

FAREHAM

BOROUGH COUNCIL

Report to Housing Policy Development and Review Panel

Date **18 January 2018**

Report of: **Managing Director of Fareham Housing**

Subject: **REVIEW OF FARELETS**

SUMMARY

Ongoing changes to the welfare system and homelessness legislation mean that the demand on the Housing Options service and privately rented accommodation remains high. The FareLets scheme, created in 2014, seeks to increase the supply of accommodation by working with private sector landlords and has provided many homeless customers with successful housing outcomes.

RECOMMENDATION

It is recommended that the Panel notes the progress of the FareLets scheme to date.

INTRODUCTION

1. The FareLets scheme was developed in 2014 to increase the supply of temporary accommodation (TA) and affordable privately rented properties so that the growing number of homeless households presenting to the Housing Options service could be helped into suitable accommodation.

FARELETS – SCHEME INFORMATION

2. The FareLets scheme comprises three levels of service that landlords can choose from:
 - Tenant Find – The Council matches a tenant with a landlord or 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 three 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% of the monthly rental income. (This is under review to provide competitive rates for landlords). 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.

PROCUREMENT OF PROPERTIES

3. Properties are mainly procured through advertising on the Council website, Council Information Screens and through word of mouth between landlords. Whether used as true TA or privately rented, these are all inspected to ensure compliance with the FareLets property standards and have gas and electrical safety certificates. The Council provides guaranteed rent to the landlords of these properties, and therefore has an ongoing liability for the occupants' safety.
4. More recently, some of the privately rented properties used have been sourced through letting agents, often by the customers themselves following advice from Housing Options. The Council is able to assist with deposits and rent in advance to enable the customer to access the private sector. The large advance payments would normally render this option unaffordable.
5. Tenants sign a repayment agreement for the funds provided and pay this back in instalments. In many ways this can work better for customers, as they can choose where they want to live, rather than being allocated whatever is available as TA or Tenant Find privately rented accommodation.

PROPERTIES AND PLACEMENTS TO DATE

6. There are currently 56 Managed Lease properties in use, 28 tenant find properties and 1 Full Management property. To date, in 2017/18, 35 households have been placed in Managed Lease properties, 3 have gone to Tenant Find properties and 1 has gone to a Full Management property. There have been 24 placements in Council or Housing association owned temporary accommodation and a further 48 households have been assisted financially into the private rented sector.

FUTURE CHALLENGES

7. The need for TA will increase in April 2018 due to the incoming Homelessness Reduction Act 2017. This will increase the scope of homelessness duties, broaden the definition of people that the Council has to assist and increase the duration of the assistance period. However, there will still be a need to access privately rented accommodation to move customers into in the longer term and to enable the Council to discharge its homelessness duty.
8. From April 2018 there will also be a need to ensure that every property used to discharge a homelessness duty, as well as all TA, meets the criteria set in The Homelessness (Suitability of Accommodation) (England) Order 2012. This means that all properties will need to be inspected prior to occupation, even if there is no ongoing rental liability. This will impact on resources and creates delays in the process. There is also a risk that fewer letting agents will want to work with the Council due to the increased requirements for safety certificates and inspection.

RISK ASSESSMENT

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

CONCLUSION

10. The FareLets scheme has been operating successfully since the launch in July 2014 and continues to attract private landlords. However, it has also been necessary to work in different ways to ensure access to the private rented sector. Further TA will be needed in the future to cope with the increased demands brought in by the changes in homelessness legislation due in April 2018. The scheme will be kept under review to ensure that it 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

Review of FareLets – 17th November 2016

Reference Papers: None

Enquiries:

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