

Fixed Term Tenancies – Key Facts

54% of general needs tenancies have now been granted on a fixed term basis

The Department has been actively working with local authority housing professionals in an ongoing effort to update fixed term tenancy policy benefiting from lessons learned

Housing Provider estimates suggest that sector-wide, **48%** of households on a fixed term tenancy are in receipt of income support

Currently, **99** households out of **3,023** on a fixed term tenancy pay above the public sector housing rental levy. Of these;

23 pay 15% above public sector housing rent (equivalent to 60% market rent)

69 pay 80% market rent

7 pay 100% market rent as they exceed the maximum income threshold of £60,000 to remain eligible for subsidised public sector housing

The tenancy renewal process begins 12 months before the expiry of the five year tenancy and a full review of circumstances is undertaken between 6 months and 3 months towards the end of the tenancy period

Fixed Term Tenancies - the story so far

April 2014 – all new public sector housing (PSH) general needs tenancies that are granted from this point onwards are for a fixed term of 5 years.

April 2019 – the first batch of 5 year tenancies came due for renewal. Subject to a satisfactory tenancy history, households remaining within PSH income thresholds are offered a further 5 year tenancy at the standard public sector rent level.

With no government-wide means testing policy in place, an interim solution was introduced for calculating different term rents for tenants exceeding PSH income thresholds upon the expiry of their 5 year tenancy.

There are 3 levels of enhanced rent that tenants are required to pay depending on how much they exceed the income thresholds on review of their circumstances: 60%, 80% or 100% of equivalent market value rents.

Present situation

- 3,023 tenancies are now on a fixed term basis out of a total of 5,550 active tenancies, equating to 54% of all general needs tenancies.
- Of the 3,023 fixed term tenancies, 99 households (3%) currently pay one of the enhanced rent amounts due to the reviews finding that they now exceed the PSH income thresholds.
- Of the 99 households that exceed PSH income thresholds
 - 23 households pay 10% above the standard public sector rent level (equivalent to 60% market rent)
 - 69 households pay 80% private market rent and
 - 7 households pay 100% market rent as their annual income exceeds the maximum threshold of £60,000

Fixed Term Tenancies - the story so far (continued)

Households in receipt of income support

It is difficult for housing providers to determine precisely the number of tenants in receipt of income support, however we asked the general needs housing providers to estimate the number of fixed term tenancy tenants they believe to be in receipt of income support. Sector-wide, the average number is approximately 48%.

It is useful to be aware of this information as it indicates with a degree of certainty the **minimum** proportion of tenancies that are likely to remain in public sector housing on standard renewal terms.

Next Steps

The Department is reviewing various aspects of the fixed term tenancy policy as circumstances are arising that require further consideration. These include;

- Introduction of an additional income threshold level for households that currently fall into the income bracket that would pay 80% market rent – this would be aimed at households at the lower end of this income range who might only be marginally above the previous income level.
- Suitability of using market rents as a benchmark, especially due to the current volatile private rental market.
- How to account for large lump sum payments received during the term of a tenancy, especially if a tenant is approaching or has already reached retirement age.
- Whether the PSH annual rent increase should apply to those paying 80% or 100% market rent, which are currently unaffected by rent increases.
- Whether **all** general needs housing should be moved onto Fixed Term Tenancies.
- After the above issues are settled, the Department aims to put the Fixed Term Tenancy policy onto a statutory footing