

Private Renting

Maximising access to the private
rented sector

»»» www.yourmovenext.co.uk »»»



About the Move-on Alternatives Project

This paper is one of a series produced by Starfish Consulting for the Move-on Alternatives Project (MAP). MAP was initiated by Circle 33 Housing Trust in response to the lack of move-on available from temporary supported housing in London. Its aim is to find practical and collaborative solutions to the shortage by working with a range of providers and London boroughs.

The lead agencies are Circle 33 Housing Trust, Single Homeless Project, the London Borough of Camden, and Penrose Housing Association. However many other agencies have contributed to or have been involved in the work of the project. The work is funded by the Housing Corporation and the London Housing Foundation.

MAP has produced the 'yourmovenext' website to enable service users to explore and pursue the move-on options available to them. A printed version of the information on the website is available to download for free.

Other papers in this series available from the website are:

- ❑ Models of Shared living: the potential to develop unsupported shared housing for people leaving temporary supported housing
- ❑ Facing reality: how providers of temporary supported housing can respond to the shortage of move-on accommodation
- ❑ Strategic Moves: a framework for developing an area based move-on strategy.

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- ❑ London Borough of Brent
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Contents

Executive Summary	4
1 Introduction	5
1.1 Who is this paper for?	5
1.2 The move-on shortage	5
1.3 Alternatives to social housing	5
2. Barriers to the private rented sector.....	7
2.1 Rent levels	7
2.2 Housing Benefit.....	7
2.3 Rent Officer determinations	8
2.4 Rent deposits and rent in advance	8
2.5 Landlord resistance	9
2.6 Resistance from service users	9
3. Breaking down the barriers.....	11
3.1 Market and sub-market renting by housing associations	11
3.2 Private Sector Leasing (PSL)	12
3.3 Rent deposit guarantee schemes.....	13
3.4 Housing benefit partnerships.....	15
3.5 Landlord Incentive Schemes	16
3.6 Lodgings schemes	16
3.7 Tenancy and landlord support services	18
4. Potential future developments	20
4.1 A strategic approach.....	20
4.2 The need for joined-up services	20
Contacts.....	22

Executive Summary

Providers of temporary supported housing are struggling to find sufficient move-on accommodation for their service users to move to when they no longer need the support on offer. The problem is particularly acute in areas of high housing demand like London. Most projects were set up to cater for non-priority single homeless people. Although some have been able to negotiate small quotas of social housing as move-on accommodation for their residents, these are rarely sufficient to enable adequate throughput of residents.

In areas of high demand like London, arguing for more social housing is not going to be enough. To tackle the problem effectively providers need to encourage and enable residents to pursue a wider range of move-on options – including the private rented sector.

There are a number of barriers that currently restrict access to the private rented sector for people leaving temporary supported housing. Local authorities, housing associations and other agencies can play a key role in helping people leaving temporary supported housing to overcome these barriers.

One option is for social landlords to become direct providers of accommodation to be let at market or sub-market rents, using properties that they have developed specifically for that purpose or which have been leased from a private landlord. A number of housing associations already have a strong track record in letting accommodation on this basis and there is scope to adapt the development and management models, and risk management techniques used to allow its use for people leaving temporary supported housing.

Most tenants on a low income or benefit need help with meeting the requirement for a rent deposit and month's rent in advance. The most successful schemes appear to be those which provide financial help to pay deposits and rent in advance together with a wider range of support for both the landlord and tenant. Help with housing benefit delays or problems, vetting of properties and tenants, and mediation in the case of disputes can be of particular value. Some local authorities offer cash incentives to landlords willing to house people on benefit. Lodgings schemes can also successfully encourage people to rent out rooms in their own home to lodgers. Many of the services provided by such schemes are now eligible for Supporting People grant from local authorities.

Initiatives like these can greatly increase the ability of people on low incomes and benefit to access the private sector. But at present many schemes are only able to tackle part rather than all of the problems faced by their clients due to inadequate and uncertain funding.

1 Introduction

1.1 Who is this paper for?

This paper is for housing associations, support providers and local authorities interested in helping residents of temporary supported housing to access move-on accommodation in the private rented sector.

It details the barriers which currently prevent the more widespread use of the private rented as a source of move-on, and provides examples of initiatives which can be used to overcome them.

