

READING BOROUGH COUNCIL

REPORT BY DIRECTOR OF ENVIRONMENT AND NEIGHBOURHOOD SERVICES

TO:	HOUSING, NEIGHBOURHOODS AND LEISURE COMMITTEE		
DATE:	16 NOVEMBER 2016	AGENDA ITEM:	12
TITLE:	HOMELESSNESS: UPDATE ON DEMAND PRESSURES AND ACTIONS TO MITIGATE		
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SERVICE:	HOUSING NEEDS	WARDS:	BOROUGHWIDE
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1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 As detailed in the report 'Homeless Strategy and Reducing the Use of B&B Accommodation' to HNL in November 2015 the pressure on homelessness services in Reading has increased sharply in the last 4 years. This report sets out the pressures facing the local housing authority and approaches to helping those with housing needs.
- 1.2 Whilst the Homelessness Strategy details a range of measures to tackle housing concerns in Reading, it is recognised that the Local Authority needs to remain flexible in its approach to responding to the combined impact of economic, housing and other pressures that are considerably increasing demands on homelessness services.
- 1.3 This report provides an update of the work carried out thus far to manage the homelessness crisis and proposes future activity to help prevent and address arising need.

2. RECOMMENDED ACTION

- 2.1 That Committee note the progress to date to reduce the use of Bed and Breakfast accommodation and increase access to affordable accommodation and further action planned.

3. POLICY CONTEXT AND BACKGROUND

- 3.1 Whilst Reading's economic success has been attractive to employers, it brings with it the challenges of a competitive housing market and Reading is facing significant

housing pressure across all tenures, with house prices amongst the highest outside of London.

- 3.2 As previously reported to HNL in November 2015 demand for affordable housing in Reading remains high and continues to outstrip supply.
- 3.3 Since 2010 homelessness in Reading has increased by over 700%, peaking in 2014/15 at 339 cases accepted as homeless. 2015/16 saw a levelling out of accepted homelessness cases, with 309 cases, however, this general increase has led to the highest numbers in temporary accommodation since 2004. To date in-year numbers are above 15/16 levels of acceptances.
- 3.4 Factors impacting on homelessness in Reading have been detailed in previous reports and include a limited pipeline of new build affordable housing, reducing social housing stock through Right to Buy (RTB) sales, high land prices, and a reducing supply of affordable private rented sector housing at Local Housing Allowance (LHA) levels (Housing Benefit will only be paid up to this amount). The Council's planned programme of new Council housing has reduced as a direct result of Government mandated rent reductions in social housing for four successive years from 2016, with circa 200 fewer homes being developed over the coming 5 years. Access to the private rented sector for benefit-dependent households is being impacted to a greater and greater degree by the freeze in the Local Housing Allowance payable and the further reduction in the benefit cap.
- 3.5 Further threats likely to impact on supply and demand include further restrictions on the use of RTB '1-1' receipts to fund new/replacement homes; the anticipated introduction of a levy on stock-retaining Councils to pay for Housing Association Right to Buy discounts (effectively forcing the sale of void 'higher value' homes; uncertainty in respect of the future funding for supported housing; and potential extensions of local authorities duties to homeless households.

4. THE PROPOSAL

4.1 Current Approach

- 4.1.2 In order to manage the pressure of increasing homelessness the Council has taken a number of steps to manage the use of Bed and Breakfast and to meet the needs of homeless households, including the following:

Reading Borough Council's Homeless Strategy

- 4.1.3 RBC homelessness strategy was published in June 2016 and an implementation plan has been developed to ensure delivery. The main strategic priorities within the Homelessness Strategy are:

- *Priority One - Increase the use and accessibility of the private rented sector:*
- *Priority Two - Prevent homelessness by supporting people to access housing and to sustain their accommodation:*
- *Priority Three - Increase the information and advice available to enable people to make informed decisions about their housing situation*

- 4.1.4 A number of actions have already been completed against these priorities some of which are described within this report.

