

FAREHAM

BOROUGH COUNCIL

Report to Health and Housing Policy Development and Review Panel

Date **17 November 2016**

Report of: **Director of Operations**

Subject: **REVIEW OF FARELETS**

SUMMARY

With on-going changes to the welfare system, the demand on the Housing Options service and new sources of accommodation in the private rented sector remains high and is likely to increase further. The FareLets scheme was created in 2014 to increase the supply of accommodation by working with private sector landlords to allow their properties to be let through Housing Options.

RECOMMENDATION

The Panel notes the progress of the FareLets scheme to date.

INTRODUCTION

1. Due to changes brought about by welfare reform in recent years, the Housing Options service has seen a rise in the number of customers seeking advice as they are homeless or at risk of becoming homeless. Whilst for some, the solution to their housing problem is through the provision of social housing; many are able to privately rent however the high rents and fees charged by letting agents mean that this route is often unachievable.
2. The FareLets scheme was therefore developed by the Council in order to increase the supply of temporary accommodation (TA) and affordable privately rented properties so that more homeless households could be helped into suitable accommodation. Importantly, this would reduce our reliance on bed and breakfast (B&B) establishments.

FARELETS – SCHEME INFORMATION

3. The FareLets scheme was launched on 14th July 2014 and comprises three levels of service that landlords can choose from:
 - Tenant Find – the Council matches a tenant with either a landlord or a letting agent, provides a deposit bond equivalent to one month's rent and guarantees the rent for 12 months. The tenancy agreement is between the landlord and tenant. There is no cost to the landlord for this service.
 - Managed Lease – the Council takes on the lease of a private property for between 12 months and 3 years. During the lease period the Council is responsible for finding tenants, managing the tenancy, paying rent to the landlord and arranging the majority of repairs. The rent is guaranteed for the term of the lease and the property is returned to the landlord in the same condition as it was taken on, aside from fair wear and tear. The Council can carry out gas and electrical safety checks on the landlord's behalf and provide a carbon monoxide detector where needed. The landlord pays a one off charge of between £100 and £300, depending on whether they require the Council to do the safety checks.
 - Full Management – similar to services offered by high street letting agents, the landlord is charged 8% (plus VAT) of the monthly rental income. In return, the Council identifies the tenants, manages the tenancy, collects rent and updates the landlord. In addition, landlords receive free gas and electrical safety certificates and a carbon monoxide detector, where needed. The landlord can also benefit from repairs up to the value of £150 per year.

PROGRESS TO DATE

4. No target was set for taking on properties after the initial 12 months of the scheme operation. However, since September 2015, 15 new Managed Lease properties and 5 new Tenant Find properties have been taken on. Enquiries are still being received from landlords and there are plans to take on several more properties by the end of the calendar year.
5. The focus of the scheme is to ensure that the Housing Options service has access to sufficient privately rented and leased accommodation for its homeless customers, as high street letting agents' fees are beyond the level which the client group can afford.

6. While B&B is still needed for emergency homeless cases, the use of this type of accommodation is prevented where it is feasible. If needed, the length of stay is minimised as far as possible by moving customers into TA as soon as something suitable becomes available. The figures show a trend of B&B costs decreasing year on year from 2013/14 to the end of 2015/16. The number of households placed in B&B has also decreased from 67 in 2013/14 to 56 in 2015/16.
7. The scheme success is also reflected in the response from tenants in TA. Many are very happy in the leased properties and where possible, if the length of lease allows, they are able to stay much longer than households in TA would normally do. This enables the service to help them into the private rented sector or social housing directly from TA, thus reducing the number of times they have to move.

FUTURE CHALLENGES

8. The introduction of a second benefit cap from 7th November 2016 will have a significant impact on the Housing Options client group, as many will find themselves unable to afford to pay the required top up to their rent, especially in the private rented sector. The demand for TA is likely to increase as a result of this. The service has the ability to be flexible with the rents charged for TA, so customers will find TA more affordable. The Tenancy Support Officer can also provide TA tenants with additional help and support around the benefit cap, budgeting and access to work.
9. The FareLets scheme is due for review to ensure that it continues to meet the needs of the Housing Options service and landlords. The review will run alongside the creation of the new Housing Strategy and the Homelessness Strategy to ensure that it links in with the main themes in both, e.g. the prevention of homelessness and the creation of sustainable tenancies. The review will also consider whether the scheme can feasibly be extended in the future to provide a better deal for landlords and potentially whether customers needing Help to Buy deposits could be assisted.

RISK ASSESSMENT

10. There are no significant risk considerations in relation to this report

CONCLUSION

11. The FareLets scheme has been operating successfully since the launch in July 2014 and continues to attract private landlords. A total of 20 new properties have been taken on since September 2015. The scheme is due to be reviewed and this will be done in conjunction with the development of the new Housing and Homelessness Strategies. This will ensure that the key themes run through all of the documents and the scheme continues to provide a valuable accommodation resource.

Background Papers:

Review of Temporary Accommodation – 12th September 2013

Housing Initiatives (Accessing the Private Rented Sector) – 16th January 2014

Review of FareLets – 24th September 2015

Reference Papers:

None

Enquiries:

For further information on this report please contact Andrea Howells . (Ext 4370)