1.2 The move-on shortage

Many supported housing projects have been founded on an assumption that residents will stay for a maximum of two years and that 'move-on' housing will be made available thereafter from the social housing sector. In reality however the supply of social housing made available for move-on is much less than required to ensure adequate throughput to most projects.

The result is an inefficient use of temporary supported housing as service users outstay their need for specialised accommodation. In the early 1990's¹ it was estimated that the cost to the public purse of this overstaying was around £16m nationally. Since then the shortage of move-on has increased and the cost to the Supporting People funding programme will be much more. The loss of social housing in London over the last ten years due to Right to Buy and regeneration schemes, has made the situation worse, and stays of five years or more in temporary support housing in London are now common².

1.3 Alternatives to social housing

The Move-on Alternatives Project has recognised that just arguing for more social housing move-on will not be enough, and that new solutions need to be developed. This includes a greater use of alternative sources of move-on. However, in London it is particularly difficult for residents of temporary supported housing to access the main alternatives – buying or renting in the private sector due to the high cost.

Home ownership is not a realistic option for most people leaving temporary supported housing, 95% of whom are on housing benefit³. Housing benefit is not payable to meet the mortgage costs of home owners. Although income support can sometime be paid towards the housing costs of home owners, there are restrictions, and lenders are usually unwilling to approve a mortgage for anyone on benefits or without a regular work record.

¹ HOMES (1991) 'Move-on housing – A report to HOMES on the feasibility of re-establishing a move-on mobility scheme

² Feedback from frontline workers during a workshop in May 2002 facilitated by Starfish

³ Core supported housing bulletin January 2001 National Housing Federation

Some housing associations and local authorities operate low cost home ownership (LCHO) schemes which reduce the cost of buying a home for first time buyers. These schemes require a minimum annual income of around £20,000 in London, and the buyer has to obtain a mortgage in the normal way. In London, LCHO is usually targeted at existing council or housing association tenants or key workers. LCHO is therefore often out of the reach of people leaving temporary supported housing on both affordability and priority grounds.

The main alternative to social housing for people leaving temporary supported housing is the private rented sector. In London the private sector provides almost as many rented homes as local authorities. 16% of homes in London are rented from a private landlord (almost ½ million). Initiatives to increase access to the private rented sector need to be fully explored and supported by providers and local authorities to make ensure it is a viable and sustainable option.

This paper highlights the barriers to accessing the private sector and provides practical examples of what providers and local authorities can do to increase access to the private rented sector for people leaving temporary supported housing.

2. Barriers to the private rented sector

2.1 Rent levels

The general shortage of housing in London makes it one of the most expensive places in the country to rent from a private landlord. Average rents for a one bedroom flat in London are £200 a week⁴.

One way in which people can reduce the costs of living in the private sector is to flatshare, thereby sharing the rent and bills with flatmates. Flat and house shares comprise 12%⁵ of all households in the capital. The potential to develop unsupported shared housing as a form of move-on from temporary supported housing is the subject of a separate report in this series⁶.

For tenants who are unemployed or on low incomes, housing benefit is available towards their housing costs, and should enable them to overcome the affordability barrier. However, as set out in the section below, there are currently a number of reasons why the system does not always achieve this in practice.

2.2 Housing Benefit

In theory, Housing Benefit should deliver the subsidy necessary to enable people who are unemployed or on a low income to rent properties in the private rented sector, as is suitable and necessary for their needs. In practice there are a number of reasons why the current Housing Benefit system fails to do this effectively.

Housing benefit is paid in arrears and many private landlords want to have rent paid in advance. There are also often administrative delays in processing housing benefit. A survey by the National Housing Federation (NHF)⁷ found that the average delay was over 20 weeks – nearly five months. The LHF attributes at least part of the blame to the complicated and bureaucratic rules and regulations which local authorities have to work to when administering housing benefit.⁸ A recent report from the Audit Commission⁹ recommends that landlords and voluntary sector bodies help to minimise delays by ensuring that claimants get their claims right the first time around.

