

Colchester Borough Council Strategic Tenancy Strategy

Based on a Common Framework with
Babergh DC; Braintree DC; Colchester
BC; Ipswich BC; Maldon DC; Mid Suffolk
DC; Suffolk Coastal DC; Tendring DC;
Waveney DC

Principles in the Common Framework

1A - Housing costs are affordable if they do not exceed 25% of an individual's full time income. Income is based on the gross median income of an individual in the local authority where they live.

1B – Affordable rents are not set at a level which exceeds a Universal Credit cap which means that households would have to subsidise their rent from their basic living allowance.

2A - In the broad market area no more than the conversion rate agreed with Homes and Community Agency should be re-let annually as an Affordable Rent (AR) to ensure there is a sufficient balance of tenures to meet housing need.

2B – Registered Providers (RPs) share with local authorities information which shows the number and percentage of social rent properties that are re-let annually as affordable rents.

2C - RPs have due regard to local authority's evidence and understanding of affordability issues when deciding what property types they will convert from social rents to affordable rents and in what locations. Local authorities and RPs will have an open dialogue where there are concerns.

2D – RPs make best efforts, using income generated from affordable rents, to focus their development capacity on areas and property types which meet LA strategic housing needs within the broad market area.

2E - In situations where s106 agreements have been agreed but where the sites have not been built there is an open discussion between local authorities, RPs and developers about the most appropriate affordable housing tenure mix. That this discussion is based on a robust viability assessment of the particular site and this data informs any proposed changes to the s106.

3A - Where a RP is using flexible tenancies and offers an introductory tenancy a minimum five year fixed tenancy will normally follow if the terms of the tenancy have been satisfactorily met.

3B– RPs will share with tenants and local authorities a list of exceptional circumstances which would result in the offer of a tenancy for less than five years.

3C Fixed term tenancies will be renewed unless one or more items in the exclusion list are met.

3D - Sheltered housing will normally continue to be let on secure or fully assured tenancies.

3E – If supported housing is intended to meet the long term needs of an individual then the tenancies will normally continue to be let on secure or fully assured tenancies.

4A - Standards for a minimum level of housing options advice are included within this strategy and are delivered through a joint protocol. This includes at the start of a tenancy and at the end of a fixed term tenancy when it is not being renewed.

5A - Barriers to downsizing are removed to enable households to move to smaller properties that meet their aspirations, whilst also ensuring that they are fully aware of any changes to their security of tenure.

5B - Fixed term tenancies will normally be used for properties that are in the greatest demand by households so preventing future under occupation in larger properties.

5C - Tenants that currently live in an adapted property will have their tenancy renewed unless other circumstances apply (see principle 3C).

6A - Working together RPs and LAs will explore opportunities to maximize alternatives to disposal or potential joint redevelopments to meet both housing needs in the broad market area and RP development programmes.

6B – By recording capital derived from disposals of properties in each local authority RPs will be able to share this information with LAs, indicating, where possible, if the capital is reinvested outside the broad market area.

Tenancy Strategy – A Common Framework

Introduction

Why have a strategy?

The Localism Act 2011 requires Local Authorities to publish a strategic tenancy. The Act specifically sets out the scope of a tenancy strategy:

“A local housing authority in England must prepare and publish a strategy (a “tenancy strategy”) setting out the matters to which the registered providers of social housing for its district are to have regard in formulating policies relating to:

- (a) the kinds of tenancies they grant,*
- (b) the circumstances in which they will grant a tenancy of a particular kind,*
- (c) where they grant tenancies for a term certain, the lengths of the terms, and*
- (d) the circumstances in which they will grant a further tenancy on the coming to an end of an existing tenancy.”*

This strategy refers to flexible and affordable rent tenancies arrangements for RPs. Local Authorities with their own housing stock, who are part of this agreement, will be developing their own strategic housing policies to address these flexibilities.

How was it developed?

This tenancy strategy has been developed and jointly written by a partnership of nine local authorities in Essex and Suffolk plus Registered Providers (RPs) that work within the broad geographical area. The ten authorities are: Babergh DC, Braintree DC, Colchester BC, Ipswich BC, Maldon DC, Mid Suffolk DC, Suffolk Coastal DC, Tendring DC and Waveney DC.

