



**TENANCY STRATEGY 2012 -2016**

**November 2012**

**Housing Services  
Places Directorate  
PO Box 100  
Wigan  
WN1 3DS  
01942 489204  
e-mail [hst@wigan.gov.uk](mailto:hst@wigan.gov.uk)**

## Contents

<b>1.0</b>		<b>Summary</b>	<b>2</b>
<b>2.0</b>		<b>Introduction</b>	<b>3</b>
<b>3.0</b>		<b>Wigan Tenancy Strategy – Strategic Framework</b>	<b>4</b>
	3.1	National	4
	3.2	Sub Regional	4
	3.3	Local	5
	3.4	Affordable Rent	6
<b>4.0</b>		<b>Wigan Context</b>	<b>8</b>
	4.1	Tenure	8
	4.2	House Prices	9
	4.3	Rent Levels	11
	4.4	Housing Need and Demand	12
	4.5	Deprivation	13
	4.5	Wigan Borough Housing Market – key features	13
<b>5.0</b>		<b>Wigan Tenancy Strategy</b>	<b>15</b>
<b>6.0</b>		<b>Wigan Council Tenancy Policy</b>	<b>17</b>
	6.1	Tenures the Council may offer	17
	6.2	Affordable Rent	17
<b>7.0</b>		<b>Monitoring and Review</b>	<b>18</b>
<b>8.0</b>		<b>Key Documents that link in with the Tenancy Strategy</b>	<b>18</b>
<b>9.0</b>		<b>Glossary of terms</b>	<b>19</b>
		<b>Appendix 1 – Greater Manchester Principles for Tenancy Strategy</b>	<b>20</b>
		<b>Appendix 2 – Consultation Questions</b>	<b>24</b>

## **Wigan Council Tenancy Strategy 2012 - 2016**

### **1.0 Summary**

This is Wigan Council's first Tenancy Strategy. The Localism Act 2011 placed a duty on Local Authorities to produce a Tenancy Strategy that sets out the matters which Registered Providers operating within our boundaries should have a regard to when granting tenancies. In other words Registered Providers need to have a regard to the Council's Tenancy Strategy when developing and implementing their own Tenancy Policies.

Wigan Council sees that its housing offer in the borough has an important part to play towards contributing to its vision of Confident Places – Confident People. A key part of this is to develop sustainable communities across the borough. Wigan Council, both as a local housing authority as well as being a landlord with over 22,000 properties, believe that **social housing in the borough should in the main be offered on a lifetime tenancy**. This allows people and families to establish firm roots in communities in which they live which in turn will enable sustainable communities to develop. Whilst the Council believes that lifetime tenancies should be the default tenure position in the main for Registered Providers to use in the borough, we also believe that Registered Providers should also have flexibility with the tenancies that they can offer in order to meet local needs effectively. For example in order to make best use of certain types of housing stock.

This Tenancy Strategy sets out the context and background that the Council has considered in developing its approach to tenure in the borough.

## **2.0 Introduction**

The Localism Act 2011 has given new flexibilities and powers to local housing authorities and providers of social housing to meet local needs more effectively. A key part of the Act in how local housing authorities and providers are able to meet local needs is through tenure reform and the option to use flexible tenancies.

The Localism Act places a duty on local housing authorities to prepare and publish a strategy that outlines to registered providers operating within their area the matters they have to have regard to when setting out their own tenancy policies.

The Localism Act states that the Tenancy Strategy should set out the matters that a registered provider should have regard to which relate to:

- The kind of tenancies they grant
- The circumstances in which they grant a tenancy of a particular kind
- The circumstances in which they will grant a further tenancy on the coming to an end of an existing tenancy.

The Localism Act also gives the providers of social housing the option to use flexible tenancies, which would enable them to manage the use of their stock better to meet local housing needs.

Wigan Borough's Tenancy Strategy sets out the Council's view on how registered providers operating in the borough through their own tenancy policies can contribute to meeting housing needs in the borough along with contributing to the longer term aspirations of the borough through its housing offer.

### **3.0 Wigan Tenancy Strategy – Strategic Framework**

#### **3.1 National**

Laying the Foundations: A Housing Strategy<sup>1</sup> for England is the Government's national housing strategy and was published in November 2011. This strategy sets out a wide range of housing objectives including increasing the supply of housing, tackling empty homes, housing sustainability and design. It also includes the Government's approach to the reform of social and affordable housing and its future direction. The Government sees the role and direction of social and affordable housing within its Housing Strategy as follows:

Social housing can improve people's life chances, providing support at a time when they need it, for as long as they need. It also supports mixed sustainable communities and local economies. But the system is not working: waiting lists have grown excessively; social housing is used inefficiently; and many tenants are not provided with the right incentives to take up work

As a local housing authority Wigan Council is keen to ensure that social housing plays a proactive role in contributing to improving the social and economic outlook of the borough. The Tenancy Strategy will play an important role in this, along with other key housing policies including the Council's Housing Allocation Policy and Homelessness Strategy, which are being reviewed in light of provisions within the Localism Act.

#### **3.2 Sub Regional**

The Greater Manchester Housing Strategy has been in operation since 2010. The Strategy was developed following consultation with the Greater Manchester districts and relevant bodies in the sub region through the Association of Greater Manchester's (AGMA) Planning and Housing Commission. The strategy was developed in the context of the overall Greater Manchester Strategy (2009) which sets out the higher level objectives for the sub region.

With regard to the Greater Manchester Housing Strategy, ambitions that relate to the development of a local Tenancy Strategy include:

- To transform the quality of the City Region residential offer
- Diversify deprived neighbourhoods to generate communities with a greater mix of income and tenure levels
- Improve the housing management within estates and communities, and the continued availability of appropriate and affordable housing related support services for vulnerable residents.
- Use flexible approaches in areas where regeneration can have the greatest impact with a focus on communities isolated from economic opportunities and inequality, including disadvantaged black and minority ethnic communities.

