



## CABINET

Review of Private Sector Leased  
Accommodation

### Subject Heading:

Review of Private Sector Leased  
Accommodation

### Cabinet Member:

Councillor Joshua Chapman – Lead Member  
of Housing

### SLT Lead:

Gerri Scott – Interim Director of Housing

### Report Author and contact details:

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### Policy context:

The policy context is associated with the  
Council's homelessness statutory duties.

### Financial summary:

The likely financial impact of the Private  
Sector Leased Accommodation review and  
the funding options available.

### Is this a Key Decision?

Yes, it has a significant effect on two or more  
wards

### When should this matter be reviewed?

May 2020

### Reviewing OSC:

Town and Communities

### The subject matter of this report deals with the following Council Objectives

Communities making Havering	<input checked="" type="checkbox"/>
Places making Havering	<input checked="" type="checkbox"/>
Opportunities making Havering	<input type="checkbox"/>
Connections making Havering	<input type="checkbox"/>

## **SUMMARY**

The purpose of this report is to provide information on the outcome of the review of housing and support needs of households living in Private Sector Leased accommodation (PSL).

The headlines of the review are:

- The current supply of PSL properties are needed to meet existing demand. However, the Council should diversify the supply of accommodation for homeless households in order to reduce the over-reliance on PSL properties in the long term.
- The financial position, although dependent on Government support grant, is currently being contained.
- There are a small number of households who are either overcrowded or under-occupying their current accommodation. Therefore, the Council should seek to move them into alternative temporary accommodation with the number of bedrooms that they need.
- There are a small number of households who will have no homeless statutory requirement for housing, but in view of the length of time they have been in PSL accommodation, they will have a reasonable expectation that they will be rehoused by the Council. Therefore, the Council should continue to provide them with suitable accommodation.
- There are a small number of households who have significant support needs. Therefore the Council should keep them near their support network should they need to move.
- There are a small number of households who were homeless prior to 9<sup>th</sup> November 2012 (Pre-localism Act). As these households have lived in temporary accommodation for more than 6 years, the Council should consider offering them a social tenancy, or if the households are in agreement, offer private rented accommodation as the pre-localism act required the individual to agree to an offer of private rented accommodation. The offer of social housing should be managed through a lettings plan, in order to minimise any adverse impact on other households on the Council's housing register.
- The majority of the households in temporary accommodation were homeless after 9<sup>th</sup> November 2012 (Post-localism Act). The Council is required to continue to provide them with temporary accommodation until they are either offered social housing or suitable private rented accommodation. In view of demand and supply pressures, the Council should seek to develop a new

supply of accommodation from the private sector market at local housing allowance rent levels, in order to meet this ongoing housing need.

## RECOMMENDATIONS

The Cabinet is asked to:

1. **Note** the outcome of the review.
2. **Agree** that officers carry out the recommended actions in the report.

## REPORT DETAIL

### 1. Background

- 1.1. In October 2004, the Council introduced a Private Sector Leasing Scheme (PSL) whereby the Council leases properties from private sector landlords as temporary accommodation for households in housing need. The scope of the scheme was extended in 2007 and 2008 to include non-statutory homeless clients.
- 1.2. Changes in central Government policy in 2010 and 2011 eroded the margin between the rental income levels and payments to owners. This is because a cap was imposed on the maximum amount of housing benefit that the Council can claim back for the cost of temporary accommodation. The amount has been set across the country for 1- 4 bedroom properties at 90% of Local Housing Allowance (LHA) as of January 2011. In addition, Councils were previously allowed to claim an additional £40pw for properties within London and £60pw for properties outside London, to cover the management costs of the accommodation. This was also removed from 1<sup>st</sup> April 2017 and replaced by a flexible homeless support grant which is paid yearly (subject to review this year).
- 1.3. PSL has been the Council's major source of temporary accommodation (TA). Over the last two years, the PSL stock has been reducing, a large proportion of which were taken back at lease end by the landlord.