Working together the local authorities acknowledge that many significant strategic tenancy issues are general to all localities and this has allowed us to produce a ‘common framework’ which all parties have endorsed and (will) sign up to. The ‘common framework’ consists of a set of key principles with supporting statements relating to each issue. Affordable housing markets vary within the nine authorities; for example rent levels are different in each local authority but using the principle of affordability in the framework this will show whether a household on a median income is able to afford rent for their home. A short summary of the local housing market of each authority can be found in Appendix 1.

Objectives of the strategy

The context for this strategy is that it supports and fits with other wider housing and planning policies of each Local Authority to achieve growth, economic prosperity and increased provision of Affordable Housing. Both local authorities and registered providers will continue to foster good relations, which will be of mutual benefit, to help achieve these aims.

The main objectives of the strategy are to:

- provide guidance that RP's will have 'regard to' in developing their own policies
- ensure a more consistent and transparent strategic approach to tenancy and other related policies across LA boundaries
- take account of affordability and sustainability of tenancies for households on low incomes
(see principles 1a, 1b, 2a, 2c, 3a, 3c)
- make the best use of social and affordable housing to reduce housing need and facilitate tenant mobility
(see principles 3a, 3d, 3e, 5a, 5b)
- ensure LA's take account of the implications of affordable rent tenures in their allocations policy and homelessness strategies
(see principle 4A).

What do we mean by 'have regard to'?

'To have regard to' is not defined in statute but case law suggests that it means in this context registered providers are:

- ✓ actively informed of the direction provided by the tenancy strategy, and
- ✓ able to evidence that they have considered the content, even if they choose not to follow it, *and*
- ✓ consider the tenancy strategy when they review their own policies.

This document has been developed and written some time after RPs had to make critical business decisions about fixed tenancies, affordable rents, conversions and disposals as part of their bid for grant under the 2011-15 HCA affordable homes programme. In recognition that some RPs have already produced their own landlord tenancy policies this common framework should be understood as a process rather than a static document. Coming together to develop the framework has created the environment to do more than write a document. It has encouraged an open dialogue between RPs and local authorities about the strategic impact of legislative changes to tenancies. It has enabled local authorities, over a wide market area, to set out common principles which reflect their ideas for balancing the housing needs of their local communities.

Monitoring and Review

It is agreed that monitoring the tenancy strategy will be a critical part of understanding and evaluating the impact of tenancy changes and will provide the necessary intelligence to review and revise policies. Data will be collected for each financial year and an annual meeting will be held with RPs and LAs to evaluate the monitoring information and amend the strategy as necessary.

The following sections contain the key themes and general principles in the common framework. The background to developing the affordability principle can be found in appendix 2.

Local Amendments to the Common Framework

This version of the Strategy has been adapted specifically for Colchester Borough Council. The principles are adopted unchanged from the common framework but changes have been made to reflect local circumstances and in response to local consultation.

Passages changed in this way are highlighted. This to help Registered Providers in particular (who may be working across Local Authority boundaries) to identify changes in emphasis we may have introduced locally.

1. Affordability and sustainability of new tenures

1A - Housing costs are affordable if they do not exceed 25% of an individual's full time income. Income is based on the gross median income of an individual in the local authority where they live.

1B – Affordable rents are not set at a level which exceeds a Universal Credit cap which means that households would have to subsidise their rent from their basic living allowance.

The Localism Act takes its definition of Social Housing from Section 68 of the Housing and Regeneration Act. It defines 'Social Housing' as low cost rental accommodation and low cost home ownership. Low cost rental accommodation is described as accommodation which is available to rent below market rate in accordance with procedures to ensure that it is available to those whose needs are not served by the commercial housing market.

Our intention is to adopt a 'benchmark' for affordability. The principle effectively means that affordable housing in the Colchester Borough Council district should be affordable to a full-time worker on a typical local income. There are 3 stages of assumptions here:

1. **Median income** is the middle income for all the full-time working people in the district. By definition, half the district's workers earn more and half less than this figure. We have assumed that affordable housing should meet the needs of the lower 50% of wage earners.
2. We have used the income of a **single full-time worker** because it is reasonable that a single person or a single parent should be able to afford 'affordable' housing. We recognise that we cannot find a benchmark that suits every individual situation, such as part-time workers and households with 2 people working.
3. **25% of gross median income** being spent on rent and any service charges is established as a reasonable measure of affordability in a range of research and publications, including Strategic Housing Market Assessments. For someone on £24,000 per year, we are indicating that housing costs of around £6,000 per year (£120 per week) should be affordable. This is very similar to the calculation undertaken by mortgage lenders when they assess what people can afford to borrow.