The Government is already tackling some of the administrative problems associated with housing benefit, but other more radical changes may be on the way. It is about to pilot the introduction of flat rate housing allowances for

⁴ 'Mind the gap: housing London's workers' London Housing Federation July 2001

⁵ Housing Statistics for London 1991-2001 ODPM

⁶ 'Models of shared living: the potential to develop unsupported shared housing as move-on from temporary supported housing' Move on Alternatives Project November 2002

⁷ 'Housing Benefit: no cause to celebrate' March 2001 National Housing Federation

⁸ 'Reaping the benefit: Improving Housing Benefit administration in London' 2000 London Housing Federation

⁹ 'Learning from Inspection' October 2001 Audit Commission

housing benefit claimants in the private sector, which will be based on rents in the middle of the market¹⁰. The main features of the new proposals are:

- Individual rents will no longer need to be referred to the Rent Officer (see section 2.3).
- Tenants who find a cheaper property than the flat rate can keep the difference, but those who rent at a higher level will need to find the shortfall from their own pocket.

These changes should cut out a lot of the current bureaucracy surrounding housing benefit, and speed up claims. The Government hopes that, in doing so, they will encourage more landlords to take tenants on housing benefit. One of the key issues for claimants will be the level at which the new allowances are set in each area, and whether there is a sufficient supply of landlords willing to let to claimants at those levels.

2.3 Rent Officer determinations

Under current housing benefit arrangements, all claims for housing benefit in the private rented sector have to be referred to the Rent Officer, who considers whether the rent being charged is too high for housing benefit. The Rent Officer looks at whether the rent is reasonable for other similar homes, whether the home is larger or more luxurious than required for the particular household, and how the rent compares to those charged for other homes in the local area. Based on these factors a decision is made about how much of the rent is eligible for housing benefit and the tenant is expected to make up any shortfall

According to a survey of 2700 private tenants on benefit in the London Borough of Brent, more than three quarters face a shortfall between their rent and the housing benefit payable to them because of Rent Officer decisions¹¹. Over half were reducing spending on food to pay for the shortfall.

Rent Officer decisions hit young single people hardest of all. Claimants under 25 can only receive housing benefit up to the average rent for a room in a shared house. In Brent more than 80% of claimants living in a single room have a shortfall, with an average shortfall of almost £14 per week.

2.4 Rent deposits and rent in advance

It is common practice in the private rented sector for a landlord to ask for a months rent in advance plus a months deposit, as security against damage or breakage's during the tenancy. For someone renting a one bedroom flat at £200 per week, this equates to an initial payment of £1733.

¹⁰ 'Building choice and responsibility: a radical agenda for Housing Benefit' 2002 Department of Work & Pensions.

¹¹ 'Shop Tactics: shortfalls between housing benefit and private rent levels' March 2000 London Housing Unit

Many local authorities and voluntary sector bodies have set up rent deposit guarantee schemes to help out with these initial payments. These schemes are discussed in more detail in section 3.3. Most offer landlords a deposit guarantee as an alternative, rather than a cash deposit. The majority of people housed through such schemes are on housing benefit¹². However, research by Crisis¹¹ has found that voluntary sector schemes in London are experiencing increasing difficulties in identifying landlords willing to participate.

Other initiatives have been set up to prevent landlords unreasonably withholding deposits from tenants at the end of their tenancy.^{13 14}

2.5 Landlord resistance

The reluctance of many private landlords to rent to people on benefit has been well documented and linked to the administrative problems with housing benefit discussed in section 2.2.

Research into the services of agencies helping people on low incomes and benefits to access the private rented sector¹⁵ revealed that landlords regard the vetting of tenants to be the most important element of those services. This suggests that some landlords are concerned that people on benefit, particularly those who have previously been homeless, may be less likely to meet their tenancy obligations and be a 'good' tenant.

2.6 Resistance from service users

Agencies providing temporary supported housing in London have reported¹⁶ that service users are often reluctant to consider accommodation in the private sector and instead prefer to wait, sometimes for up to five years, for an offer of a flat from a local authority or housing association ('social housing').

