



Together
we will end
homelessness

Rapidly Rehousing Scotland: the potential role of the Private Rented Sector (PRS)

Conference & Good Practice Report

March 2019



About Crisis

Crisis is the national charity for homeless people. We help people directly out of homelessness, and campaign for the social changes needed to solve it altogether. We know that together we can end homelessness.

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Useful acronyms

HARSAG	Homelessness and Rough Sleeping Action Group
LHA	Local Housing Allowance
MMR	Mid Market Rent
PRS	Private Rented Sector
PRT	Private Residential Tenancy
RDGS	Rent Deposit Guarantee Scheme
RRTP	Rapid Rehousing Transition Plan
SAR	Shared Accommodation Rate
UC	Universal Credit
PSL	Private Sector Leasing

Rapidly Rehousing Scotland:

Potential role of the Private Rented Sector (PRS)

In November 2018, Crisis held a national conference on the role the Private Rented Sector (PRS) could play in rapidly rehousing people who are homeless or threatened with homelessness in Scotland.

The event was aimed at operational staff within housing options and PRS access services in local authorities and third sector. It followed a national online survey on PRS access services around Scotland, completed by the same stakeholders, whose results informed the agenda.

This report follows on from the event. Our hope is that it offers

- a summary of the main subjects discussed at the conference
- a reference point for good practice in rapid rehousing into the PRS, and
- a launchpad for further discussion on this subject

We have provided an outline of main points from each speaker, with their contact details, should you wish to find out more. We've given pointers on other services using similar practice to the services who presented on the day. And we've provided answers to questions which came up on sli.do or in workshops, which may have wider interest.

A lively national discussion on how to make greater use of the PRS to preventing and resolving homelessness in Scotland has started ... let's keep it going!

Crisis Best Practice Team
Edinburgh, March 2019

Conference:

Rapid facts

Who took part?

70 people registered
from **38** organisations.
2/3 of all Scottish local authorities
93% attendance

When & where?

Date 22 November
Venue Cornerstone Centre,
Edinburgh

Scottish local authorities registered

Aberdeen City Council
Aberdeenshire Council
Angus Council
Argyll & Bute Council
City of Edinburgh Council
Comhairle nan Eilean Siar
Dundee City Council
East Ayrshire Council
East Dunbartonshire Council
East Lothian Council
East Renfrewshire Council
Falkirk Council
Glasgow City Council
Highland Council
Midlothian Council
North Ayrshire Council
North Lanarkshire Council
Perth & Kinross Council
Renfrewshire Council
Scottish Birders Council
South Ayrshire Council
West Dunbartonshire Council

Other public sector agencies registered

Scottish Government
Oxford City Council
London Borough of Southwark

Third sector organisations registered

Crisis
Residential Landlords' Association
SeAscape
East Renfrewshire CAB
The Hub, Dumfries & Galloway
Trust in Fife
Rock Trust
YPeople Glasgow
YPeople South Lanarkshire
Shelter Scotland
Homes for Good
HomePointr
Lothians Veterans Centre

Setting the scene:

PRS access in Scotland

Prior to our national conference, Crisis carried out a PRS access survey to obtain an overview of services around Scotland, their main features and challenges¹.

The level of engagement in both the survey and the conference evidenced significant interest in this subject, and an appetite to expand the role the PRS plays in housing households who are homeless in Scotland. Here are some the top line findings.

Survey sent to: **47** services

Response rate: **89%**

Breakdown of responses

88% local authority housing options teams

100% third sector PRS access schemes

80% local authority PRS access schemes

Two thirds of local authorities have no PRS access scheme, or a scheme with no dedicated staff member ...

...whilst a minority have a discrete service with a whole team of staff

80% of services use a **bond model** without ability to offer cash deposits, rent in advance or other landlord incentives

16% have flexibility to provide **cash deposits**, where landlords won't accept bonds. **4%** offer cash only. **12%** can offer **rent in advance** if needed

Established pathways into **Mid-Market Rent** properties for clients referred to PRS access services and good relationships with MMR landlords in Scotland **are in the minority**

Top 3 barriers to property procurement:

1. Welfare reform
2. Landlord reluctance to rent to claimants
3. Landlord reluctance to rent to people who are homeless

Top 3 actions for increasing access:

1. Welfare reform policy change
2. Ability to offer guaranteed rent
3. Ability to offer cash deposits and/or rent in advance

Scottish local authorities are responding to the question of **discharging duties** into PRS under the new tenancy regime in different ways

¹ A full survey report was provided to all attendees in the conference pack. Please contact lucie.dunn@crisis.org.uk or download at: <https://www.crisis.org.uk/about-us/scotland/our-housing-work-in-scotland/>

Scottish Government: PRS in Scotland post-PRT, post-HARSAG & pre-RRTP

A Place to Stay, A Place to Call Home (2013)² set out the Scottish Government's vision for a PRS providing good quality homes and high management standards, inspiring consumer confidence and encouraging growth through increased investment. Its strategy was to raise standards for those housed in PRS, which included a review of the tenancy regime and other legislative change bringing improved security, stability and predictability for landlords and tenants.