As part of the development of local Tenancy Strategies across Greater Manchester, AGMA authorities and registered providers have developed a framework of "Greater Manchester Principles for Tenancy Strategy". These principles have been taken into account when developing a Tenancy Strategy for Wigan (see appendix 1)

---

<sup>1</sup> Laying the Foundations: A Housing Strategy for England, HM Government

### 3.3 Local

#### 3.3.1 Wigan Council's Corporate Strategy

The Council's Corporate Strategy sets out the vision for Wigan Borough. It enables the Council and its partners to focus resources on key long term outcomes for the borough.

Our vision for Wigan is Confident Place – Confident People. This is about an aspiration of the place we want the borough to be. We want Wigan to be an attractive, accessible and lively borough. The vision is to improve life opportunities and independence whilst make sure people feel safe and supported.

The Vision is underpinned by three core priorities:

- **Confident Places** - An attractive, accessible and lively borough, with a prosperous economy as the location of choice for investment
- **Confident People** - Improving life opportunities and independence, making sure people feel safe and supported in their communities; helping people to stay healthy longer
- **Confident Council** - Your council has re-focused its reduced resources towards early intervention and prevention to achieve more for less

#### 3.3.2 Wigan Housing Strategy – Vision 2026

Wigan Borough's current housing strategy was launched in 2009. The Housing Strategy for the borough links in with sub regional strategies such as the Greater Manchester Housing Strategy and the Greater Manchester Strategy, whilst at a local level it is aligned with local policies and plans.

The vision for housing in the borough in 2026 is that:

“Wigan is a place with a range of good quality, affordable housing that meets the aspirations of residents and supports sustainable growth. All areas of the borough are attractive places to live with neighbourhoods that are safe, clean, and inclusive. People are healthy and active and receive the support they need.”

The current Housing Strategy has been refreshed in 2012. The longer term vision of the strategy will remain, with the refreshed strategy setting out the priorities and objectives it seeks to achieve over the next 3 years. The priorities within the refreshed Housing Strategy are aligned with the Council's Corporate Strategy vision and priorities in order for it to maximise its contribution to these. The Council's Tenancy Strategy also seeks to be a contributor to the Corporate Strategy and the Housing Strategy

#### 3.3.3 The Council Housing Allocations Policy and the Wigan Homelessness Strategy

The Council's Housing Allocations Policy is currently being reviewed in light of the Localism Act. The review is to be completed by the end of 2012 and subject to approval will be implemented during 2013. The review of the Housing Allocations

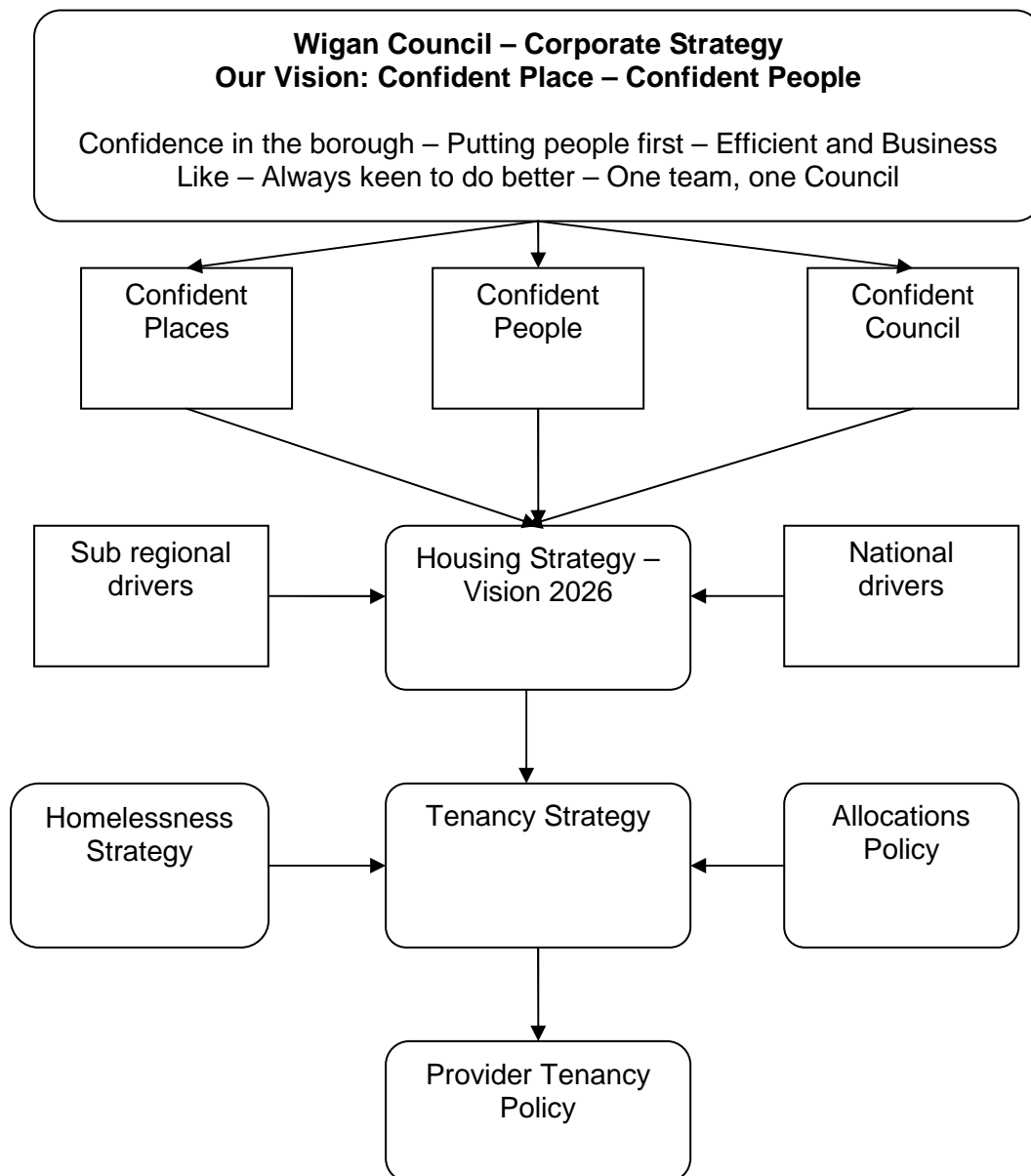
Policy has been conducted jointly with the development of the Tenancy Strategy. Wigan's Homelessness Strategy 2012-13 – "A Place for All" is to be reviewed during 2012/13.