Typical local incomes are set out in the appendix to this document and will be updated annually, once the Annual Survey of Household Earnings (ASHE) data is published.

Housing affordability

The local authorities adopting this strategy have therefore agreed a principle definition of affordability which measures whether a household can access and sustain the cost of

housing. This principle is based on key sets of data and an informed judgment of what is an affordable ratio of housing costs to income. This common definition will enable local authorities to assess affordability and 'localise' the housing market information and advice they give Registered Providers working in their area. It will also provide the means to compare information across local authority boundaries and identify 'housing market area linkages'.

Affordable rents and Universal Credit (UC)

Government plans are to carry forward the current provisions for help with housing costs into Universal Credit, then move towards a more flat rate approach for assessing housing costs. However, rents vary significantly depending on the type of landlord (private, housing association or council) and on geographical location. Housing costs form a significant part of most claimants' overall benefit. As a result, households will face major budgeting problems if the housing element of their UC does not accurately reflect their housing costs. (see appendix 3)

The impact of this policy

We recognise that this policy risks limiting the development of affordable housing. Lower rents than the 'norm' of 80% of market rent will require a higher subsidy or may prevent RPs from fulfilling their agreements with the HCA. Our intention is to make sure rent levels are seriously considered, other sources of funding are explored to subsidise rent levels and that we discuss with RPs if lower rent levels are feasible.

In common with all of this Strategy, RPs are asked to 'have regard' to it and it is not binding on providers. However, we hope that providers will maintain a dialogue with us about rent levels in new homes. We are fearful that the consequence of high rents (particularly for larger family homes) could be people refusing offers of housing because the rent is too high making it more and more difficult for us to find housing solutions for people who desperately need them. Similarly, tenants may be evicted for rent arrears because the amount they were expected to find was significantly more than it is prudent for them to agree to.

Monitoring

Principle 1

We want to understand how the introduction of affordable rents will affect household's choices when they are rehoused; whether a household's income level will affect who is rehoused; will more households be rehoused from lower priority bands on the housing register?

We will monitor annually:

From the housing register

- a) number of non working households rehoused
- b) number of working households rehoused and their income level
- c) number of retired people rehoused
- d) band on the housing register (reason e.g. overcrowding)
- e) whether new applicant or transfer

From CORE

- f) number and type of tenancy
- g) Basic weekly median rent payable for social rent and affordable rents

From Department of Work and Pensions

2. Converting Social Rents to Affordable Rents

Registered Providers have the flexibility to let new properties and convert a proportion of vacant Social Rent properties to Affordable Rents at re-let, at a rent level of up to 80% of market rent. Registered Providers are able to convert properties to Affordable Rents where they have signed an investment agreement with the Home and Communities Agency (HCA). Not all Registered Providers have entered into the new funding arrangement which means they will continue to let their properties on Social Rents.

We recognise that converting a proportion of existing stock to Affordable Rents is a crucial element in generating additional financial capacity for RPs to deliver more affordable housing. Moreover that due to delays in signing HCA funding agreements that RPs will need to convert more properties initially to meet the proportion of 50% conversion of re-lets that was proposed. However, LAs have a role in balancing the housing market would like to maintain a supply of properties with social rents to meet the needs of working low income households.

Principle 2A - In the broad market area no more than the conversion rate agreed with Homes and Community Agency should be re-let annually as an Affordable Rent (AR) to ensure there is a sufficient balance of tenures to meet housing need.

Principle 2B – RPs share with local authorities' information which shows the number and percentage of social rent properties that are re-let annually as affordable rents.

Principle 2C - RPs have due regard to local authority's evidence and understanding of affordability issues when deciding what property types they will convert from social rents to affordable rents and in what locations. Local authorities and RPs will have an open dialogue where there are concerns.

Principle 2D – RPs make best efforts, using income generated from affordable rents, to focus their development capacity on areas and property types which meet LA strategic housing needs within the broad market area.

Principle 2E - In situations where s106 agreements have been agreed but where the sites have not been built there is an open discussion between local authorities, RPs and developers about the most appropriate affordable housing tenure mix. That this discussion is based on a robust viability assessment of the particular site and this data informs any proposed changes to the s106.

