnson Housing Trust Limited	49	0	49	0
Metropolitan Housing Trust Limited	16	10	6	0
Notting Hill Genesis	38	6	30	2
Notting Hill Home Ownership Limited	2	0	0	2
Origin Housing 2 Limited	41	41	0	0
Origin Housing Limited	121	76	22	23
Paradigm Homes Charitable Housing Association Limited	19	9	0	10

	Total	General needs self-contained units	Supported housing/housing for older people units	Low cost home ownership
Places for People Homes Limited	5	5	0	0
Reside Housing Association Limited	3	0	3	0
Sage Housing Limited	58	32	0	26
Sanctuary Housing Association	128	98	0	30
Settle Group	8,100	7,084	787	229
Southern Housing	1	0	0	1
St Mungo Community Housing Association	5	0	5	0
Stonewater Limited	149	127	0	22
The Guinness Partnership Limited	181	146	0	35
The Papworth Trust	22	0	22	0
Thrive Homes Limited	17	0	0	17
All units:	11,462	9,532	1,302	628

Source: Private registered provider social housing stock and rents in England 2022 to 2023, Regulator of Social Housing, October 2023