- 1.4. This is not just a Havering issue and pressures are being seen at national and regional level. Affordability of housing supply is becoming more of a challenge locally. However this is not just about housing numbers, but the effect on people and families. The journey into stable, affordable housing has changed and the uncertain future for families creates a pressure on support networks.
- 1.5. The Homeless Placements policy, approved in June 2016, describes the Council's approach for homeless prevention and where necessary, placements into interim and long-term temporary accommodation and then settled private rented sector accommodation.
- 1.6. Since April 2018, with the introduction of the Homelessness Reduction Act, there is an additional focus on prevention as the Council can work with households much earlier on, preventing homelessness, by seeking alternative private rented accommodation before the resident becomes homeless. This means that there has been a shift away from temporary accommodation to private rented accommodation in the general market. The evidence to date shows that the service has had significant successes in this new approach but it is too early to assume that demand will be less going forward.
- 1.7. With increasing demand on the homelessness service and with a view to understanding the housing and support needs of those in PSL accommodation to whom the Council has not yet accepted a duty (non-statutory homeless), in July 2018, officers sought to commence a review of these households. Following concerns raised by residents, this was paused.
- 1.8. A commitment was given to all PSL households by the Leader in his letter dated 17<sup>th</sup> July 2018 that a review of their housing and support needs would be undertaken before any further action is taken. At the All Member briefing on 15<sup>th</sup> August 2018, the approach and timescale of the review was confirmed. A letter was sent to all PSL households on 10<sup>th</sup> September 2018 setting out the next step of the review and the timescales. A copy of the letter was shared with all ward members in advance.
- 1.9. The principles of the review were:
  - To help find the right stable, sustainable, housing solution for people living in temporary accommodation
  - To determine housing need where a duty has been established
  - To ensure details are up to date so residents have the right banding regarding access to affordable housing

- To work with families and agencies to help ease pressures associated with key aspects affecting their housing choices
- To identify housing solutions options and work with families to secure them.

1.10. The review has been carried out in 4 substantial areas:

- A desktop review which has collated the data held in systems and files on the circumstances currently known about our residents
- Face to face meetings between an officer and each family or person to ensure that we understand everything about them and their housing situation
- Detailed and considered assessments and open dialogue looking at what type of solution is available
- Working towards stable housing provision and sustainable housing options

## **2. Review findings**

2.1. There are 881 households living in PSL accommodation and officers contacted all of them to arrange a visit, at a time convenient to them in order to carry out the review.

2.2. A summary of the responses are as follows:

- 686 (78%) were assessed,
- 43 (5%) declined the assessment,
- 152 (17%) failed to respond, despite numerous communication to arrange appointments with them so that the review can be carried out in their homes. They were telephoned at least 4 times, voice messages left on their phones and a letter sent asking them to make contact with officers in order for the review visits to be carried out.

2.3 Further detail of the findings is provided in Parts 1 and 2 below.

### **2.4 Part 1**

2.4.1. 686 (78%) of the households living in PSL accommodation, have been assessed. The outcome has provided the Council with more clarity about the housing and support needs of households living in PSL accommodation. This is summarised below.

#### **2.4.2. Financial circumstances**

637 (93%) of the households are either fully or partially dependent on housing benefit and 49 (7%) are in full time employment. Further breakdown is provided in Table 1.

Table 1:

Full benefits	412	60%
Partial benefits	225	33%
Full-time employment	49	7%
Total	686	

2.4.3. As the majority of the households depend on benefits to meet their rental payments, rents on any future housing solutions should be based on local housing allowance levels to make it affordable to homeless households.

2.4.4. Overcrowded and under-occupying households.

533 (78%) of the households are living in the right size accommodation. However, 153 (22%) of the households are living in accommodation that is either too small or too big for their household.

Table 2: Accommodation size

Households in the right size accommodation	533	78%
Overcrowded households	117	17%
Under-occupying households	36	5%
Total	686	

2.4.5. 117 (17%) of the households are overcrowded in their current accommodation, as their families have grown since they were first offered the properties. Most of them need one extra bedroom as shown Table 3.

Table 3:

Breakdown of current and required bedroom size	
In 1 bed and need 2 bed	60
In 1 bed and need 3 bed	4
In 2 bed and need 3 bed	36
In 2 bed and need 4 bed	1
In 3 bed and need 4 bed	15
In 3 bed and need 5 bed	1
Total	117

2.4.6. 36 (5%) of the households are under-occupying their current accommodation due to changes in their circumstances. Again, most of them need one less bedroom as shown in Table 4. As they are under-occupying the accommodation, it is likely that they will only receive the level of housing benefit for the size of property they need, which can result in rent payment difficulties.