### **3.4 Affordable Rent**

In the 2010 Comprehensive Spending Review, the Government announced a new form of social housing tenure called Affordable Rent. Under the Homes and Communities Agency's (HCA) Affordable Housing Programme (AHP) between 2011-15 new homes delivered will be through Affordable Rent. Registered Providers who have signed a development contract with the HCA are able to charge rents of up to 80% of the market rent for the new properties developed and on a proportion of existing properties that come up for relet. The existing properties that become affordable rented properties are known as conversions. The proportion a registered provider can convert of its existing stock will have the prior approval from the Homes and Communities Agency.

The new Affordable Rent tenure will play an important role in meeting local housing needs, however due to the higher rents it is essential that when letting properties a sustainable and pragmatic approach is taken.

**Figure 1 Wigan Tenancy Strategy – Strategic Context.**





## 4.0 Wigan Context

To give local context to Wigan's Tenancy Strategy, it is useful to identify some of the key features of the local housing market.

### 4.1 Tenure

**Table 1 Tenure – 2011 Housing Strategy Statistical Appendix return**

	LA	%	RSL	%	Other Public	%	Private	%	Total	%
Wigan	22,789	17	3,300	2	19	0	110,800	81	136,900	100
Greater Manchester	86,266	7	175,660	15	532	0	898,420	77	1,160,878	100
North West	113,388	4	465,203	15	2,074	0	2,530,600	81	3,111,300	100
England	1,725,905	8	2,319,511	10	63,237	0	18,705,000	82	22,814,000	100

Table 1 shows Wigan's general tenure characteristics in 2011. The largest tenure in the borough is in the private sector (owner occupation and private renting) at 81% of the housing stock. Social housing (local authority and RSL) makes up 19% of the borough's housing stock. In terms of households living in social housing, Wigan borough has a larger proportion living in local authority housing compared to the sub regional, regional and national position. However it has a low proportion of households living in registered social landlord housing. The last Housing Needs Survey (HNS) carried out in 2008 also gives a breakdown between the different types of tenure. This is shown in the table 2 below, against the 2001 Census.

**Table 2 Tenure – Housing Needs Survey 2008 and 2001 Census**

Tenure	2008 %	No Implied	Local Area Census 2001
Owner occupation (paying mortgage)	42.3	55,658	41.8
Owner occupation (no mortgage)	30.1	39,586	29.9
Private rented	5.7	7,518	5.3
Council rented	17.1	22,473	17.7
HA rented	2.3	3,022	2.2
Shared ownership	0.1	196	0.4
Tied to employment	1.0	1,278	0.1
Living rent free	1.4	1,809	2.6
Total	100.0	131,540	100.0

Source: Housing Needs Survey 2008

Table 2 gives an insight into the breakdown of the private sector properties, not available in table 1. The 2008 HNS and 2001 Census figures are broadly comparable in the proportion of households who are owner occupiers. Those living in private rented accommodation make up 5.7% of all tenures from the 2008 HNS. However other evidence since the HNS 2008 has indicated that the private rented sector could be much larger now. The Department of Work and Pensions (DWP) supply monthly figures giving a breakdown of housing benefit claimants by local authority. Table 3 shows the trends in Housing Benefit claims since August 2009

**Table 3 Housing Benefit claimants by tenure in Wigan LA**

	Social Rented	Private Rented	Total
Aug-09	17610	5860	23470
Sep-09	17680	6030	23710
Dec-09	17820	6260	24080
Mar-10	18010	6570	24580
Jun-10	17900	6630	24530
Sep-10	17830	6900	24730
Dec-10	17790	6920	24710
Mar-11	17980	7360	25340
Jun-11	17840	7260	25100
Sep-11	17860	7410	25270
Dec-11	18370	7930	26300
Feb-12	18460	8060	26520
Mar-12	18470	8090	26560
Increase	860	2230	3090
%	4.88	38.05	13.17

As table 3 shows, there has been a significant increase in the number of housing benefit claimants in Wigan borough since August 2009 living in the private rented sector. The number of claimants living in the social rented sector, has increased, however on a much smaller scale. Whilst a general increase in the number of housing benefit claimants across both sectors would be expected in a period of economic downturn, the significant increase in claimants in the private rented sector stands out. The number of claimants within the sector has increased substantially by over 38% since August 2009, a figure of 3090. Compare the total figure for claimants at March 2012, 8090, and the tenure figures from table 2, then there is quite a significant shift in tenure pattern. From the data available it points towards a private rented sector that has grown substantially in recent years and one now that is playing an important role in meeting the borough's housing needs. It is hoped that the publication of the 2011 Census data will improve our understanding of the size of this sector and the housing needs it is meeting. However, even when Census data does become available there has been likely to have been further growth since it was carried out in March 2011.

## 4.2 House prices

Wigan's housing market has seen a major increase in house prices over the last 10 years. Table 4 shows the increase in average prices since the 2003 Housing Needs Survey.

