

FAREHAM

BOROUGH COUNCIL

Report to Health and Housing Policy Development and Review Panel

Date **24 September 2015**

Report of: **Director of Community**

Subject: **REVIEW OF FARELETS**

SUMMARY

Following changes in the welfare system, the demand for the Housing Options service and for temporary accommodation (TA) increased significantly. In response to this, the FareLets scheme was created, comprising three new private rented sector (PRS) services to encourage more landlords to work with the Council and allow their properties to be let through Strategic Housing.

RECOMMENDATION

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

INTRODUCTION

1. Due to the changes brought about by the recent welfare reform, the Housing Options service is seeing more customers who are homeless or at risk of becoming homeless. Many are unable to afford to secure their own privately rented accommodation due to increasing rents and fees charged by letting agents. Therefore the demand for temporary accommodation (TA) is increasing.
2. The FareLets scheme was developed by the Council in order to increase the supply of TA so that more homeless households could be helped into accommodation and so the Housing Options service would be less reliant on bed and breakfast (B&B) establishments. The development and publication of the FareLets scheme was approved in January 2014.

FARELETS – SCHEME INFORMATION

3. The FareLets scheme was launched on 1st July 2014 and advertised locally by posters, fliers and in Fareham Today. In November 2014 a radio advertising campaign was launched on Wave 105 in order to reach more potential landlords.
4. The scheme comprises three levels of service that landlords can choose from:
 - Tenant Find – the Council matches a tenant with a landlord, 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, this service charges the landlord 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

5. The target for the first year was to take on 45 properties across the three services. However, a total of 26 new properties have been taken on and let to date. 15 of these are Managed Lease properties, 10 are Tenant Find properties and 1 is with the Full Management service. The number of properties taken on has been sufficient for the demand coming through the Housing Options service, so advertising was stopped earlier this year in order to reduce the flow of enquiries. Landlords are still contacting

the service, so more properties could have been taken on, but the Council would then run the risk of having to pay rent on vacant properties.

6. The new Managed Lease properties and the older Private Sector Lease properties (PSLs) converting to Managed Leases have raised a total of £9,300 in fee income. This is offset by the internal cost of gas and electrical safety checks and rent arrears across the scheme of approximately £3,000, although there have been no claims against the deposit bonds to date. The cost of using B&B for homeless households has reduced significantly from around £85,000 in 2013/14 to approximately £69,000 in 2014/15. This can be attributed, in part, to the increase in TA availability.
7. Targets have not been set for taking on properties in the forthcoming year. The demand and need for TA is currently being considered as part of the Vanguard intervention in Housing and this will help inform the future of the FareLets scheme.

RISK ASSESSMENT

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

CONCLUSION

9. The FareLets scheme was launched on 1st July 2014 to provide more TA for homeless households. The scheme has been successful, with 26 new properties taken on and let to date, and landlords are still contacting the service with enquiries. B&B costs have also been reduced. The future of the scheme will not be known until the Vanguard intervention in Housing has been concluded.

Background Papers:

Review of Temporary Accommodation – 12th September 2013

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

Reference Papers:

None

Enquiries:

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