Prevention of Homelessness

- 4.1.5 The Council's Housing Advice Team takes an active approach to preventing homelessness. Wherever possible the service will support and enable a household to remain in their home and, where needed, to gain the skills to effectively sustain their tenancy in the future. The Authority has reconfigured the way that front line services are delivered to provide a triage service to maximise opportunities to identify risks and prevent homelessness at the earliest possible stage.
- 4.1.6 The Housing Needs Service has commissioned a single provider, Launchpad, to provide housing related support to vulnerable individuals and families who may require assistance in maintaining a tenancy. Both the Council and other funded agencies offer money management advice and pre-tenancy training on tenants' rights and responsibilities.
- 4.1.7 Housing Needs have been running homeless prevention training sessions to teams across the Council to raise awareness of housing issues and increase the opportunities for preventing homelessness. Anecdotally these sessions have proved to be effective and have enabled an increase in effective early intervention.

Increased supply of Temporary Accommodation

- 4.1.8 The Council undertook to increase the supply of temporary accommodation by re-modelling former hostel accommodation which had been unused for some time as they were not fit for purpose and were not required at the time. 18 self-contained units were opened in March 2014 and a further 17 units in June/July 2015. This is in addition to an existing block of temporary accommodation providing 50 self-contained flats. In late 2015/early 2016 an additional 45 properties on Dee Park which have been vacated as part of the regeneration project were made fit and brought back into use as temporary accommodation prior to their demolition, due in phase 3 of the Dee Park regeneration.

Supporting Landlords

- 4.1.9 The Council is providing additional advice and support to private sector landlords so that we create and maintain excellent working relationships with private sector landlords in order to raise standards of practice and accommodation and maximise opportunities for preventing homelessness. The authority is active in tackling rogue landlords and driving up standards in the private rented sector.

Rent Guarantee Scheme (RGS) Launch

- 4.1.10 The Rent Guarantee Scheme was soft-launched in July 2015 in order to offer greater incentive to landlords in letting their properties through RBC. The Deposit Guarantee Scheme (DGS) continues to run alongside it, and is largely used for properties located outside the Reading Borough boundaries.
- 4.1.11 The RGS has proved popular among landlords and, since its introduction, the vast majority of tenancy signups (86%) have been achieved via RGS rather than DGS.
- 4.1.12 In comparing the figures for previous years, for the most part the RGS has addressed the decline in the number of tenancy signups previously seen year on year. For the period July-June (used to compare calendar years from the date the RGS has been live) the scheme suffered a 30% reduction between 2012/13 and 2013-14 (284-200); a 15% reduction between 13/14 and 2014/15 (200-170); but

since the launch of the RGS the number of signups has almost held steady with a 5% decrease (161).

- 4.1.13 The number of new landlords offering properties to RGS or DGS has greatly increased since the launch of the new scheme. This figure represents landlords who have never let properties through either Scheme before, and does not include landlords who stopped using DGS but now use RGS, or landlords who have offered more of their portfolio due to the RGS offer. Analysis carried out in April 2016 showed that 52% of the 109 properties let through the RGS by that date were brand new to the scheme, having never been used on DGS before.
- 4.1.14 Prior to the RGS launch, DGS was experiencing loss of a number of long-standing landlords beginning to let properties elsewhere at rents higher than LHA. Since the RGS launch, many of those landlords have reconsidered their position and offered properties back through the new scheme. Anecdotally it is clear that without the RGS offer the team would be procuring far fewer properties now than they were a year ago. With each new property offered to the RGS, landlords are asked whether or not they would have let their property via the DGS offer. Since the RGS launch, 84% of the properties procured were only offered to the Scheme due to the enhanced offer of rent guarantee.
- 4.1.15 The RGS team invite all applicants to attend a workshop which offers information about the Schemes as well as providing basic money management tools and advice about how to go about sourcing private rented property. Tenant satisfaction regarding the advice provided at the Workshop remains high and whilst this is not mandatory the workshops are well attended.
- 4.1.16 Applicants are strongly encouraged to put the advice regarding finding their own property, which is then inspected and let via DGS or RGS, into practice. The tenant questionnaire indicates that the number of tenants who managed to find their own property has increased slightly, from 22% last year to 27% this year.
- 4.1.17 The percentage of RGS tenants saving towards their deposits stands at an average of 72%. Deposit savings, while important to offset deposit claims, are of lower priority than rent payment. RGS encourages regular deposit payments at very low values for tenants who are struggling financially. Where tenants are experiencing significant financial hardship or flux (such as moving in and out of employment or transitioning to Universal Credit), deposit payments are sometimes suspended in favour of rent contributions.
- 4.1.18 At year end, rent collection stood at 96%. The RGS and the Income Recovery Team closely monitor and support tenants who default on rent payments and have not had cause since RGS launch to request that an RGS landlord serves notice due to rent arrears.
- 4.1.19 At the end of August 2016 there were 302 households in a DGS/RGS property however - so the scheme makes a significant contribution in terms of enabling access to affordable housing in the town. However, notwithstanding the properties secured through the RGS the supply generated is insufficient (together with relets of social rent) to meet current demand.