**Table 4 Average House Prices in Wigan Borough**

	2003*	2005*	2007*	2012*
Average House Price	£74,161	£109,956	£134,025	£117,622

\* 2003 HNS Land Registry 1<sup>st</sup> quarter 2003

\* 2005 HNS Update Land Registry 1<sup>st</sup> quarter 2005

\* 2008 HNS Land Registry 4<sup>th</sup> Quarter 2007

\* Hometrack Land Registry April 2012.

Table 4 shows that there was a significant increase in the average house price between the Housing Needs Survey's of 2003 and 2008. Prices increased by over 80%. This mirrored the national boom in house prices.

Whilst house prices increased substantially between 2000 to 2008, individual incomes and household earnings did not keep up with house price inflation leading to an affordability issue in the borough. The average house price in the borough has come down since the peak of the boom in 2007/08, however affordability still remains an issue in the borough, particularly for potential first time buyers.

**Table 5 Affordability ratio – lower quartile earnings to lower quartile house prices**

2001	2002	2003	2004	2005	2006
2.57	2.74	3.29	4.54	4.95	5.42
2007	2008	2009	2010 <sup>R</sup>	2011 <sup>P</sup>	
5.64	5.67	4.81	4.57	4.40	

Source: CLG R – revised P- provisional

Table 5 shows the affordability ratio of lower quartile earnings against lower quartile housing in Wigan borough. Lower quartile earning levels against lower quartile house prices is often used as reference point for first time buyers looking to enter the housing market. As table 5 demonstrates, it shows that affordability has become a significant issue in the borough in the times of the house price boom. Whilst affordability has improved since 2008, the ratio is still high. A ratio of between 3 and 4 would provide a more sustainable outlook for new entrants into the housing market. Whilst the affordability ratio remains high, issues regarding the availability of mortgage finance also add to pressure. Following the credit crunch, along with the wider economic pressures and uncertainty, mortgage finance is not as readily available. In order to obtain attractive mortgage rates buyers need to have larger deposits. Due to house prices remaining high, deposits required can mean quite substantial amounts. For example, if purchasing an averaged price property in the borough presently for a 10% deposit the purchaser would require a deposit of almost £12,000. In reality, purchasers would require larger deposits to obtain a lower interest rate on their borrowing requirements, often with the loan to value ratio being at 80% of the property value.

With house prices remaining high and with affordability issues remaining in terms of incomes and the need for larger deposits, it may in part explain the increase in households now utilising the private rented sector to meet their housing needs as identified in the previous section.

In comparison to other areas Wigan is a lower value housing market. In Greater Manchester, Wigan's property prices are one of the lowest across the 10 local authorities and below the sub regional average and is shown in the table 6.

**Table 6 House price comparison**

Area	Average Price
Bolton	£128,564
Bury	£146,016
Manchester	£141,078
Oldham	£127,951
Rochdale	£125,322
Salford	£127,655
Stockport	£182,591
Tameside	£126,597
Trafford	£228,969
Wigan	£120,007
Greater Manchester	£148,221

Source: Land Registry 4<sup>th</sup> Quarter 2011

### 4.3 Rent levels

**Table 6 Rent levels per week in Wigan Borough**

Bedrooms	1	2	3
Local Authority	£59.62	£67.29	£73.39
Housing Association	£58.40	£65.50	£74.30
Private Rent 30 <sup>th</sup> percentile	£80	£98	£109
Private rent 80% Median	£68	£82	£97
Private rent median	£85	£103	£121
Private Upper quartile	£91	£109	£137

Source Hometrack

Table 6 above shows the rent levels for different bedroom sizes of properties in the borough as at March 2012. In terms of comparing Wigan against private rent levels in Greater Manchester please see the table below.

**Table 7 Private Rent levels per month**

Beds	Wigan			Beds	Greater Manchester		
	May-12	June-12	Increase		May-12	June-12	Increase
1	£374	£381	+1.9	1	£425	£423	-0.5
2	£476	£479	+0.6	2	£532	£529	-0.6
3	£536	£550	+2.6	3	£632	£636	+0.6
4	£776	£780	+0.5	4	£929	£927	-0.2

Source: Nestoria

Table 7 shows that Wigan's rental values are lower than the overall Greater Manchester sub region. There are also marked differences between local authority areas. For example, in Stockport the average rent for a three bedroom property at June 2012 was £779 per month. With private rents being lower than other areas and the gap between social rent and private rent levels being narrower, it may also point to how the private rented sector is responding to housing needs that may otherwise have been met through the housing register. For other higher value housing markets, with the gap between social rent and private rents being larger, this places pressure on housing registers, particularly in relation to larger family housing.

#### 4.4 Housing Need and Demand

**Table 8 Wigan's Affordable Housing Demand and Supply**

	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Number on the housing register	4035	5801	5059	5991	4561	4673	4519	3591
Number of LA re-let properties	2337	1972	2337	2151	2065	1989	1611	1836
Overall demand app /letting	1.73	2.94	2.16	2.78	2.21	2.35	2.81	1.95
Other social lettings	394	462	513	555	610	796	760	N/A

**Table 9 Affordable Housing Demand and Supply – Overall Council Stock**

Bedrooms	Supply					Demand		
	Stock	% of stock	Lettings	% of all lettings	Turnover as % of stock	Applicants	% of all applicants	Applicant demand per letting
0/1	5589	24.7	795	41.1	14.2	3025	58.7	3.8
2	6668	29.5	613	31.7	9.2	1475	28.6	2.4
3	10099	44.6	509	26.3	5.0	540	10.5	1.1
4+	278	1.2	15	0.8	5.4	113	2.2	7.5
Total	22634	100	1932	100	8.5	5153	100	2.7