Table 4:

Under-occupiers - breakdown of current and required bedroom size	
In 4 bed and need 3 bed	9
In 4 bed and need 2 bed	2
In 3 bed and need 2 bed	20
In 3 bed and need 1 bed	3
In 2 bed and 1 bed	2
Total	36

**2.4.7. Support needs**

189 out of 686 (27%) of the households have significant support needs, which are detailed below:

- 76 residents are either receiving care from someone in the household or providing care to someone in the borough. Their housing stability is essential for the family member's wellbeing.
- 36 residents have severe medical conditions and are receiving on-going hospital treatment. However, their medical circumstances are not being made worse by their current accommodation; for example the right size and floor level with good facilities.
- 60 households have dependent children at key stages of their education (GSCE/A-Levels) and their housing stability is essential in order to minimise disruption to their education.
- 17 households are receiving support from either Social Care or other support agencies. The support received consists of a mixture of practical, emotional and financial support to help the households to manage their lives and remain independent. It is essential that they continue to access the support services.

2.4.8. All the support needs identified should be taken into account should these households need to move to alternative temporary or settled accommodation, to ensure that they remain near to their support network.

**2.4.9. Non-duty households**

There were 250 non-duty households at the beginning of the review. These are households who did not meet the statutory homeless criteria at the time they were placed in PSL accommodation. 201 (80%) of them have been re-assessed based on the current homeless legislation.

2.4.10. Based on the re-assessment, 162 out of 201 (81%) will be owed a homeless duty and only 39 out of 201 (19%) will not be owed a homeless duty should they lose their current accommodation.

2.4.11. The households, who will not be owed a homeless duty, are either single people or couples with no dependent children. They are also not considered vulnerable as they have the capacity to find and keep accommodation. However, in view of the length of time they have been in PSL accommodation, they will have a reasonable expectation that they will be rehoused by the Council. Therefore, the Council should continue to provide them with suitable accommodation.

## **2.5. Part 2**

2.5.1. 152 (17%) of the households living in PSL accommodation have not been assessed, as they have failed to respond to any contact made by telephone and letter requesting to arrange home visit appointments in order to carry out the assessment. This total includes 49 non duty households.

2.5.2. Officers will carry out unannounced visits to their properties in order to check occupancy and/or assess their current housing and support needs.

2.5.4. The outcome of their assessment will be actioned in line with the management approach principles set out in this report.

## **3. Analysis of supply and demand and recommended response**

3.1. In addition to the review of the housing and support needs of the households, an analysis of supply and demand of temporary accommodation based on current homeless households was also carried out.

3.2. The findings are broken down into two broad categories based on the different legislative requirements and the duties that the Council has.

(A) Pre-localism Act households - these are households who applied as homeless before or on 9<sup>th</sup> November 2012 and the Council's housing duty to provide temporary accommodation continues until they are either offered social housing or if they are in agreement, a private rented accommodation. There are a total of 145 households in this category, of which 141 are in PSL and 4 in regeneration short-life properties.

Realistically most of these households are unlikely to agree to an offer of private rented accommodation. They are currently awarded a 'Homeseeker' priority band in line with the current Housing Allocation policy and the estimated waiting time for households on the 'Homeseeker' priority band is approximately 4 – 8 years, depending on the bedroom size required and area of preference.

As these households have lived in temporary accommodation for more than 6 years, the Council should consider making one direct offer of suitable social housing over a 5 year period. This will mean offering approximately 29 properties a year for these households and a separate

lettings plan should be developed for approval in order to minimise any adverse impact on other priority groups who need to move, such as tenants on regeneration estates and choice based lettings. The current Housing Allocation Policy allows for properties to be offered to a specific group where it is in the overriding interest of the Council to do so in order to make best use of resources. There are approximately 400 social housing properties available to let each year.

- (B) Post-localism Act households - these are households who applied as homeless after 9<sup>th</sup> November 2012 and the Council's housing duty to provide temporary accommodation continues until they are either offered social housing or suitable private rented accommodation with a one-year tenancy.