This preference for social housing is entirely reasonable as it offers greater security of tenure, more affordable rents and in many cases a better quality of accommodation than the private rented sector. However for the reasons set out in section 1.2, providers of temporary housing now need to encourage their service users to develop more realistic expectations about the move-on

¹² Report to London Boroughs Grants Committee 'Feasibility study for an integrated deposit guarantee scheme for outer London' October 2000 Crisis

¹³ 'Unsafe deposits: CAB clients – experience of rent deposits' June 1998 NACAB

¹⁴ 'An evaluation of the Pilot Tenancy Deposit Scheme' ODPM 2002

¹⁵ 'Opening Doors: Helping people on a low income secure private rented accommodation' Centre for Housing Policy 1996

¹⁶ Workshop with frontline staff facilitated by Starfish Consulting May 2002

options they need to consider. Another report in this series considers ways in which providers might achieve that aim¹⁷.

As well as changing expectations it is also likely that providers will need to offer particular help to service users to enable them to access the private rented sector. The [yourmovenext](http://www.yourmovenext.co.uk)¹⁸ website provides service users with valuable information to help them find and gain access to privately rented accommodation. But information may not be enough for all service users. Some of the agencies interviewed for this report, considered that a significant proportion of residents in temporary supported housing will need additional support to help them move successfully into private accommodation.

¹⁷ 'Facing reality: how providers of temporary supported housing can respond to the shortage of move-on accommodation' Move-on Alternatives Project 2003 from www.yourmovenext.co.uk

¹⁸ www.yourmovenext.co.uk

2.1. Breaking down the barriers

3.1 Market and sub-market renting by housing associations

One of the ways to increase access to private accommodation is for social landlords (i.e. local authorities or housing associations) to develop and offer such accommodation themselves. A significant number of housing associations already have properties to let at market or sub-market rents which have been developed without capital grant from the Housing Corporation.

When housing associations develop accommodation to let at market rents, they do so either to make a profit (which can be used to cross subsidise their social housing activities) or to create mixed tenure on large developments.¹⁹ The flats are sometimes let through lettings agents, according to the usual letting agency criteria (which often exclude people who are claiming housing benefit).

Associations offering market renting are operating in a risky environment, and must keep rent losses (due to voids or non-payment of rent) to a minimum if they are to cover their costs. In these circumstances, tenants on housing benefit can be seen to be a risky option, because of the possibility of rent shortfalls and delays in payment of benefit (see 2.2 and 2.3 above).

It may be possible to encourage some housing associations to let their market rented accommodation to people on benefits, if there are safeguards in place which recognise these operating risks. This might take the form of rent guarantees from a local authority or a combination of the other initiatives featured in this report, for instance, rent deposit guarantee schemes (see 3.3 below) and support services for landlord and tenant (see 3.7 below) .

When letting at *sub-market* rents, housing associations are usually aiming to fill a gap in the market²⁰ for those people who are unlikely to qualify for social housing, but who are also finding it difficult to afford rents in the private sector. Many schemes of this type are targeted at 'key workers' such as teachers, nurses, fire-fighters, police officers and transport staff or students. Although also developed without capital grant, the provider is able to offer sub-market rents through the use of low cost development techniques or subsidised land²¹.

There is considerable interest in sub-market accommodation from both central and local government and housing associations, because of the difficulties of recruiting and retaining key workers in London in the current housing market. A number of development initiatives are being proposed to provide both

¹⁹ 'Housing Association involvement in market renting: an overview of best practice' Sector Study 8
The Housing Corporation

²⁰ 'Mind the gap: housing London's workers' London Housing Federation July 2001

housing for sale and to rent for key workers with salaries ranging from £12,000 to £28,000²². It may be possible to adapt some of the initiatives to provide affordable accommodation for people leaving temporary supported housing who are earning within a similar salary range.

3.2 Private Sector Leasing (PSL)

An alternative to developing market or sub-market renting is to lease existing properties from private landlords and rent them out. A significant number of housing associations are already involved in private sector leasing (PSL), usually to provide temporary accommodation for homeless households who would otherwise be in bed and breakfast accommodation. The associations take a lease out on the property from the private landlord – usually for 2-5 years - and guarantee rent for the period of the lease, irrespective of whether it is tenanted for all of that period. They also undertake to return the property in its original condition, apart from normal wear and tear.

If the nominating local authority is unable to offer a contribution to management fees (reported by one association in London to be around £48 per unit) then the association will need to try and negotiate a lower than market rent with the landlord, in order to create scope for the management fee to be covered from rental income. Some landlords are willing to accept below-market rents in exchange for the guaranteed rent under PSL, but their willingness to do this will depend on the buoyancy of the local rental market and their assessment of alternative demand for the accommodation.