**Table 10 Affordable Housing Demand and Supply - Houses**

Houses	Supply					Demand		
	Stock	% of stock (houses)	Lettings	% of all lettings	Turnover as % of stock	Applicants	% of all applicants	Applicant demand per letting
2	4234	29.2	325	38.6	7.7	1326	67.3	4.1
3	10010	68.9	501	59.6	5.0	532	27.0	1.1
4+	276	1.9	15	1.8	5.4	112	5.7	7.5
Total	14520	100	841	100	5.8	1970	100	2.3

Table 8 shows the overall demand and supply for social housing in the borough. Table 9 shows the provision of the Council's housing stock by bedroom compared to bedrooms required by applicants on the housing register at the end of 2011/12. Table 9 also shows the supply of stock coming up for let during the year and how this relates to demand. As can be seen, there is a mismatch between the demand on the housing register, the Council's stock profile and the properties that become available to let. The need for 2 bed units is greater than the overall profile of the Council's stock for this bedroom type. Whereas the need for 3 bedroom units is less in comparison with the overall profile for this stock type. Table 10 shows the mismatch of stock to demand further in relation to houses, significantly in relation to the 2 and 4 bedroom houses. With welfare reform changes to be implemented in 2013, specifically the introduction of the under occupation charge, it will likely further increase demand for smaller housing units. It is also worth noting that the number of empty properties in the Council's housing stock is at an all time low level. At the end of 2011/12 just 0.72% of the Council's housing stock was vacant. The re-let time for Council homes is also low taking on average 24 days to re-let. Therefore, in terms of

supply and demand for the boroughs housing stock, demand remains high however there is a mismatch between the supply of stock available.

The affordability issues within the housing market have also increased the need for affordable housing. Table 11 below shows the annual affordable housing shortfall in the borough.

**Table 11 Annual housing need shortfall**

2003 HNS	2005 HNS Update	2008 HNS	2011 HNS Update
17	106	417	277

Table 11 shows the increasing shortfall from 2003. Whilst the shortfall reduced at the time of the 2010 HNS update, it must be noted that there was a considerable supply of new build affordable units that had been completed or there was a commitment to complete.

#### **4.5 Deprivation**

In the Indices of Multiple Deprivation 2007, Wigan was ranked 67 out of 354 local authorities in England, where 1 was the most deprived. Overall Wigan has become less deprived than in 2004 when it was the 53<sup>rd</sup> most deprived authority in England. The correlation is strong between the location of Council housing and the incidence of deprivation. 10 of Wigan’s 200 Super Output Areas are within the 3% most deprived areas in England and most of these contain a significantly high proportion of Council stock.

In the most deprived 3% Super Output Areas in Wigan, people only have a 50% chance of being in work. Nearly 20% of people in these areas have not worked since before 1991 – twice as high as the national average.

22% of the population of the borough have a limiting long-term illness. Incapacity Benefit claimant rate in parts of Wigan is staggeringly high with 23% of those in the 3% most deprived Super Output Areas claiming Incapacity Benefit – a significant proportion of these claimants live on our council estates. The general rate in Wigan is 11% against a national average rate of 7%.

In 2008 a Wigan & Leigh Housing led ‘SMART’ research study into deprivation was completed and presented to the Board, the Local Strategic Partnership and Wigan Council’s Cabinet. The research followed the fortunes of 400 babies born in Wigan in 2008, 200 from the least deprived parts of the borough and 200 from the most deprived. The findings from the study were quite stark. The gap between the most and least deprived areas simply isn’t closing quickly enough. In addition, it is evident that inequalities are being passed down through generations.

#### **4.6 Summary- Key features of Wigan’s housing market**

- In comparison to sub regional, regional and national trends Wigan is a lower value housing market in terms of property and rental values.
- Despite property prices reducing – affordability remains a significant issue
- There has been a significant increase in housing benefit claimants in the private rented sector.
- There are imbalances in the social stock provision in relation to demand. Total demand is highest for smaller units, particularly 2 bedroom houses.

There are issues with supply for larger units with 4 bedrooms plus. There is an oversupply of three bedroom properties compared to the demand on the housing register. Welfare reform will increase the demand for smaller housing units.

- Housing register demand remains high and there is an annual shortfall of affordable housing.
- Empty homes in the Council's housing stock are at low levels.
- The private rented sector is playing an increasing role in meeting housing needs. Wigan's low value housing market may have contributed to growth in recent years. The lower value rental values may also have supported the growth of this sector by reducing demand for social rented housing for certain types of property. The private rented sector may also have met the needs of households (particularly first time buyers) who have affordability issues in entering home ownership.
- Social housing is often located in the most deprived areas of the borough.

## 5.0 Wigan Borough Tenancy Strategy

Wigan Council is keen to ensure that the social housing offer within the borough is able to contribute to the vision of the Council's Corporate Strategy and the longer term aspirations of the Community Strategy-Vision 2026. The wider housing contribution to achieving Vision 2026 is at the heart of Housing Strategy, which shapes local housing policy. Wigan's Housing Tenancy Strategy is a key part of how social housing can contribute to the Housing Strategy and the vision of the Council's Corporate Strategy.

The Council welcomes the flexibilities and freedoms under the Localism Act to meet housing needs more effectively. The Council's Housing Allocation Policy is currently under review and the flexibilities are being considered to balance both housing needs and wider strategic aims and objectives.

A key part of the Council's Corporate Strategy vision of Confident Place – Confident People, is to create ambitious and strong communities. Integral to achieving this vision will be developing and maintaining sustainable communities. For social housing in the borough there is a correlation between the location of social housing and deprivation. Wigan Council's Corporate Strategy along with the Housing Strategy, interlinked with strategies such as the Worklessness Strategy, aim to have a positive impact to address inequalities.

