

NEWCASTLE-UNDER-LYME BOROUGH COUNCIL

EXECUTIVE MANAGEMENT TEAM'S REPORT TO CABINET

Date 22nd May 2013

1. **HEADING** **Developing the private rented option for homeless residents**
- Submitted by:** **Caroline Abel**
- Portfolio:** **Stronger and Active Neighbourhoods**
- Ward(s) affected:** **All**

Purpose of the Report

The Homelessness (Suitability of Accommodation) (England) Order 2012 provides the Council with the additional option of re-housing homeless households into suitable private rented accommodation in order to meet its statutory duties.

Recommendations

The report recommends the use of Homelessness Prevention funding, already allocated within the Council's existing homelessness budgets to be used to fund innovative approaches to encourage private landlords to re-house homeless households when appropriate.

Reasons

Demand for housing options services and the provision of housing is increasing and more could be done in the Private rented housing sector to alleviate these needs.

1. **Background**

- 1.1 The Department of Communities and Local Government (DCLG) works with local authorities to plan and build better places to live. This includes building affordable housing, improving the quality of rented housing, helping more people to buy a home and providing housing support for vulnerable people. The DCLG are encouraging local authorities to investigate ways to increase their use of the private rented sector both to discharge their homelessness duty and to prevent homelessness.

The Localism Act 2012 introduced some major changes to the way in which homelessness is approached by local authorities. Local authorities still have a duty to house people who are eligible, in priority need and unintentionally homeless, however they can now have the additional power to end the main homelessness duty with a suitable offer of accommodation in the private rented sector without securing the applicant's agreement. Under the new power, a minimum fixed term 12 month tenancy must be offered and if the applicant becomes unintentionally homeless again within two years of accepting the private rented offer, the main homeless duty will recur again regardless of priority need status of the applicant.

In March 2012, Cabinet adopted the Council's Strategic Tenancy Strategy; this strategy welcomed the change in legislation and recognised that discharging our homelessness duty by accommodating households in the private rented sector should assist in preventing

households having to spend long periods in temporary accommodation. Also it would increase the options available to the Council when helping someone who is homeless to find accommodation. However, the Strategic Tenancy Strategy also recognises that discharging our homeless duty into the private rented sector should only occur where it is deemed that the applicant is capable of sustaining a private rented sector tenancy and that the accommodation is affordable and appropriate.

Following the adoption of the Council's Strategic Tenancy Strategy, the Homelessness (Suitability of Accommodation) (England) Order 2012 was laid before parliament, coming into force on 9th November 2012. The Order establishes matters to be taken into account in determining whether the accommodation secured by a local authority is suitable to discharge a household into the private rented sector and the circumstances in which that accommodation is not to be regarded as suitable.

In determining whether accommodation is suitable, the Order states that a local housing authority must consider the location of the accommodation, whether it is inside or outside of the local authority boundaries and any disruption which might be caused by the location of the accommodation to employment, caring responsibilities or education to the person or people in their household, proximity and access to medical facilities, local services, amenities and transport.

In addition, for the purposes of the private rented sector offer under section 193(7F) of the Housing Act 1996, accommodation will not be regarded as suitable if the local authority is of the view that:

- The accommodation is not in reasonable physical condition
- Electrical equipment supplied with the accommodation does not meet the requirements of regulations 5 & 7 of the Electrical Equipment (Safety) Regulations 1994(a)
- The landlord has not taken reasonable fire safety precautions
- The landlord has not taken reasonable precautions to prevent the possibility of carbon monoxide poisoning
- The landlord is not a fit and proper person to act in the capacity of a landlord
- The accommodation does not have a valid energy performance certificate
- The accommodation does not have a current gas safety record
- The landlord has not provided the local authority a written tenancy agreement which he or she proposed to use for the purposes of a private rented sector offer which is considered to be adequate by the Local Authority

2. **Issues**

2.1 **Private renting to meet housing need in Newcastle**

There is an ever increasing reliance on the use of the private rented sector to help the Council meet its various obligations in relation to housing. The Council has taken a proactive approach in relation to helping households' access private rented accommodation in order to prevent the threat of homelessness.

For example in 2011 – 2012 the Council helped 37 households into private rented accommodation through an intervention from the Newcastle Housing Advice (NHA) Service, using the rent deposit guarantee and rent guarantee schemes. NHA have also provided additional help and assistance to households in order to prevent homelessness. In these instances, the household whilst helped by the Council to access a private rented tenancy, they have not been formally placed into this accommodation under the homelessness legislation. This is because in these instances the household is not yet homeless and the

homelessness has been prevented or because the household was not owed the main homelessness duty. In all the cases the decision to take a private rented tenancy has been entirely voluntary.