Local authorities would like to work with RPs to help balance competing needs between RPs converting properties to give them the greatest financial headroom to develop new properties with the need for properties to be affordable for households on low incomes and in housing need.

Before conversions take place we would encourage RPs to work with LAs to consider the potential impact on the supply of affordable housing where specific types of properties may be in short supply or market levels may be very high.

Income from the increased Affordable Rents rental stream will, in the foreseeable future, contribute to the funding base for new affordable housing development. Local authorities would like to be informed of how the income, available for development, from Affordable Rents will be invested i.e. at a local authority, housing market area or county area level to meet strategic housing need. An informed and shared understanding of how these resources are used will promote transparency and accountability.

We recognise that the area of operation of housing associations varies considerably. Associations working with the HCA will pledge to raise finances from conversions in one or more locations and invest in another. Throughout this document, we have used the term 'broad market area'. This is intended to indicate an area that is larger than a single district. For Colchester, we would regard our broad market area as including all surrounding districts and the districts covered by the area of the 'Gateway to Homechoice' scheme.

By seeking information about the general pattern of where associations are investing resources from conversions, it may help LAs to make decisions about future associations they wish to work with on key developments locally.

Some s106 agreements that have already been agreed on sites that have yet to be developed have included Social Rents as their preferred affordable housing tenure. During this transition period, as Affordable Rents are introduced, further discussion and assessment will be required with RPs and developers to decide the most appropriate affordable tenure mix.



Monitoring
Principle 2

We will monitor annually:

- a) number and % of RP re-lets converted to Affordable Rents
- b) the size of properties converted to Affordable Rents

3. Length of tenancy – Fixed term tenancies

The Localism Act has created a new type of tenancy called a flexible tenancy. Housing providers will no longer have to let a tenancy for life, but can let it on a fixed term, which will be reviewed. The new legislation is intended to make the housing system more flexible and allow more people on the waiting list and in overcrowded conditions to be re-housed.

Principle 3A - Where a RP is using flexible tenancies and offers an introductory tenancy a minimum five year fixed tenancy will normally follow if the terms of the tenancy have been satisfactorily met.

Principle 3B – RPs will share with tenants and local authorities a list of exceptional circumstances which would result in an offer of a tenancy for less than five years.

Principle 3C Fixed term tenancies will be renewed unless one or more items in the exclusion list are met.

Principle 3D - Sheltered housing will normally continue to be let on secure or fully assured tenancies.

Principle 3E – If supported housing is intended to meet the long term needs of an individual then the tenancies will normally continue to be let on secure or fully assured tenancies.

Where providers use these new flexibilities, they will offer tenancies for a fixed term of at least 5 years, except for in 'exceptional circumstances' where they may offer a tenancy of between 2 and 5 years.

It is anticipated that unless there is a significant change in tenant's household circumstances that the fixed tenancy will be renewed for a further period. This general principle benefits all parties: tenants are able to remain in their homes and maintain their social networks in that area; RPs do not have an unnecessary turnover in their stock with the associated administrative burden and voids; applicants on the housing register are not disadvantaged because the housing stock continues to be used for those with the greatest need.

The following list details the circumstances in which a fixed tenancy may not be renewed:

- Increase in tenant's financial circumstances. (after full financial assessment)
- The property has become permanently under-occupied.
- The property is overcrowded and the household requires a larger one.

- The property was allocated to meet particular needs that are no longer present e.g. the need for a single story dwelling because a member of the original household had a disability but now no longer lives there.
- The terms of the tenancy have been breached i.e. neglect of property, rent arrears.

Registered providers using the new tenure flexibilities will publish a tenancy policy which will be made available to the Local Authority where they operate. It is critical that tenants taking up fixed term tenancies are fully informed about what will happen at the end of the fixed term. We therefore expect that providers will have very clear, published information that sets out the information we are requesting and in most cases, there is no reporting burden for providers. In short, we expect the overwhelming majority of fixed-term tenancies to be for 5 years.

Our major concern is that there may be circumstances when an individual is offered a shorter fixed-term than 5 years. We want to be clear in the advice we give to homeless households seeking our help and to applicants to our register. We want to be able to tell them what they can expect from housing providers. We believe this to be a fundamental part of our role and would therefore like to monitor exceptions and discuss them with the providers.