**As such, within the wider strategic framework against local needs and aspirations, the Council in its Tenancy Strategy places a presumption on Registered Providers operating in the borough that the default tenure for social housing tenants is that of a lifetime tenancy to be granted following the successful completion of introductory / starter tenancies.**

The reasons for lifetime tenancies to be the default tenure across the borough include:

- Whilst demand for social housing is high in the borough, there are not the acute shortages of family housing that other areas of the country face. The Council has a imbalance in its stock profile against demand on the housing register. There is an under-supply of smaller housing units, particularly 2 bedroom houses against an over supply of 3 bedroom properties in terms of housing need on the housing register. There are issues of under occupation in the current stock, particularly in relation to 3 bedroom homes and 2 bedroom flats. There is also a shortage of 1 bedroom accommodation. This shortage will have a more significant effect as changes to welfare are implemented. Fixed term tenancies will not address the current issue of supply and demand.
- A key priority for the borough is ambitious and strong communities. Council housing is often located in some of the more deprived areas of the borough. Reducing security of tenure on estates is likely to impact on the longer term aspiration of creating sustainable communities. Through lifetime tenancies we want to see:
  - tenants looking to take pride in their homes for the long term
  - children being able to achieve their full potential through a stable home that assists educational performance and personal development.
  - enhancing the local community by developing a sustainable neighbourhood including developing a diverse socio economic profile on estates.



**However**, the Council also recognises that in some circumstances social landlords may want to use the new flexible tenure regime where it can help to address local housing needs, assist in contributing to the wider strategic goals and also make the most efficient use of the social housing provision within the borough. The Council believes that the use of fixed term tenancies will be the exception rather than the norm over the period of this strategy. Whilst not being prescriptive, instances where social landlords may want to utilise a more flexible form of tenure may include:

- the letting of properties that have been built / adapted to meet specific needs
- for locality / neighbour management requirements.
- as part of requirements to facilitate new development.

Instances such as the above may provide Registered Providers valid reasons to use a fixed term tenancy. The Council as part of the implementation of the Tenancy Strategy will monitor on a quarterly basis the types of tenancies Registered Providers grant in the borough, and where fixed tenancies are granted the Council will ask the reasons for doing so.

In the limited instances where a registered provider would seek to utilise flexibilities regarding tenure the Council would expect the Registered Provider to:

- In line with the Localism Act grant a fixed term tenancy for a least 5 years. A fixed term tenancy of no less than 2 years should be only granted in exceptional circumstance.
- for specialist housing for older people to use lifetime tenancies.
- where a provider following the review of a fixed term tenancy and they considering to end the tenancy, that they give the tenant at least 6 months notice. The provider will give the tenant the reasons for the decision to end the tenancy and information on their right to appeal. The provider will also need as part of the review and notice period to give the tenant(s) appropriate advice and guidance on their housing options. Providers are also encouraged to offer re-housing within their own stock to meet the needs of the tenant (for example a need to move due to under occupation and require a smaller property). Wigan and Leigh Housing's Housing Options Advice Centre (HOAC) will also need to be notified by the provider when a fixed term tenancy is to end.

The Council is also keen for Registered Providers in having regard to the borough's Tenancy Strategy policy that in the tenancies they allocate and grant that they are affordable to the household, is suitable to meet their needs and the potential implications of welfare reform are considered.

## **6.0 Wigan Council – Tenancy Policy**

Wigan Council rents out approximately 22,500 properties across the borough. Wigan and Leigh Housing (WALH) is the Arms Length Management Organisation (ALMO) set up by the Council who since 2002 have been responsible for managing the Council's housing stock. The Council in the main will continue to grant secure tenancies to new tenants (following successful completion of an Introductory Tenancy), however there may be instances where the use of fixed term tenancies is appropriate. When a fixed term tenancy is to be utilised this will likely to be done as part of a Local Lettings Policy that seeks to achieve strategic or operational objectives.

### **6.1 Tenures the Council may offer**

The types of tenancy that the Council may offer are:

**Introductory Tenancy** – all new Council tenants will be offered an introductory tenancy. This lasts for 12 months and will become a Secure Tenancy provided that that the Introductory Tenancy has not been extended or has not been terminated due to a breach of tenancy conditions.

**Secure Tenancy** – following the successful completion of the Introductory Tenancy, the new tenant becomes a secure tenant. Secure Tenancies are lifetime tenancies and offer security of tenure.

**Fixed Term Tenancy** – the Council will use fixed term tenancies where there are appropriate operational or strategic reasons to do so. Local Letting Policies will be used where fixed term tenancies are deemed appropriate, such as covering specific property types or small neighbourhood areas. The successful completion of an Introductory Tenancy will still be required for new tenants.

**Licences** – the Council may let accommodation on a temporary license. This is usually to respond to emergency situations, such as homelessness, and is mainly applied to designated accommodation for such situations.

The Council will, for existing Council tenants who transfer to another Council home, grant the same tenancy type as that they are transferring from. In the case of tenants of Registered Providers who are moving into a Council tenancy, the Council will grant them the equivalent tenancy as they had with their provider. For example, if they had an assured tenancy with their provider they would be granted a secure tenancy with the Council; if they had an assured shorthold tenancy with their provider they would be granted an introductory tenancy with the Council. The granting of the tenancy, through the Council's housing allocation policy, will also be subject to necessary checks in regards to tenancy compliance with the provider. The Council expects reciprocal arrangements with Registered Providers for Council tenants moving to their properties.

### **6.2 Affordable Rent**

The Council, as part of its development agreement with the HCA for the Affordable Homes Programme in the borough between 2011-15, has to convert 160 of its existing units to Affordable Rent. The properties are only converted when a re-let becomes available and does not affect existing tenants in their current homes. Lettings for the converted Affordable Rent properties are subject to a Local Lettings

Policy. Properties let through Affordable Rent will be via tenancies as outlined in the previous section.

