

EAST RENFREWSHIRE COUNCIL

CABINET

21 August 2014

Report by Director of Environment

LEASING TEMPORARY ACCOMMODATION FOR HOMELESS HOUSEHOLDS IN THE  
PRIVATE RENTED SECTOR

**PURPOSE OF REPORT**

1. To advise the Cabinet on progress with leasing accommodation from the private rented sector for use as temporary accommodation, to revise the policy in relation to use of council short stay homeless flats and to provide an update in relation to the elimination of the use of bed and breakfast accommodation.

**RECOMMENDATIONS**

2. The Cabinet is asked to:
- (a) note the good progress made in relation to leasing private rented properties for use as temporary accommodation;
  - (b) authorise the Director of Environment to increase the number of properties leased through the scheme;
  - (c) agree to revise the Council's policy of keeping Council owned homeless flats for a period of 5 years and to reduce this to a period of 3 years; and
  - (d) Note the difficulties in obtaining a suitable site to develop a supported accommodation unit.

**BACKGROUND**

3. The council is required to provide temporary accommodation to households who present as homeless:

- While their homelessness application is processed
- For those who are found to be unintentionally homeless for a period until they are permanently housed
- For those who are found to be intentionally homeless for a reasonable period of time while providing advice and assistance to find their own permanent accommodation.

4. Currently East Renfrewshire meet this duty through the provision of 24 furnished flats from Council stock throughout the authority, 10 flats at Overlee House and 10 properties leased from the private rented sector, supplemented by the use of bed and breakfast accommodation.

5. The decision to lease 10 flats from the private sector to use as temporary accommodation was taken by the Cabinet in December 2011.

## **REPORT**

### Private sector Leasing

6. The private sector leasing scheme was established in 2012/13 with the first property becoming available for let in March 2013. The Council now has 10 flats operating as temporary accommodation comprising 3 x 2 apartment, 5 x 3 apartment and 2 x 4 apartments.

7. Nine of the properties are located in Barrhead and one in Neilston and all are of good quality with the landlords retaining responsibility for repairs and maintenance (aside from repairs arising from tenant damage or misuse). The Council advertised the scheme through the Private Landlord's forum, press release and by writing to all landlords registered with East Renfrewshire Council. Interest in the scheme was initially slow but has remained steady from landlords in the Levern Valley. Unfortunately to date there has been no interest from landlords operating in Eastwood. It is thought that this is largely because of the extremely buoyant private rented market in that area with landlords having little difficulty in securing rents in excess of current local housing allowance rates.

8. Landlords participating in the scheme receive 90% of the local housing allowance and leases are agreed for a 2 year period with the possibility of extending them to a 3 year lease if agreed with the Council and landlord. The temporary accommodation team in housing assume responsibility for the management of the properties thereafter and for meeting an applicant's support and housing needs once they enter into temporary accommodation.

9. The scheme has operated successfully since implementation. Only one property had to be returned to the landlord. This was due to an ongoing repair issue which required the cooperation of all owner/occupiers in the block. There have been no other repair issues with any properties and void rent loss has been significantly less than previously estimated.

10. Feedback from landlords and tenants has been positive and few issues or complaints have been raised by neighbours. Where complaints have been received these have been dealt with promptly and to their satisfaction.

11. The rationale for the introduction of the private sector leasing was to permit council short stay flats to be returned to the mainstream letting pool and to assist with the elimination of the use of bed and breakfast accommodation.

12. However since the introduction of the under occupancy charge for Housing Benefit claimants (colloquially known as the "bedroom tax") the usage of bed and breakfast has unfortunately increased. This is partially due to an increased demand for temporary accommodation with more homeless households presenting as homeless. However, the main factor is a lack of suitable permanent accommodation with a significant number of applicants waiting for one bedroom properties.

13. Given the high demand for temporary accommodation and the success of the scheme to date, it is recommended that the number of properties being leased as temporary accommodation is increased to 20. This would enable the council to reduce the use of bed and breakfast accommodation.