The main risk for the housing association is that the property will have void periods during which they will still have to pay the landlord. For this reason they usually require an agreement with the referring local authority that they will meet the cost of any voids, or some other way of managing this risk. Local authorities are often willing to provide such financial support or guarantees where PSL is being used as an alternative to housing homeless households in expensive bed and breakfast hotels, because it is a cost-effective alternative for them in these circumstances.

Negotiating agreements for local authorities to cover voids losses for people who are not statutorily homeless may be more difficult. However Supporting People may create new financial incentives for local authorities to help providers achieve timely throughput to temporary housing projects. Under Supporting People local authorities will be providing most of the revenue funding for temporary supported housing and may want to access such schemes for people with support needs for whom they have a statutory responsibility. For clients groups for which there is a shortage of accommodation, the local authority may be willing to support associations to provide PSL as move-on so that places within temporary supported housing become vacant as required.

²² 'Affordable rented housing for key workers' Housing Corporation 2002

One of the potential weaknesses of PSL is that it is unlikely to be a source of permanent move-on accommodation. Landlords are unlikely to be willing to enter into long term leases as they usually want to keep their options open to sell or increase the lease costs if there are changes in the housing market. Associations therefore risk having to evict or find alternative accommodation for people once the leases come to an end.

The Housing Corporation's view²³ is that associations should only embark upon PSL after the risks have been evaluated and systems put in place to manage them.

The Rough Sleepers Initiative included an element of private sector leasing in the early 1990's. The purpose of the PSL accommodation was to provide accommodation for rough sleepers until a programme of capital funded developments came into management. Subsidy was available to meet the support needs of the tenants.

Feedback from the agencies involved shows that, although the programme was successful in housing large numbers of people quickly, there were problems with it that had not been anticipated at outset.

One of the difficulties was in identifying rough sleepers who were either willing or suitable to move into PSL accommodation. Consequently, in order to keep properties occupied (and income for the scheme maintained), the criteria for letting were sometimes relaxed to include non-rough sleepers.

As the leases were for fixed periods after which a landlord could choose to end the arrangement, there were difficulties in managing tenancies without incurring long void periods. For instance, if a tenancy ended within 7 or 8 months of the end of the lease, it was difficult to get a suitable referral and issue a new assured shorthold tenancy for the minimum of six months required. Consequently, large numbers of properties were void towards the end of the 3 year lease with no rental income to offset their costs.

In addition, as the programme came to an end, associations were left with large numbers of people who needed to be found some more permanent form of accommodation.

3.3 Rent deposit guarantee schemes

Rent Deposit Guarantee schemes help tenants meet the common requirement of private sector landlords for a month's rent in advance and a month's deposit. The schemes allow people who are unemployed to access private rented accommodation. There are four (4) main types of scheme:

- **Deposit Schemes:**

²³ 'Housing Associations and private sector leasing: sector study 9' The Housing Corporation

These schemes pay a cash deposit to the landlord on the client's behalf. At the end of the tenancy, the landlord pays the deposit back to the scheme.

- **Bond Schemes:**
These schemes give the landlord a 'bond' (legally binding agreement) against which they can claim if necessary. The bond can last for the length of the tenancy or for a fixed term e.g. six months.
- **Rent in advance / guarantee schemes:**
These schemes agree to pay rent to the landlord whilst the Housing Benefit claim is being processed. This guarantee might last for only a few weeks or until the Housing Benefit payments start. Once Housing Benefit is paid, the allocated amount is paid over to the scheme.
- **Rent deposit guarantee schemes:**
These schemes provide both a deposit / bond and rent payments whilst Housing Benefit is being processed.

Landlords at the bottom end of the market tend to favour cash over a guarantee for their deposit, as they ask for smaller amounts and tend to have a high turnover of tenants. In these circumstances guarantees are seen to be too bureaucratic²⁴

The National Rent Deposit Forum estimates that funding of around £40,000 will be required to operate a scheme with 1 ½ staff. An operational fund of £4,000 - £ 5,000 will also be required²⁵.