## **7.0 Monitoring and Review**

The Council, through its Housing Strategy team, and in conjunction with key partners and stakeholders, regularly monitor the local housing market. In the context of the Tenancy Strategy the following is already or will be monitored:

- Collation of registered provider's individual tenancy policies who operate within Wigan Borough.
- Demand trends from the housing register.
- Lettings data through the housing register, nominations and registered provider (utilising data sources such as CORE).
- The utilisation of Affordable Rent in the borough- both in the Council's and Registered Providers stock. This included converted properties.
- The types of tenancies providers grant.
- The effectiveness of LLPs on new housing developments and Affordable Rent properties
- Trends in the wider housing market including house prices, private rent levels, housing benefit claims and court activity.

The Tenancy Strategy is in place for the period 2012-13 to 2015-16. Annual monitoring will take place for the periods 1<sup>st</sup> April to 31<sup>st</sup> March each year. The annual monitoring report will be published on the Council website and shared with partners.

## **8.0 Key documents that link with Tenancy Strategy**

- Vision 2026 – Wigan Borough's Community Strategy
- Wigan Council Corporate Strategy 2011-15
- Vision 2026 – Wigan Borough's Housing Strategy
- A Place for All – Wigan Borough's Homelessness Strategy
- Wigan Council Housing Allocations Policy (currently under review)
- Greater Manchester Strategy
- Greater Manchester Housing Strategy 2010
- Laying the Foundations: A Housing Strategy for England
- Provider Tenancy policies
- What makes Wigan work – Wigan's Worklessness Strategy

## 9.0 Glossary of terms

Affordable rent	A rent set at 80% of the equivalent market rent for properties under the Affordable Homes Programme
Council Housing Allocation Policy	The Council's policy for the assessment of applications for council housing (including tenant transfer and nominations to Registered Providers) and the allocation of Council property.
Fixed Term Tenancy	A tenancy that is for a specific period, to a specific date.
Flexible Tenancy	A new tenancy introduced to be used for social housing under the Localism Act, which will be on a fixed term basis.
Homelessness Strategy	Strategy that sets out homelessness issues in the borough and a plan of action to respond.
Localism Act	Legislation enacted in November 2011 relating to a wide range of functions at a local level including housing, planning and local government administration.
Local lettings policy	A policy applied to the letting of properties or a group of properties for housing management purposes or to meet other strategic objectives
Registered Provider	An organisation registered with the Homes and Communities Agency as a provider of social housing.
Tenancy Policy	A Registered Provider's policy that defines how the provider will make decisions on the types of tenancy it will provide to tenants.
Tenancy Strategy	Local Authority strategy that sets out the matters Registered Providers operating in their area have to have regard to when setting their Tenancy Policy.
Wigan Borough Partnership	Wigan's Local Strategic Partnership (LSP) – has members across the public, private and voluntary sectors working together to improve the borough.

# **APPENDIX 1**

## **Greater Manchester Principles for Tenancy Strategy**

### **Background**

The Principles of the Greater Manchester Tenancy Strategy arise from the need to prepare for the statutory duty that will arise following the enactment of the Localism Act. The context for a Greater Manchester Tenancy Strategy arise from reference to the Greater Manchester Strategy, GM Housing Strategy and the GM Local Investment Plan – brief extracts from which are given below:

The Greater Manchester Strategy (2009) – includes a strategic priority for “creating quality places to meet the needs of a competitive city region.”

Within the city region, there is need to focus on improving the match between the housing ‘offer’ and the aspirations of existing and potential new households and ensuring our housing policy is linked to improving life chances in deprived communities, attracting and retaining the best talent and moving towards a low-carbon economy. The challenge will be to meet these new demands in ways which provide affordable housing options and help to create and maintain mixed vibrant communities where people want to live.

We need to use our leverage and partnership networks to create a climate where investment will be attracted to help transform the quality and nature of places in the city region, and those places help us to attract and retain the workforce our growing economy needs.

In the city region as a whole, we need to enhance the mix available to expand the choice and quality of homes, by investing in both existing and new homes. All new housing needs to enhance the quality of the housing offer, to create a better mix of house types, sizes and tenures in line with people’s aspirations, and to reduce carbon emissions and fuel poverty. Need to:

- Put in place the conditions to support and accelerate delivery of housing growth
- Focused intervention in the most deprived areas

Diversifying the housing mix through physical investment will be part of the solution, as will developing and piloting tailored local lettings policies for predominantly social rented areas.

### **GM Housing Strategy (2010) - Our key ambitions are to:**

- Work in an integrated way to improve the life chances of people living in the most deprived areas on issues such as worklessness, improving education and training and improvement to health.
- Adopt a sustained approach to continuing existing commitments to addressing housing in the most deprived areas through the Housing Market Renewal Pathfinders and other programmes.
- Use flexible approaches in areas where regeneration can have the greatest impact, with a focus on communities isolated from economic opportunities

and inequality, including disadvantaged black and minority ethnic communities.

- Diversify deprived neighbourhoods to generate communities with a greater mix of tenure and income levels.
- Improve housing management within estates and communities, and the continued availability of appropriate and affordable housing related support services for vulnerable residents

### **GM Local Investment Plan 2 (2011)**

The GM Local Investment Plan 2 (2011) states that the GM Authorities must ensure that we maximise both the investment we can generate and the impact it makes in delivering the change our residents and communities need.

In short, the key objectives of this Plan are to:

Support economic and employment growth  
Deliver housing growth to support a growing economy  
Create places people want to live  
Provide better life chances for our residents  
Make the best use of assets and achieve more for less

Through this Local Investment Plan, we will support these strategies through selective investment in complementary housing and regeneration measures, including piloting measures to reward those in work or making an active contribution to their community through the allocation of high quality social housing, and investing in new development which will help to break down the mono-tenure nature of some communities, which often helps to maintain a culture of low aspiration and worklessness. Crucially, to achieve lasting change, we also need to break the cycle where those successful in gaining and maintaining employment leave, to be replaced by those not in work. To stop this driving ever greater polarisation, we must make these more attractive places to stay for those who are able to choose to move elsewhere. Housing investment alone will not achieve that, but it can play an important part. Accordingly, AGMA will develop and agree with HCA assessment criteria to guide funding decisions based upon the objectives stated above.