Monitoring

Principle 3

We would like to record the number of exceptions to the above principles and the reasons why to ensure consistency and transparency across local authorities in the common framework.

We will monitor annually:

- a) number of general needs tenancies let on less than five years fixed term and reasons why
- b) number of exceptions where sheltered housing and supported housing is let on a fixed term tenancy and the reasons why

4. Housing Options Advice

Households will require sufficient information for them to assess at different stages of their 'housing pathway' what is the best choice for them in their current circumstances and the implications of exercising that choice. It will also be necessary to make arrangements for advocacy to be available when a tenant requires representation in appealing a decision which terminates their tenancy.

4.A - Standards for a minimum level of housing options advice are included within this strategy and are delivered through a joint protocol. This includes at the start of a tenancy and at the end of a fixed term tenancy when it is not being renewed.

The provision of adequate housing options advice also clearly links to local authority's homelessness strategies and their statutory homelessness duties.

At the tenancy sign up stage RPs already provide information, advice and support for their new tenants. An additional element will be the requirement to provide information about the fixed length of the tenancy and highlight to any households moving from fully assured or secure tenancies the implications of this move (in line with principle 5A on downsizing and transfers).

The need for housing options advice at the renewal of a fixed term tenancy is a new requirement and could be provided or procured by RPs, for example through a service level agreement from a local Citizen Advice Bureau. Establishing a clear protocol for providing housing options advice to tenants, at the point at which their fixed tenancy is not renewed, will achieve clarity for tenants and also for other housing and housing related service providers within the area. It will minimise the scope for the ending of a fixed term tenancy to become a contested area between organisations with different policies and priorities.

Ideas for a draft protocol for the provision of housing options advice is attached as appendix 4.

Monitoring

Principle 4

Local authorities want to work with RPs to ensure that a joint protocol is used to provide or procure a minimum level of housing options advice at each stage of a household's housing journey.

We will monitor annually:

- a) number of complaints associated with non renewal of fixed term tenancies

b) review the housing options advice joint protocol with reference to lessons learned through monitoring complaints, non renewals and evictions.

5. Maintaining and enhancing mobility

We are keen to work with RPs to ensure that best use is made of the social housing stock including managing overcrowding and under occupation. We want to manage the impact of Affordable Rents and fixed tenancies so that there are not any unintended consequences that impede mobility and reduce effective use of the stock.

5.A - Barriers to downsizing are removed to enable households to move to smaller properties that meet their aspirations, whilst also ensuring that they are fully aware of any changes to their security of tenure.

5.B - Fixed term tenancies will normally be used for properties that are in the greatest demand by households so preventing future under occupation in larger properties.

5.C - Tenants that currently live in an adapted property will have their tenancy renewed unless other circumstances apply (see principle 3C).

This area of the common framework links most closely with allocations policies. For members of 'Gateway to Homechoice' choice based lettings scheme, the allocations policy provides the operational detail. For other local authorities this detail will be found in their own allocations policies.

As referred to in principle 4A we want to see comprehensive housing options advice available so households are aware of the tenancy implications of making a decision to move – which in some circumstances may involve moving from a secure or fully assured tenancy to a fixed tenancy or a Social Rent to an Affordable Rent, or both.

To make best use of the social housing stock RPs and LAs are agreed that it is important to support tenants to downsize, as this has the effect of releasing additional bedroom capacity for larger households in most need. To ensure that households are given as much encouragement and incentive to move as possible additional flexibility may be required to offer 'like for like' tenancies.

Households that are overcrowded and are moving to larger properties are likely to be offered fixed term tenancies, particularly households moving to four bedroom and larger three bed houses. Using fixed term tenancies will ensure that when a household no longer needs a larger property it may be re-let to a larger household in need.

There is a high demand for adapted properties. We acknowledge that this is an area where more flexibility may be required because of the often complex needs of the household.



Monitoring principle 5

To minimize barriers to making best use of the housing stock we will identify trends by monitoring annually:

- a) number of transfers – with reasons (under occupiers, overcrowding, adapted properties)
- b) number of mutual exchanges by similar categories

6. Disposals of homes owned by Registered Providers

Disposals of properties

There are two main issues relating to the disposal of RP properties; which properties are disposed of and where the income from the properties is reinvested.

6.A - Working together RPs and LAs will explore opportunities to maximize alternatives to disposal or potential joint redevelopments to meet both housing needs in the broad market area and RP development programmes.