Some schemes also provide support services to both landlord and tenant and this can be crucial for getting landlords to take people on Housing Benefit (see 3.7 below). Many of these tasks are eligible for Supporting People funding (see 3.6 below).

Several schemes in London have had problems meeting their aims. Research by Crisis in 2000²⁶ found that one of the principal difficulties was in convincing landlords to let to people on Housing Benefit, and accept a bond or guarantee instead of cash. It is hoped that the proposed changes to housing benefit (detailed in 2.2) will encourage more landlords to participate in Rent Deposit Guarantee Schemes.

²⁴ 'Opening Doors: Helping people on a low income secure private rented accommodation' Centre for Housing Policy 1996

²⁵ 'Guide to setting up and running a Rent Deposit Guarantee Scheme' NRDF 2001

²⁶ Report to London Boroughs Grants Committee 'Feasibility study for an integrated deposit guarantee scheme for outer London' October 2000 Crisis

Brent Council operates a Deposit Guarantee Scheme to help people on full housing benefit to get private rented accommodation. The scheme does not pay a cash deposit on behalf of the tenant, but guarantees to pay four (4) weeks housing benefit entitlement or £500 (whichever is lower) to the landlord if s/he suffers a loss as a result of the tenant's actions. The guarantee applies for the duration of the tenancy.

Conditions are set down for the losses that can be claimed for under the guarantee. The property has to be inspected by the Council at the outset of the tenancy to ensure that it is in a good state of repair and decoration, has adequate amenities and meets fire, health and safety requirements.

The scheme has helped around 80 households per year to successfully take up a tenancy in the private sector since 2000.

3.4 Housing benefit partnerships

This paper has already noted the extent to which problems with housing benefit act as a disincentive which prevents more landlords being willing to let to claimants. There are some actions that providers and local authorities can take *together* to try and ease some of these problems. These include:

- having a named housing benefit officer for providers working with priority client groups
- regular liaison and feedback between providers and the housing benefit team
- fast track procedures for processing claims from priority client groups and dealing with related queries
- training for providers (preferably by the housing benefit team) to help them minimise the occurrence of mistakes and missing information from claims
- a regular forum at which providers and housing benefit officers meet to discuss housing benefit issues
- a working practices protocol between the Housing Benefit Manager and key providers/agencies.

Camden Council has entered into a partnership scheme with the local Citizens' Advice Bureau to ensure a high quality benefits service for local residents. The agreement covers:

- the factors that the Council will take into account when dealing with claims i.e. threat of eviction
- signposting to the CAB by the Council
- protocols for the exchange of contact details
- standards for dealing with enquiries e.g. response times
- regular liaison arrangements
- notification of changes
- consultation on proposed changes
- performance standards
- joint training
- joint publicity and take-up campaigns.

3.5 Landlord Incentive Schemes

Competition for housing in London is intense – in all sectors. Most private landlords have been able to pick and choose who they rent to and charge rents which are well out of reach of even those on middle incomes²⁷. Tenants on benefits are not an attractive proposition for most landlords, who prefer to have tenants who are in full time employment and who can pay their rent without recourse to benefits – or the guaranteed income offered by private sector leasing schemes (see 3.2 above).

Some local authorities offer incentives to private landlords to take people on benefits – such as free insurance against rent loss or a cash incentive. Such schemes can successfully increase the willingness of landlords to let to people on benefits.

Brent Council offers a range of measures designed to encourage private landlords to take tenants on housing benefit. This includes:

- free private insurance to cover rent loss, damage to contents; legal expenses and emergency assistance
- (as an alternative to the insurance) a payment of £500 plus a guaranteed deposit and free legal advice on tenancy issues
- help with housing benefit assessments
- free advertising through the Council's Homefinder service
- information and assistance for resident landlords

The most generous help is reserved for those landlords housing statutory homeless households.

These measures have enabled 253 households to access and maintain a tenancy in the private rented sector over two years.

Other potential incentives could come from a local authority's Housing Renewal Strategy. Local authorities now have wide ranging powers to provide loans or grants to bring housing (which is largely expected to be in the private sector) up to standard in their area. Priorities for assistance will not be set down by Government, but will be determined locally and can, if the authority chooses, be targeted at housing for particular clients e.g. accommodation for vulnerable young people²⁸.