This is the largest group of residents that the Council has in temporary accommodation. There are a total of 998 households in this category, of which 740 are in PSL, 190 in regeneration short-life and 68 in the council's hostel accommodation.

Therefore, the Council should seek to develop a new supply of properties in the private rented sector at local housing allowance rent levels to meet the on-going housing need of these households.

## REASONS AND OPTIONS

### **Management approach:**

In summary, the outcome of the review to date enables the Council to draw conclusions over the future use of PSL accommodation. In addition, officers should carry out the management actions identified in the report based on the following principles:

#### **1. Supply and demand**

The Council is short of accommodation alternatives and although new demand has been effectively managed through prevention of homelessness, there is an ongoing need for accommodation to continue to meet the housing need of existing homeless households.

Currently, the regeneration short-life properties are being used to fill the gap between supply and demand when PSL landlords cancel their lease arrangements with the Council. However, many of the short-life units will be required for redevelopment over the next 5-6 years. Therefore, the current supply of PSL properties is needed to continue to meet the housing need of existing households.

In order to reduce the reliance on PSL properties with landlords terminating leases at any time, the Council should seek to diversify the sources of supply of both temporary and settled accommodation for homeless households by developing a mixed portfolio of properties at local housing allowance rent levels. Officers should look into different scheme options and develop costed proposals in order to create sufficient alternative supply.

## **2. Overcrowded and under-occupying households**

The households who are either over-crowded or under-occupying their current accommodation, should be moved into alternative suitable temporary accommodation in order to alleviate overcrowding as well as release much needed larger accommodation for other families who need it.

## **3. Non-duty households**

The non-duty households should continue to be accommodated in their current accommodation until suitable settled accommodation is secured for them.

## **4. Households with significant support needs.**

Their support needs should be taken into account when decisions are made about the type of alternative accommodation that is suitable for them in order to keep residents near their support network.

## **5. Pre-localism Act households**

The 145 Pre-localism Act households who have lived in temporary accommodation for more than 6 years should be offered a social tenancy over a 5 year period. Officers should develop a lettings plan on how this process will be managed to minimise any adverse impact on other households on the Council's housing register.

# **IMPLICATIONS AND RISKS**

## **Financial implications and risks:**

The cost associated with the provision of temporary accommodation is currently contained within the budget, but this is supported by a £1.8m grant, which will be available in 2019/20. There will also be an additional £400k allocated to the base budget from 2019/20.

However, the Government is reviewing whether to continue to provide this support grant beyond 2019/20, which may result in a budget pressure of £1.4m from 2020/21, subject to demand not increasing.

It is anticipated that the proposed change in approach to develop a mixed portfolio of accommodation will result in additional costs associated with acquiring new properties. New funding will be required for this scheme to be delivered.

Other management actions such as, moving households to alternative suitable accommodation will result in removal costs being incurred. These additional costs can be funded from the existing budget.

**Legal implications and risks:**

The Council has various duties in relation to homeless households and in respect of child protection/safeguarding.

The main area of legal risk comes from the proposal to make a direct offer of Part VI accommodation to pre-Localism Act households (*i.e.* those who applied as homeless prior to that Act coming into force in 2012 and who have been accommodated by the Council since). More specifically, the risk is of a potential judicial review challenge by someone who is not a member of that group but is on the housing register. This risk of such challenge arising is considered to be low. The merits of any such challenge cannot be determined at this point. The Report refers to the allocation scheme permitting direct offers to specific groups where it is in the overriding interest of the Council to do so. The Council's reasons for adopting such course should be fully minuted so that, in the event of a challenge, those can be easily discerned.

**Human Resources implications and risks:**

There are no HR implications as a result of the review.

**Equalities implications and risks:**

There are no equalities implications as a result of the review. The report focuses on the outcome of the review of the housing and support need of existing PSL residents and provision of alternative supply of accommodation for homeless households in line with existing policies.

**BACKGROUND PAPERS**

Homeless Placements Policy 2016

[https://www.havering.gov.uk/download/downloads/id/1591/homeless\\_placements\\_policy.pdf](https://www.havering.gov.uk/download/downloads/id/1591/homeless_placements_policy.pdf)