

Rother District Council

Report to	-	Council
Date	-	5 July 2021
Report of the	-	Cabinet
Subject	-	References from Cabinet Meetings

The Council is asked to consider recommendations arising from the Cabinet meetings held on 24 May and 28 June 2021, as set out below.

CABINET – 24 May 2021

CB21/04. PRIVATE SECTOR LEASING SCHEME

The Head of Housing and Community outlined two measures proposed to improve housing outcomes and reduce the cost to the Council of providing temporary accommodation (TA) by preventing homelessness through greater access to quality and affordable accommodation.

To date, the Council had over 100 households within TA with the average stay of a household with children being 66 days at a cost of £2,500. During the COVID-19 pandemic, fewer properties had been made available to the Rother Tenant Finder Scheme (RTFS) as a result of a significant stagnation in the lettings market and increased rental charges. Therefore it was considered opportune to review the RTFS, as well as various incentives offered to private sector landlords and estate agents. It was noted that the RTFS had secured a limited number of properties during the pandemic, as a result of the provision of 0% tenant loans, as well as incentive payments to landlords and agents, funded through a combination of external government grants.

The two measures proposed to secure more accommodation were a Private Sector Lease Scheme (PSLS) and Rent Guarantee Scheme (RGS).

The PSLS would provide the Council access to properties for a fixed period and property owners would be guaranteed a fixed monthly payment. Properties would need to meet or exceed defined national standards and the property owner would retain full responsibility for the management, maintenance and repair of the external fabric of the building. At the end of the lease period, the property would be returned to the owner in the same condition as at commencement of the lease (except for an allowance on reasonable wear and tear). Initially, properties would be managed by an external management organisation with the potential to bring in-house once economies of scale could be achieved and property management expertise had been developed.

Cabinet was advised that the scheme would be funded from an external Homeless Prevention Grant allocated annually by the Ministry of Housing Community and Local Government (MHCLG). It was proposed that 30 properties be leased over 24 months (15 Year 1, 15

Year 2) and reviewed at the end of this period to ascertain whether the scheme was operating effectively. Each property would contribute 5% annual income to offset any repair costs.

The RGS, also funded from the external Homelessness Prevention Grant would underwrite landlord arrears risks, subject to the following conditions:

- time limited to 12 months;
- the Council would be liable for up to six months of rent arrears accrued during the first 12 months of the tenancy;
- guarantees would be provided for Assured Shorthold Tenancies with a minimum fixed term of 12 months;
- tenancies must be assessed as affordable for the tenant; and
- the landlord or their agent must inform the Council in writing within seven days of the first missed rent payment and within seven days of all subsequent missed payments.

The Council's Tenancy Sustainment Officer would monitor tenants' rent accounts and offer support to sustain rental payments. However, even with support there was a risk that some tenants would default on their rent payments. A 20% arrears level was considered a reasonable worst-case scenario; however the team would operate to an arrears target of 5% which was comfortably achieved by most Registered Providers.

The two options enabled the RTFS to make a more competitive offer to landlords and property owners that would enable the Council to reach its Corporate Plan target of securing 100 tenancies per year for homeless households by March 2023.

The two measures would prevent the need for the Council to place households in expensive TA, avoiding the associated cost. The P SLS proposal would enable the Council to avoid up to £11,000 of TA costs in its first year and £7,000 in its second year. The RGS would enable the Council to avoid up to £48,000 for every 30 rent guarantees issued.

RECOMMENDED: That:

- 1) lease agreements be entered into with property owners to enable the provision of tenancy agreements between the Council and households who are homeless or at risk of homelessness;
- 2) the Head of Service Housing and Community be authorised to enter into property and rent account management contracts; and
- 3) fixed-term rent guarantees be issued to private sector landlords to enable access to households who are homeless or at risk of homelessness.

(Cabinet Agenda Item 9)

CABINET – 28 June 2021 – TO FOLLOW

Councillor D.B. Oliver, Leader of the Council