3.6 Lodgings schemes

Lodgings schemes involve the matching of people in need of accommodation with a landlord who has a room to rent out in their own home. Where such schemes operate for homeless or vulnerable people, support is offered to both the tenant and the landlord to make the arrangement work.

²⁷ Mind the gap: housing London's workers' London Housing Federation July 2001

²⁸ Housing Renewal Guidance ODPM 2002

Lodgings schemes can work with a variety of client groups, and provide varying levels of support. At their most simplistic they act as an 'introductions agency' concerned with making successful matches between landlords and prospective tenants. As such they perform a valuable service to both sides and can increase the amount of accommodation of this type available in a local area. Support can be offered to both the tenant and landlord, to increase the chances of a successful arrangement, by helping to resolve disputes which arise or if an arrangement appears to be breaking down.

Successful schemes can build up a relationship of trust with potential landlords, that encourages them to let a 'stranger' into their own home. Part of their success seems to be due to their willingness to recognise and respond to the needs and wishes of both landlord and tenant in order to create a successful partnership.

The RASH lodgings scheme operated by Frays Housing Association finds lodgings for single homeless people in the boroughs of Hillingdon and Harrow. The bulk of its work is in 'matching' people in need of housing with resident landlords willing to rent a room out in their home.

With only 1½ staff it currently has 88 people in lodgings and provided housing advice to 635 people in 2002.

The scheme provides support to both the landlord and the lodger. It interviews all applicants and landlords thoroughly to assess their suitability for the scheme and to explore their needs, expectations and lifestyle. It also inspects all properties. This information is then used to match the prospective landlords and lodgers together. The criteria for doing so are not written down but are more intuitive, and based on 15 years of experience. The matching process takes account of expressed preferences as well as factors such as age, gender and lifestyle. The support offered also includes help with housing benefits and in sorting out disputes.

Those using the lodgings scheme have licence agreements with their landlord and pay £50 to £90 a week for a room including bills. The average stay is around a year but it can range from a few months to a few years. People who commit a serious breach of the licence agreement they have with their landlord are unable to use the scheme again.

Frays makes no charge to either landlords or lodgers for using the scheme. Instead the scheme is largely financed by the association's own resources. Adverts are placed in local papers for landlords. There are no problems recruiting landlords or lodgers, but the lack of funding prevents the scheme from expanding.

The scheme also finds people to live in flatshares where the landlord is not resident, but this type of accommodation is more difficult to come by. In these cases tenants are given an assured shorthold tenancy.

The ability to assess who might be suitable to live together is seen to be crucial to success in both types of accommodation. By respecting the needs and wishes of both sides, the scheme has been able to maintain a sufficient demand for the service from both landlords and tenants.

3.7 Tenancy and landlord support services

From April 2003 local authorities will have a new grant called 'Supporting People' with which to fund housing related support services for those needing help to access or maintain independent housing. The grant will replace existing funding streams which have often been restricted to services supporting people living in particular types of accommodation e.g. housing association tenants. With the introduction of Supporting People these restrictions will no longer apply, and it will be much easier to fund and provide a support service to people living in private rented accommodation. The grant will also no longer be tied necessarily to specific addresses making it possible to support people as they progress from one form of housing to another.

The types of support that can be funded from Supporting People include:

- ❑ help with filling out housing benefit forms and dealing with queries
- ❑ help with getting other benefits, such as income support
- ❑ help with budgeting to meet daily household costs and in dealing with any debt
- ❑ help registering with a GP
- ❑ support to help resolve and cope with racial harassment or neighbour nuisance, or other matters of security or safety
- ❑ organising social activities or putting service users in touch with people or groups from the same background or religion
- ❑ help with finding organisations who can offer immigration advice
- ❑ help with getting translation services
- ❑ advice on getting work or training
- ❑ help with finding services for any specialist medical or other problems that the service user may have.

Many schemes which aim to help people access private rented accommodation, already offer support to both the landlord and the tenant. The support provided can be just at the outset of the tenancy or continue until the service user has been successfully settled into their new home for some time.

Research²⁹ has shown that the most crucial part of the service for landlords can be the 'vetting' of tenants before they are referred. The experience of rent deposit schemes³⁰ has also confirmed the important role that this can play in encouraging landlords to accept tenants on housing benefit. Some agencies making referrals to private landlords also offer to mediate in disputes between the landlord and tenant, and offer support to both sides as required.