### Supported Accommodation

14. An additional measure that had previously been approved by the Cabinet on 21<sup>st</sup> June 2012 to tackle the use of bed and breakfast was to ask the Housing Service to develop a formal costed proposal to develop a supported accommodation unit at a specific location and to report back to the cabinet.

15. Significant extensive efforts have been made to develop such a proposal. Joint working between Housing Services and CHCP has identified a working model that could be effectively deployed were such a facility to be opened. However, it has not been possible to identify a site within Council ownership that would be suitable for the development of such a unit.

16. As a consequence of this obstacle it has not been possible to return to the Cabinet with a costed proposal. For information the Scottish Government have confirmed that funding is unlikely to be available for such a project which could cost around £1.6 - £1.8 million. Given that no suitable site is available within Council ownership then it would be necessary to include site acquisition costs to this figure. Finally indicative ongoing staffing costs could be £400,000 per annum. Overall costs would also have to include property and facilities, administration, and void losses.

17. It should be noted that the continued absence of such a supported accommodation leaves the council with insufficient accommodation to meet the needs of vulnerable households with high support needs.

### Temporary Accommodation

18. East Renfrewshire Council currently has a policy of keeping Council owned homeless short stay flats for a period of 5 years.

19. However concerns can arise from residents if they are required to share communal facilities with occupants of homeless accommodation as a small minority of homeless applicants may have a lifestyle that is not in keeping with that of the wider local area. For this reason it is proposed to revise the Council's policy of keeping homeless flats for a period of 5 years and to reduce this to 3 years.

20. The additional costs associated with this proposal for matters such as decoration are likely to amount to approximately £16,000. It is hoped however that this can be met within existing resources provided that the policy is phased in over the next twelve months.

## **FINANCE AND EFFICIENCY**

21. As highlighted in the previous report to Cabinet there are costs to the Council in operating the leasing scheme. The Council currently charges £24.94 per night for temporary accommodation. This charge covers a range of costs including the payment due to the landlord at 90% of the LHA rate payable on that size of property, Council tax any void rent loss, decoration, internal furnishings, staffing for housing management and housing support and cleaning.

22. Given that a privately leased flat involved a subsidy of around £1000 plus set up costs related to furniture and decoration of around £5,000 then the gross cost of this proposal would be an approximately £60,000 and then ongoing costs of £10,000 per annum thereafter.

23. As noted above it is anticipated that this proposal will permit a reduction in the use of Bed and Breakfast accommodation. This may see cost reductions of around £20,000 in Bed and Breakfast expenditure.

24. The net cost of the scheme is therefore likely to be around £40,000. It is expected that this can be met within existing resources.

25. Consideration was given to increasing the charges levied to occupants of temporary accommodation. However a priority of the service is to ensure that homeless households are not priced out of temporary accommodation and as such this idea was not pursued.

## **CONSULTATION**

26. This report has been subject to consultation with colleagues in Revenue Services and Accountancy Services.

## **PARTNERSHIP WORKING**

27. Consultation with community planning partners has not been necessary in the development of this report.

## **IMPLICATIONS OF THE PROPOSALS**

28. There are no implications associated with this report in terms of staffing, finance, property, legal, IT, equalities and sustainability.

## **CONCLUSIONS**

29. The Council continues to make good progress in leasing properties from private sector landlords as temporary accommodation for homeless households and there is scope for further extending the supply of these.

## **RECOMMENDATIONS**

30. The Cabinet is asked to:

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- (c) agree to revise the Council's policy of keeping Council owned homeless flats for a period of 5 years and to reduce this to a period of 3 years; and
- (d) Note the difficulties in obtaining a suitable site to develop a supported accommodation unit.

Director of Environment

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July 2014

**KEY WORDS**

Private, rented, housing, leasing, homeless, temporary accommodation, bed and breakfast, supported accommodation