Private Sector Offer to Homeless Households

- 4.1.20 From 2012 Local Authorities have been able to bring the homelessness duty to an end by a suitable offer of private rented accommodation without household consent. Local authorities were given discretion as to whether to use the new

legislation and Reading Borough Council agreed to implement this approach from 2016.

- 4.1.21 Where the 'private sector offer' is implemented Local Authorities must adhere to a Suitability of Accommodation Order which sets out a required standard and guidelines for use of private sector accommodation for this purpose. The Order requires Local Authorities to take into account several aspects when determining suitability of accommodation, including proximity to employment, education, support or caring responsibilities. In addition it lays out guidelines for the standard of the property, including physical condition, compliance with health and safety regulation and landlord behaviour. Specifically the Council must confirm that the property is affordable for a household; that it is accessible and of an adequate size; and must require landlords to follow a Landlord Code of Conduct.
- 4.1.22 Work to undertake implementation of this approach was carried out at the start of the year, which included updates for cross-cutting policy (Allocations Scheme); updates to IT systems; amending correspondence; and staff training. In March 2016 applicants who had already been accepted as homeless were written to and advised of this change in policy, giving 3 months notification before an offer would be made. Reading Borough Council accommodated the first households through private sector offer in July 2016.

Bed and Breakfast

- 4.1.23 Whilst bed and breakfast accommodation is considered to be unsuitable for households for long periods of time, unfortunately the Council remains reliant on this type of accommodation for emergency placements. The Housing department has been working to ensure that where B&B accommodation is utilised, it is of a decent standard whilst remaining value for money. The nightly cost of B&B fluctuates and is partly demand driven, however, through sourcing new providers of B&B accommodation the Housing Advice team has managed to reduce the average nightly cost of B&B accommodation by approximately 10% between quarter 4 in 14/15 and quarter 2 in 16/17.

Households Accommodated through the Housing Register

- 4.1.24 In order to try to relieve the pressure on emergency and temporary accommodation, the Housing department has prioritised a number of properties through the Housing Register for homeless households.

4.2 Future Plans and Options Proposed

Mobility Scheme

- 4.2.1 Whilst continuing with current approaches the Council needs to ensure it has the flexibility to offer a range of responses to meet the needs of individual families in housing need.
- 4.2.2 Many households may not be aware of opportunities to secure affordable housing in other areas. The Council is developing a package of support to help people to move out of area where they are interested in doing so.

New Build Council Homes

- 4.2.3 The Council is progressing a Local Authority New Build programme to deliver new, Council owned affordable housing. The main site being developed is at Conwy Close, the Planning application for which will be reviewed at the November Planning Committee.
- 4.2.4 A detailed design for this site has been developed in consultation with local residents, Ward members (including lead councillor for Housing) and officers. The design has progressed to include a range of accommodation to meet local need including a mix of 1, 2, 3 and 4 bed homes. The current proposal will see 57 new homes delivered and this is an increase of 17 units against the original proposals reported on the 18th November 2015 to HNL Committee.

