
Meeting: Executive
Date: 9 February 2010
Subject: “Let’s Rent” – Housing Option
Report of: Cllr Rita Drinkwater, Portfolio Holder for Housing
Summary: The report proposes that the Executive endorse an innovative private sector housing option that allows households in Central Bedfordshire a choice to access a regulated private sector home, with all requisite support mechanisms for tenancy sustainment, if required.

Advising Officer: Julie Ogle, Director of Social Care, Health and Housing
Contact Officer: Hamid Khan, Head of Housing Needs
Public/Exempt: Public
Wards Affected: All
Function of: Executive
Key Decision Yes
**Reason for urgency/
exemption from call-in
(if appropriate)** N/A

CORPORATE IMPLICATIONS

Council Priorities:

This initiative will contribute to the managing growth effectively priority.

Financial:

There are no financial implications to 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 Service Level Agreements between partners 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:

Central Bedfordshire Council has a duty to promote the equality of race, gender and disability, and to tackle discrimination experienced by other vulnerable groups.

Vulnerable groups could include older people, disabled people, people with low levels of literacy, people from poorer socio economic groups, people experiencing domestic violence, some people from ethnic minority communities including migrant workers and Gypsies and Travellers, and people from lesbian, gay, bisexual and Transgender communities.

The “Let’s Rent” scheme has the potential to tackle inequality by focusing on ensuring that the diverse housing needs of customers can be met across Central Bedfordshire, whilst increasing customer choice and control, and promoting high quality Sustainable homes.

Community 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

Summary of Overview and Scrutiny Comments:

- “Lets Rent” has been considered by the Social Care, Health and Housing Overview and Scrutiny Committee at its meeting on 5 November 2009.
- Members at Scrutiny have indicated their support for the scheme and asked that their support be referred to the Executive.

RECOMMENDATION(S):

1. **That the Executive supports and endorses this innovative Housing Option.**
2. **That the “Lets Rent” scheme will be formally launched in March 2010**

Reason for Recommendation(s): So that the diverse housing needs of customers can be met across Central Bedfordshire, whilst increasing customer choice and control and promoting high quality sustainable homes. This scheme is a good example of partnerships working, whilst also stimulating the local economy in Central Bedfordshire in times of recession.

Executive Summary

1. “Let’s Rent” is a private sector housing scheme, developed by the Housing Needs Service, in partnership with private sector landlords, (PRS), Settled Housing Solutions, Bromford Support, the Revenue and Benefits service, Private Sector Housing, and other statutory and voluntary stakeholders. It will increase the number of good quality affordable homes within 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 placed in a situation of homelessness, and to promote customer choice and control within 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
 - Prevention of homelessness
 - 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 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 the 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
 - The difficulties the PRS 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 schemes. The local PRS would be prepared to forego up front incentives if these were used to fund tenancy support and sustainment processes, thus ensuring 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 drafting. All have also contributed to the Service Level Agreements between all partners. All parties involved have committed to making the scheme a success.

Business Model and Operation of Lets Rent

8. At present, in order to prevent a family or individual becoming homeless, many local authorities, including Central Bedfordshire (and Aragon Housing Association) offer a rent deposit scheme, 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. Often the deposits are difficult to retrieve and this represents an inefficient use of financial resources.

9. “Let’s Rent” provides a low cost and high quality alternative housing option, underpinned by value for money, with the efficient use of public money. “Let’s Rent” will not require expensive rent deposits, but will use a unique insurance scheme to indemnify any losses for landlords. The comparative efficiencies are illustrated in the table below. It is also worth noting the efficiencies to the Council in preventing homelessness and not using temporary accommodation.

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

10. 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.
11. All properties supplied will be through nationally accredited letting agents, 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 insures and the Council’s normal procurement processes will be followed prior to choosing a preferred supplier.
12. Outcomes will be measured in terms of Homelessness Prevention, but there will also be measurable 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. This scheme will therefore contribute to the strategic Local Area Agreement and Comprehensive Area Agreement outcomes.

Conclusion and Next Steps

13. “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, as well as contributing economically and strategically. The scheme is ready to be formally launched.

Appendices:

None

Background Papers: (open to public inspection)

“The Private Rented Sector: It’s Contribution and Potential” - Julie Rugg and David Rhodes (2008) (Centre for Housing Policy –University of York) (Communities and Local Government)

Central Bedfordshire Housing Option Procedures

Location of papers: Council Offices, Dunstable or for report by Julie Rugg and David Rhodes; <http://www.york.ac.uk/chp>