In order for the Council to discharge its duty under the new power, a suitable offer of a twelve month tenancy must be made. The offer of a twelve month tenancy is not standard practice within the private rented sector and generally tenancies offered in Newcastle are offered as a six month assured shorthold tenancy. Therefore standard tenancies would not meet with the necessary criteria of the Order. Also, unless a private landlord is participating in one of the homeless prevention schemes or other Council initiatives, they are not generally required to allow the Council to inspect their properties or provide copies of gas safety certificates, when letting out their properties. Furthermore some of the local rents charged by landlords are in excess of the local housing allowance rates. These are all factors which need to be considered by the Order and can make it much harder for our customers to access the private rented sector.

It is also acknowledged that by offering a 12 month tenancy to a homelessness household the landlord is taking on a greater level of risk and that could be a disincentive to many landlords from working with the Council to re-house homelessness people or those at risk of homelessness. Therefore in order to ensure that the proposed criteria of the Order is met and the Council can encourage more private sector landlords to work with the Council to re-house homelessness people or those at risk of homelessness. The following options have been considered.

3. **Options Considered**

3.1 **Option 1**

Approval is sought to develop a menu of incentives to increase the offer to private landlords in the Borough in order for them to be willing to provide 12 month tenancies and take on the associated risks. We would like to test these incentives in the first instance by undertaking a pilot with 2 to 5 private landlords and monitor the sustainability of the tenancies created.

The incentives would be funded from the £30k carry over from last year's homelessness prevention scheme budget.

The outcome of the pilot will inform the Council and enable a longer term approach to be developed in order to making better use of the private rented sector and preventing homelessness.

As stated, The Council's Strategic Tenancy Strategy supports the use of the additional power to formally discharge a homeless duty into private rented accommodation where appropriate however by doing this it will not to replace or end the current approach. Rather it is seen as an additional tool available to complement and enhance the work already undertaken in this area and provides the opportunity to find suitable accommodation to households who are homeless or at risk of becoming homeless.

This report considers the principle of the Council discharging its re-housing duty under the homelessness legislation through the offer of private rented accommodation (where appropriate) and the proposed Landlord's incentive pilot to encourage landlords to offer private sector tenancies for both discharging the homelessness duty and the prevention of homelessness in the borough.

Option 2

The Council could continue to offer assistance with the current homelessness prevention tools however the opportunities to meet a household's housing need through the private rented sector will continue to be of limited success in the borough, thereby reducing the overall prospects of meeting customer needs.

4. **Proposal and Reasons for Preferred Solution**

- 4.1 Whilst numbers of homelessness applicants being offered private rented properties in the borough is relatively low at present, the implications of the Welfare Reform Act on homelessness are as yet unknown. The Council could be faced with an increased demand not only on homelessness services but also for housing stock in general. There are significant costs in providing additional affordable housing and therefore it is essential that every opportunity is taken that best use is made of all available stock within the Borough. It is for this reason that the pilot outlined in option 1 is proposed as without a working relationship with, and a coherent offer for, the local Private Rented Sector, the Council is likely to be less successful at meeting local housing needs and preventing homelessness.

5. **Outcomes Linked to Sustainable Community Strategy and Corporate Priorities**

- 5.1 Assisting vulnerable residents is key to the delivery of our corporate priorities.

6. **Legal and Statutory Implications**

- 6.1 The council is the local housing authority with powers and responsibilities in relation to homelessness.

7. **Equality Impact Assessment**

- 7.1 The Service Impact Assessment has been completed for the Newcastle Housing Advice service and this includes homelessness prevention schemes. The pilot will target specific equality groups.

8. **Financial and Resource Implications**

- 8.1 This proposal does not request any additional funding as funding has been carried forward from last year's homelessness prevention fund. Should the pilot be successful a further report will be brought to Cabinet to consider the longer term financial implications and benefits.

9. **Major Risks**

- 9.1 There are no major risks.

10. **Key Decision Information**

- 10.1 The pilot would operate across the Borough.

11. **Earlier Cabinet/Committee Resolutions**

- 11.1 None.

12. **List of Appendices**

- 12.1 None

13. **Background Papers**

13.1 None