New Temporary Accommodation

- 4.2.5 The Council is also developing the use of land at Lowfield Rd to provide 28 new 2 bed units of modular construction temporary accommodation for homeless households. The units will provide self-contained living accommodation with a bathroom, kitchen, living room and bedrooms.
- 4.2.6 Once the units are in place this will reduce the expenditure on the General Fund B&B budget and the units will provide warm, safe and fully equipped homes to meet urgent needs and reduce the number of families in bed and breakfast accommodation.
- 4.2.7 Planning permission has now been granted for the scheme and procurement is underway.
- 4.2.8 The Council is also reviewing further site opportunities on HRA land to provide temporary modular accommodation so more homes can be provided at lower cost.

Homes for Reading

- 4.2.9 The Council has established Homes for Reading Ltd, a housing company wholly owned by the local authority, in order to increase the supply of quality rented accommodation in Reading.
- 4.2.10 The company will be financed principally through Prudential Borrowing via the General Fund, to purchase existing and new properties in the open market. Initial financial modelling indicates that 70% of the properties would need to be let at full market rent levels to create some cross-subsidy to ensure there is no cost to the General Fund (that is, that the model 'breaks even'). 30% would be rented at LHA (Housing Benefit acceptable) levels and let to households at risk of homelessness, reducing the pressure on emergency and temporary accommodation. In time the company will also be able to develop new build housing, where viable.
- 4.2.11 The Council is looking to purchase the first properties later this financial year and intends to take ownership of up to 100 homes in the first year of operation.

Private Sector Landlords

- 4.2.12 The Housing Needs Service is currently undertaking research to better understand the current motivation and requirements of Landlords, to investigate and evaluate any changes in the private rental market, to consider the impact of these on homelessness and make recommendations on our responses in order to prevent

homelessness. This includes consideration of what incentives can be provided in order to make letting to homeless households more attractive.

- 4.2.13 Previous research of this nature carried out in 2014 led to the development of the Rent Guarantee Scheme.

Promotion of the RGS Offer

- 4.2.14 During the early part of 2016, the RGS was promoted via billboards, bus and radio advertising. Monitoring how new landlords become aware of the scheme has consistently shown that the majority are attracted by word of mouth: they hear about the benefits the scheme has to offer from landlords who already use DGS or RGS. With this in mind, 'recommend a friend' promotional activities are being explored including a pilot offer of a cash incentive for the most sought after property types. This will be carried out alongside increased use of social media, advertising in trade magazines and poster advertising in local businesses frequented by landlords. An exceptionally well attended landlord evening with a 'landlord surgery' format took place in October 2016 to further promote the benefits of the scheme.

- 4.2.15 The RGS Landlord Advisor is now in post and identifying and exploring opportunities to access 'new' private sector landlords through various contact points within the Council.

Making best use of Stock

- 4.2.16 The Housing Service is exploring options to more actively promote the Council's Under-Occupation Scheme to free up larger properties and ensure that older people are supported to downsize to more manageable and suitable properties where appropriate.

5. CONTRIBUTION TO STRATEGIC AIMS

- 5.1 This proposal will contribute to the service priorities set out in the Council's Corporate Plan 2015-18:

- Safeguarding and protecting those that are most vulnerable, and
- Providing homes for those in most need.

6. EQUALITY IMPACT ASSESSMENT

- 6.1 Not applicable for this report.

7. LEGAL IMPLICATIONS

- 7.1 The Housing Act 1996 sets out a Local Authority's responsibilities in respect of homeless households who approach the Local Authority for assistance. The legislation specifies that all Local Authorities have a duty to provide temporary accommodation to applicants who are homeless, eligible for assistance, in priority need and not intentionally homeless.

- 7.2 The Suitability of Accommodation Order 2012 lays out the requirements for Local Authorities in making an offer of suitable accommodation.

8. FINANCIAL IMPLICATIONS

- 8.1 Any approach adopted to manage homelessness is likely to impact on the General Fund costs that the Council incurs in meeting its statutory duty and should be developed to ensure the best use of Councils resources, in particular the management of costs associated with the use of bed and breakfast.

9. BACKGROUND PAPERS

- 9.1 Homeless Strategy 2015 - 2020 and Reducing the Use of Bed and Breakfast Accommodation