6.B – By recording capital derived from disposals of properties in each local authority RPs will be able to share this information with LAs, indicating, where possible, if the capital is reinvested outside the broad market area.

Local authorities would like RPs to talk to them about which properties they are proposing to dispose of prior to any decision being made. Local authorities want to be included in an early dialogue as they may wish to influence choices about which properties will be disposed of or discuss alternative options or in some cases they may wish to acquire/enable others to acquire the properties to meet housing need. RPs and local authorities can work together at a local level to address viability issues, poor property conditions, emerging need and management issues on potential disposals. This joint approach will maximize the opportunities for retaining the property or the potential for redeveloping it without grant.

We understand that national RPs may make strategic business decisions about the disposal of affordable housing units and may not be able to recycle this capital within the same geographical area. However we consider it essential to have transparency about the use of this capital so that information is openly available to residents, local authorities and the Homes and Communities Agency.

Monitoring principle 6

Local authorities want to be involved and influence the disposal of affordable housing in their area. To understand the impact of disposals and any trends we will monitor annually:

- a) number and type of properties disposed of
- b) the value of the properties disposed of
- c) whether capital realized from disposals is reinvested within the broad market area

Appendix 1 - Registered Providers and Local Authority housing stock

Information	Babergh	Braintree	Colchester
Number of LA owned affordable homes	3,416	27 units of temporary accommodation (HSSA 2011 submission)	6300
Number of RSL affordable homes	1,680 Includes Shared Ownership & Intermediate rented homes.	10,233 (HSSA 2010)	3090
Number of RSLs in LA area	17 RSLs including supported housing providers (8 developing)	27	18

Information	Ipswich	Maldon	Mid Suffolk
Number of LA owned affordable homes	8,230 HSSA 2008	0	
Number of RSL affordable homes	4,570 HSSA 2008	2,875	
Number of RSLs in LA area	26 CORE lettings	10 (7 developing)	

Information	Suffolk Coastal	Tendring	Waveney
Number of LA owned affordable homes	0		4,651
Number of RSL affordable homes	5,156		1924
Number of RSLs in LA area	12		10

Appendix 2 – 25% gross income as a measure of affordability

Table 1 below uses the 2010 Annual Survey of Hours and Earnings to provide the median gross income for each of the local authorities within the common framework area. The middle column gives a figure for 25% of the median income in each area. The shaded column shows what would be an affordable rent per week based on 25% gross income.

Table 1: Weekly affordable rents based on 25% median gross income figures
Figure 7.7a Median annual pay - Gross (£) - For full-time employee jobs: UK, 2010

Description	Median gross income	25% of median gross	Weekly affordable rent threshold based on 25% of median gross
Babergh	22,341	5,585	107.4
Braintree	23,599	5,900	113.46
Colchester	24,583	6,146	118.19
Ipswich	23,251	5,813	111.79
Maldon	24,402	6,101	117.33
Mid Suffolk	21,260	5,315	102.21
Suffolk Coastal	27,375	6,844	131.61
Tendring	20,941	5,235	100.67
Waveney	22,322	5,581	107.33

Source: Annual Survey of Hours and Earnings, Office for National Statistics.

Taking the principle of 25% gross income and applying these to likely ARTs rent levels, in the example of Colchester, we can see in the table below that rents for one and two bed properties are affordable whereas three and four bedroom properties are not affordable. With the caveat that actual affordable rents are likely to vary considerably between small areas in each local authority as the location will be taken into account during a rental evaluation.

Table 2: Affordability in Colchester based on 25% gross income and affordable rent tenancies for different sized properties

	80% market rent weekly*	25% gross income	Affordable Yes/No
1 bed	91.20	118.19	Yes
2 bed	115.20	118.19	Yes
3 bed	138.40	118.19	No
4 bed	175.39	118.19	No

*Market Rent- Hometrack May 2011(1 to 3 beds only) 4 bed figures are not listed on Hometrack, figures have been calculated by looking at a sample of properties on Rightmove, producing a conservative estimate of market rent of £950 pcm.

Table 3 below takes the principle of 25% gross median income as affordable and applies it to the cost of home ownership. Where the data is available it shows that the cost of a mortgage for lower quartile flats and maisonettes is affordable. This calculation applies

to small lower quartile properties and doesn't take into account the requirement for a deposit. Nevertheless it is indicative that 25% of a median gross income would be affordable to sustain a mortgage.