### **Tenancy strategies and conversion to Affordable Rent**

AGMA will in principle support providers using the flexibility to convert existing stock to Affordable Rent to help deliver investment in further new development. In doing so, providers should have regard to the overall balance of housing provision in neighbourhoods, including any impacts on vulnerable groups. AGMA will want to review the implications of proposed conversion rates and any spatial patterns in conversions in advising HCA on our view of provider Offers.

### **Tenancy Strategy vis Rent Strategy**

It is important to differentiate Rent Policy from Tenancy Policy (permission to charge affordable rent is given by HCA via Investment Programme Contracts and is not predicated upon specific tenancy types). An RP taking part in the Investment Programme will have a choice of offering (with or without a probationary arrangement):

- Full assured social rented tenancy
- Full assured affordable rented tenancy
- Fixed Term social rented tenancy
- Fixed Term affordable rented tenancy

### **Draft Principles to create a Greater Manchester Tenancy Strategy Framework**

In light of the pending Localism Act, due late 2011, all Greater Manchester Authorities have agreed to define a number of key principles to create a framework for development of their own individual strategies. In developing their policies GM authorities will take account of the priorities set out in the Greater Manchester Strategy and supporting strategies will balance the imperative of supporting new development whilst also seeking to maintain sustainable communities.

All Greater Manchester Authorities have agreed to develop an initial Tenancy Strategy lasting for three years. The purpose of the Tenancy Strategy is that RPs are required to take due regard of the Tenancy Strategies of the Local Authorities in whose areas they operate in relation to their drafting of their own Tenancy Policies. The document will create a Framework, which will include decision making processes, a consultation process etc. Each local authority will use this framework whilst developing their strategy with the requirements of the Localism Act. The framework will apply to stock owned by Councils (including stock managed by ALMOs) and the stock of other Registered Providers who (per the Localism Bill) have a duty to consider the policy of the Local Authority.

This Framework also needs to be placed into its policy context, namely that welfare reforms, the Localism Bill, changes to TSA regulatory guidance all suggest that landlords should be thinking about a variety of new methods and tools to be proactive about their housing management. For example, under occupied family accommodation will not be freed up by the used of fixed term tenancies – but by competent targeting, empathetic customer contact and imaginative use of powers in tenancy agreements and lettings schemes.

The Greater Manchester Tenancy Strategy\_framework will be based upon the following:

- This framework provides guidance to Registered Providers on the form of tenancy that the Local Authority would prefer the registered Provider to use - it differentiates between guidance in relation to rent levels or the use of affordable rents by those RPs with an investment contract with the HCA and the choices of tenancy type available to the RP
- There is an over-arching principle that the Greater Manchester Local Authorities wish to maintain and where necessary create successful places – the application of policy in relation to security of tenure must support this principle
- There is a presumption in favour of the use of lifetime tenancies, strongly so in relation to family accommodation

- However.... there is also a recognition that Local Authorities and Registered Providers must develop local strategies that must take into account the following: covenant requirements of lenders in relation to new development; asset management considerations; locality/neighbourhood management requirements; appropriate strategies to release adapted and under-occupied accommodation, all of which may in some cases lead to the use of fixed term tenancies
- In the limited circumstances that Fixed Term Tenancies may be used in accordance with this framework the Greater Manchester Local Authorities will be guided in the process approaching the review of a Fixed Term tenancy prior to its expiration as follows:
  - A requirement that there is a competent housing options and housing advice service made available to the tenant several months prior to the end of the tenancy ,
  - The initial and specific local circumstances that led to the decision to create a fixed term tenancy and if they remain valid
  - The published criteria of the RP outlining in what circumstances it will renew or conclude a fixed term tenancy.



## **Appendix 2 Tenancy Strategy – Consultation Questions**

### **1.0 Summary**

1) Does the summary provide a concise statement of why the Council has developed a Tenancy Strategy, a direction on the type of tenure it wishes social housing providers to use and the context for this?

### **2.0 Introduction**

2) Does the introduction set out the background of why the Council has to develop a Tenancy Strategy?

### **3.0 Wigan Tenancy Strategy – Strategic Framework**

3) Does this section set out adequately the strategic framework the Council has used to develop the Tenancy Strategy?

4) Are there any other key plans, policies and strategies – national, regional and local that need to be included?

### **4.0 Wigan Context**

5) Does this section give sufficient background on Wigan's housing market to inform the Tenancy Strategy?

6) Has any key information / evidence been missed that could influence the Tenancy Strategy?

### **5.0 Wigan Borough Tenancy Strategy**

7) Do you agree with the Council's Tenancy Strategy that Lifetime Tenancies should be the default tenancy position for the borough?

8) Do you feel that the Council's reasons for having lifetime tenancies as the default tenure position for the borough justified?

9) The Council is open in exceptional circumstances to Registered Providers using flexible tenures where they can be beneficial. As a Provider have you considered the use of flexible tenancies in certain circumstances? And if so what would these circumstances be?

10) As a Registered Provider, do you agree that the Council should be consulted if a flexible tenancy is to be used?

### **6.0 Wigan Council Tenure Policy**

11) Is the Council's tenure policy clear?

12) Do you agree that the Council should continue to grant lifetime tenancies to meet the aspirations of the borough as outlined in section 2 and in the context of the housing market in section 3?

### **7.0 Monitoring and Review**

13) Do you feel that the monitoring arrangements are sufficient for the Tenancy Strategy?

#### **8.0 Key documents that link with Tenancy Strategy**

14) Are there any other key local documents / strategies / plans that need to be referenced?

#### **9.0 Glossary of terms**

15) Do any other terms need to be included in the glossary?