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**Meeting:** Social Care Health and Housing Overview & Scrutiny Committee

**Date:** 5<sup>th</sup> November 2009

**Subject:** Let's Rent – Housing Option

**Report of:** Director of Social Care Health and Housing

**Summary:** The report provides Members with details of an innovative private sector housing option that allows households a choice to access a regulated private sector home, with all requisite support mechanisms for tenancy sustainment, if required

The report also requests the Committee gives its general support for the scheme and contribute to its continuing development.

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Contact Officer: Hamid Khan, Head of Housing Needs

Public/Exempt: Public

Wards Affected: All

Function of: Council

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## **CORPORATE IMPLICATIONS**

### **Council Priorities:**

This initiative will contribute both directly and indirectly to all 5 Council priorities.

### **Financial:**

There are no financial implications for the Council's General Fund or Housing Revenue Account. The scheme will be funded exclusively from the Governments Homelessness Prevention Grant.

### **Legal:**

Legal services have been involved in the SLA's, ensuring no liabilities for Central Bedfordshire

### **Risk Management:**

There are no risk management issues arising directly from this report

### **Staffing (including Trades Unions):**

There are no direct staffing implications.

### **Equalities/Human Rights:**

There are no Human rights or equality implications arising directly from this report.

**Community Development/Safety:**

This scheme will contribute to creating more settled and safer neighbourhoods where good quality housing will contribute to the improvement in the health and well being of households

**Sustainability:**

The outcome of the scheme is to provide long term sustainable homes for a variety of households, thus contributing to longer term economic stability and indirect investment to local infrastructure

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**RECOMMENDATION:**

- 1. That the Social Care Health and Housing Overview & Scrutiny Committee note the contents of this report for information.**
- 2. That the Social Care Health and Housing Overview & Scrutiny Committee gives its general support to this Housing Option, which will then be presented to the Council's Executive for approval.**

*Reason for Recommendation: So that Members of Social Care Health and Housing Overview & Scrutiny Committee can contribute to the development of the scheme.*

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## **Introduction**

1. "Let's Rent" is a private sector housing scheme developed by the Housing Needs Service in partnership with private sector landlords, (PRS) Bromford Support, the Revenue and Benefits service, Private Sector Housing, other statutory and voluntary stakeholders. It will increase the number of good quality affordable homes in the private sector and will be available to households across Central Bedfordshire.
2. The scheme has been created to assist in preventing homelessness, to offer customers threatened with homelessness a viable and sustainable alternative to Social housing or temporary accommodation when homeless and to promote customer choice and control in a Housing Options environment.
3. "Let's Rent" also conforms to the principles of good practice as set out in the government review of the private sector housing market by Julie Rugg and David Rhodes, "The Private Rented Sector: It's Contribution and Potential" (2008). The Rugg Review promotes that local authorities should work closely and in partnership with the private rented sector and any market model would ideally include the following outcomes. An increase in private affordable homes to rent, a scheme that is accredited and regulated, good quality accommodation, sustainable tenancies and it should prevent homelessness and promote choice as an alternative to Council housing.
4. "Let's Rent" contains all the outcomes as reported above and has the added value of being a flexible market model. This means during peak demand the model will allow more properties to be available and in low demand phases a contraction will take place with no financial burden or commitment to the Council

## ***Consultation and Development***

5. On the 6<sup>th</sup> May 2009 a large Private Sector Landlord Consultation took place, in partnership with Aragon Housing Association, inviting a number of private landlords and agents from across Central Bedfordshire to engage and contribute to the development of "Let's Rent".
6. Prior to the large event and subsequent to it, partners and stakeholders have been actively involved in continuous dialogue and development of the scheme. All of the concerns raised by partners have been addressed within the scheme. Some of the concerns raised were; performance of housing benefit/local housing allowance, the lack of support for vulnerable households and the difficulties the Private Rental Sector experienced in trying to engage with different statutory organisations. The feedback received from the local PRS highlighted that consistent monthly rental returns are much preferred to up front incentives (such as rent deposits). The local PRS would be prepared to forego up front incentives if these were used to fund tenancy support and sustainment processes that would ensure tenancies last for the long term.

7. All partners and stakeholders have been involved with the working procedures and protocols associated with the “Let’s Rent” scheme and have indeed helped in their draughting. All have also contributed to the Service Level Agreements between all partners. All parties involved have committed to making the scheme a success.
8. Member’s contributions are welcomed.

**Business Model and Operation of “Lets Rent”**

9. At present in order to prevent a family or individual becoming homeless many local authorities, including Central Bedfordshire offer a rent deposit, including a rent in advance for households. The household identifies a property that meets their housing need and the rent is normally covered by the Local Housing Allowance. There is no formal tenancy support and often households experience difficulties with rent arrears, benefit issues, repair issues and other factors. Landlords, often evict families quickly due to arrears issues, tenancy sustainment issues, slow or disrupted rental payments and other factors.
10. “Let’s Rent” provides a low cost and high quality alternative housing option, underpinned by value for money, with efficiency savings for Central Bedfordshire Council. “Let’s Rent” will not require expensive rent deposits but will use a unique insurance scheme to indemnify any losses for landlords. The cost savings are illustrated in the table below.

	<b>Rent Deposit</b>	<b>Lets Rent</b>	<b>Use of Temporary Accommodation for 6 Months</b>
Provision of 30 two bedroom flats at present LHA rates	£600 Deposit £600 Advance Total Cost per property = <u>£1,200</u>	£300 per property for insurance fee Total Cost per property = £3000	£400 per month for each two bedroom family Total Cost for 6 months = £2,400
	<b>Total Cost of 30 rent deposits :</b>	<b>Total Cost of 30 properties for Lets Rent</b>	<b>Total Cost of 30 families for 6 months</b>
	£1,200 X 30 ----- <b>£36,000</b>	£300 X 30 ----- <b>£9,000</b>	£2,400 X 30 ----- <b>£72,000</b>
<b>Savings under Lets Rent</b>	<b>£27,000</b>		<b>£63,000</b>

11. The “Lets Rent” scheme will be managed by the Housing Options team in Housing Needs, with customers also being referred by Aragon Housing Association. All customers will under go a housing needs assessment so that vulnerable households can have support needs identified at an early stage and then the appropriate support package will be managed largely by Bromford Support, the Council’s preferred supplier of support through the Supporting People Contract.

12. All properties supplied will be through nationally accredited letting agents and will be inspected by the Council's Private Sector Housing Team and will be of a high standard. Monthly monitoring meetings of key partners will monitor the scheme and identify any tenancy sustainment issues. The indemnity insurance is supplied by 5 specialist insurers and the Council's normal procurement processes will be followed prior to choosing a preferred supplier.
13. Outcomes will be measured in terms of Homelessness Prevention, but there will also be better outcomes in terms of supporting vulnerable children and adults, health and educational outcomes and providing sustainable homes for the community and therefore contributing to safer and stronger neighbourhoods.

### **Conclusion**

14. "Let's Rent" is a unique and innovative housing option created by strong partnerships. It will have real and tangible benefits for many families and households in the present difficult economic climate. The scheme is ready to be formally launched.

### **Background Papers (open to public inspection):**

#### **Location of papers:**