Table 3: Affordability of LQ flat/maisonette based on 25% median gross income

Description	Median gross income	3.5 income multiplier for mortgage eligibility*	LQ flat or maisonette August 2011**	Annual cost of 25 year repayment mortgage***	25% of median gross income	
Babergh	22,341	78194	72,000	5273	5585	Affordable
Braintree	23,599	82597	85,000	5570	5900	Affordable
Colchester	24,583	86041	87,500	5802	6146	Affordable
Ipswich	23,251	81379	76,000	5488	5813	Affordable
Maldon	24,402	85407	106,950	5760	6101	Affordable
Mid Suffolk	21,260	74410	78,250	5018	5315	Affordable
Suffolk Coastal	27,375	95813	102,000	6462	6844	Affordable
Tendring	20,941	73294	70,000	4943	5235	Affordable
Waveney	22,322	78127			5581	
<i>Source: Annual Survey of Hours and Earnings, Office for National Statistics.</i>						
*figures have been rounded						
**Hometrack						
***BBC website mortgage calculator 4.5% interest rate						

Appendix 3 – Affordability and Universal Credit

This appendix looks at the affordability of ARTs within estimated Universal Credit payments. The table below shows the housing award within Universal Credit for different family sizes living in Colchester and compares this to ARTs levels for different sized properties. The proposed cap for Universal Credit will be £350 for a single person and £500 for couples and couples with children both of which include a housing allowance. It shows that ART rents are affordable and Universal Credit caps will not be used. This may not be the case in local authorities with high private rented markets. This is why a general principle has been included within the strategic tenancy strategy to say that ART rent levels should not exceed the housing award for their size household – so that households do not have to subsidise rent payments from their basic living allowance.

Table 1: Colchester ART rents and Universal Credit housing award (non working household)

	80% market rent weekly	Universal Credit – single person +25yrs housing element	Universal Credit – couple housing element	Universal Credit – couple 1/ 2 housing element	Universal credit – lone parent 3 children housing element	Universal credit – couple 3 children housing element
1 bed	91.20	£98	£98			
2 bed	115.20			£127/127		
3 bed	138.40				£155	
4 bed	£175.39					£196

Universal Credit calculations based on Policy in Practice Estimate of Universal Credit Entitlement <http://policyinpractice.co.uk/universal-credit/universal-credit-calculator/estimate-of-universal-credit-entitlement/>

Housing element: Universal credit combines some benefits which are for living expenses with payments towards housing costs into one payment. The combined amounts cannot exceed the cap limit. The amount between the payment for living expenses and the cap is defined in this table as the housing element.

Appendix 4 – Draft Housing Options Protocol

RP responsibilities

- Provide or procure a full housing options service covering private renting, and low cost home ownership to help tenants resolve their own housing needs. This will include up-to-date and in-depth advice on housing options and how to pay for them.
- Ensure that tenants have six months notice that their fixed tenancy will not be renewed and start the housing options advice at this early stage.
- Not to discriminate on the grounds of race, gender, ethnic origin, disability, age or sexual orientation.
- Make it clear what you are able to do and what you cannot do and refer tenants to specialist agencies for debt advice, legal advice and benefits advice as appropriate. Provide personalised referrals to other organisations if unable to help
- Advise in clear and easy to understand language and ensure any information meets 'Plain English' standards and provide relevant leaflets, and/or written information, and clear information about on-line resources
- Provide a named person to work with and provide advice to the tenant. Respond fully and promptly to ongoing tenant requests for advice and information.
- Arrange a home visit/s if the tenant is unable to attend your office
- Provide clear information on complaints policy if the tenant is unhappy with the service they have received
- Ensure tenants are aware of a clear and defined independent appeals procedure

Tenant responsibilities

- Attend appointments on time or give notice if unable to attend
- Provide relevant information as soon as possible to help speed up the process of giving advice and assistance
- Provide any relevant changes of circumstances

Setting specific standards and monitoring

Service standards need to be developed and agreed and below are examples of what could be included:

- Expectations/requirements in relation to staffing levels, training, qualifications and experience.
- RP policies, procedures and systems to ensure a consistent and quality service e.g. complaints procedure.
- Involvement of users in developing the service offered