The most crucial services for clients have been identified²⁶ as:

- ❑ vetting of properties

²⁹ 'Opening Doors: Helping people on a low income secure private rented accommodation' Centre for Housing Policy 1996

³⁰ 'Good practice in setting up rent deposit guarantee schemes' NRDF 2001

- help with housing benefit
- help with moving and furnishing the property
- financial help with deposits and rent in advance

For many service users the most important aspect of a scheme is its ability to provide them with support through what is seen to be a stressful period in their lives.

4. Potential future developments

4.1 A strategic approach

Under the Homelessness Act 2002, local authorities are responsible for assessing the needs of all homeless people in their area, including those who are not statutorily homeless. They are encouraged to consider the role that the private rented sector can play in meeting some of those needs.

Local authorities need to take a lead in their areas by ensuring that they are aware of demand and supply in their area across all sectors, and that efforts to tackle these are co-ordinated across agencies. There may be a need to rationalise services in some areas by, for instance, allowing one scheme to be fully funded to work effectively rather than have two schemes struggling to make any impact due to inadequate resources and too narrow a focus.

In London there is a particular need for cross authority working and solutions, both to recognise the uneven distribution of supply and demand across London boroughs and to ensure some consistency of approach amongst schemes. At the moment many local authority-run schemes apply only to residents and landlords wanting to be housed/house people within their area. However there would be clear benefits from providing service users with the flexibility to move to areas where there is a greater supply of landlords willing to let to people on benefit, or less of a shortfall between rent levels and rent officer determinations.

In order to attract landlords who work across boroughs to participate in the schemes, there is a need for greater consistency between schemes – so that the rules and benefits applying in one borough are the same as those applying across just the borough boundary.

4.2 The need for joined-up services

As detailed in this paper, there are a range of different types of initiatives aimed at increasing access to the private rented sector. And within each type there may be several schemes operating in the same local authority area – managed by different providers and targeted at different or overlapping sets of service users. In London alone there are at least 10 rent deposit schemes – all operating to different rules and criteria.

For landlords the variety and number of schemes available can create confusion rather than signal a clear path to successful and trouble-free letting. This is particularly an issue for those landlords who work across a number of boroughs.

Despite the range of factors that combine to prevent people on benefits or low incomes accessing the private rented sector, most schemes are set up and resourced to tackle only part rather than all of the problems. So, for instance, those schemes offering only a rent deposit without measures to tackle

housing benefit delays or which fail to vet tenants (see 3.8), are likely to have only limited success.

If schemes are to tackle barriers to the private rented sector in a comprehensive and effective way, there is a need for adequate and stable funding to allow them to do this.

Bridge Housing Association has researched the problems faced by rent deposit guarantee schemes through its membership of the London Rent Deposit Forum. From this they have produced a list of the features that need to be incorporated into such schemes to increase success and ensure consistency across London:

Essential Features

- a flat rate deposit guarantee of £600 for self-contained accommodation and £500 for shared accommodation
- resolution of disputes over claims against the deposit by the Independent Housing Ombudsman
- rent in advance (at the same flat rates as for the deposit) throughout the first year of the tenancy – after which the advance payment can be retained by the landlord if both sides are willing to renew the tenancy for a second 1 year term
- pre-tenancy training for service users
- support for the tenant for up to 1 year after rehousing
- mediation and support service for the tenant and landlord to resolve problems
- assistance to landlords to deal with queries and/or applications for benefit, HMO registration; grant applications etc
- able to be applied across London on the same terms
- allows service users to pursue accommodation in all boroughs

Desirable Features

- fast track housing benefit procedures across all London boroughs for scheme clients
- fast track, cross-borough pre-tenancy determinations
- greater openness and transparency about local reference rents from the Rent Officer service
- standardised forms and protocols between the scheme and the London boroughs
- scheme staff acting as a gateway to housing renewal grants and loans for participating Landlords
- co-ordinated and consistent publicity across all London boroughs
- a cross London accreditation scheme for landlords
- monitoring and evaluation built in from the start

This type of scheme would work most successfully as a single initiative across a number of adjoining local authority areas.

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Move-on Alternatives Project

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