Graham Thomson of Scottish Government's Better Homes team set the scene by highlighting the Homelessness and Rough Sleeping Action Group (HARSAG) recommendations with a particular PRS focus.

PRS & HARSAG: the recommendations

- ensure plans are always agreed to prevent homelessness for predictably higher risk groups, including those facing potential eviction from the PRS
- support and enable people to maintain tenancies, including through sustainment schemes tailored to the PRS (such as rent deposit schemes)

- promote the widest range of move-on options from homelessness, including more effective move-on for more people into PRS as a settled housing option, by exploring all options at national, Hub and local levels (such as rent deposit schemes)
- take steps to ensure not only that every local authority has a rent deposit scheme, but also that such schemes are fully accessible and comprehensive
- ensure the social security system offers support to households to avoid homelessness and to exit homelessness as quickly as possible when it does occur (with various recommendations which specifically affect PRS)

PRS & homelessness: what steps will the Scottish Government take?

- use data on PRS access and sustainment services gathered by Crisis, and from Rapid Rehousing Transition Plans (RRTPs), to identify gaps and best practice examples
- work with Housing Options Hubs to consider what changes in local and national policy will fill these gaps to facilitate more people in moving into the PRS

² <https://www.gov.scot/publications/place-stay-place-call-home-strategy-private-rented-sector-scotland/>

- based on this engagement, articulate policy options for Ministers
- clarify and enhance the role of the PRS in helping to end homelessness in Scotland within the updated Code of Guidance, to be published in 2020
- distribute £2m from the Ending Homelessness Together fund to local authorities to provide capacity for RRTP development, with more funding from April 2019

Graham Thomson

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Better Homes Division, Scottish Government

"Lots of good ideas heard at the event. But we need government commitment to implement them"

Local authority housing options officer

Spotlight on discharge of homelessness duty

Our survey showed local authorities are responding to the question of whether to discharge homelessness duties into a Private Residential Tenancy (PRT) in different ways. Some participants in both the survey and the conference requested Government guidance on this matter.

The Scottish Government clarified that the Private Housing (Tenancies) (Scotland) Act 2016 amended the homelessness legislation (the Housing (Scotland) Act 2001) to include the PRT as 'permanent accommodation'. The PRT is therefore on the list of accommodation into which homelessness duties can be discharged.

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When will the Code of Guidance be clearer about discharge of homeless statutory duty into a new PRT?

It is anticipated that a fully updated Code of Guidance will be published in 2020. (Local authorities should note the clarification on the previous page on discharge of duties into a new PRT)

What is Crisis' view about local authorities discharging their statutory homeless duty into the private sector?

Our view is that the law in Scotland now makes it clear that duties can be discharged into the new, more secure PRT. Based on a long and broad experience of working with PRS access schemes across Great Britain, we know that the PRS can offer a sustainable, and often rapid, solution to homelessness for some people. We do not believe PRS is a solution for everyone, but nor do we think this is the case for any housing option. Where a person can afford PRS, access the right support to sustain it (if needed) and chooses PRS, the tenure can provide a valuable alternative to social housing. This can be especially true where the PRS can offer a location, a housing type, or housing within a timeframe which is not available in the social sector

Do we need a national rent deposit scheme in Scotland?

Crisis believes anything which improves the consistency and quality of the PRS, as a housing option out of homelessness, would be a good thing. Landlords and agents have fed back that they don't know enough about access schemes. When they do, the process of engaging can be longwinded, less efficient than working with a commercial agent and varies by authority area. Any opportunity to achieve scale and pool resources on marketing and promotion, at the very least, should be welcome. Endorsement from Government backing a national scheme could only be of benefit in raising awareness of the brilliant work PRS access schemes do, thereby bringing them to the attention of more landlords

Models of PRS access in Scotland: what works where?

HARSAG research and recommendations highlighted the need for “a renewed focus and much more work to provide support and incentives to facilitate access to the PRS”. They also cite a number of access models worthy of further roll-out in Scotland. These include social lettings agencies, Crisis’ housing coach model, Shelter Scotland’s Letting Agent Plus, and traditional rent deposit guarantee schemes (RDGS).

In Scotland, the great majority of PRS access services offer a bond only model. It’s rare to find flexibility in options offered to landlords. All the “add-ons” to a bond only model, shown in the diagram, left, presuppose higher costs for local authorities, but do they also allow savings to be made?

We asked: is it time to add to, go beyond and enhance the bond-only model of PRS access in order to respond to much harsher housing market conditions?

At the conference, we heard from operational staff in Scotland who work in each of the service models highlighted by HARSAG, and from two English services offering alternative, and enhanced, PRS access models in challenging housing markets. These models and their successes and challenges are summarised through the remainder of this report.



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Do you think there is a larger role for deposit schemes to play to assist homeless people to access PRS accommodation?

Yes, we do. But PRS access schemes must be adequately funded and supported to realise their potential. This includes greater contribution to homelessness prevention, and as "spend to save" alternatives to long periods in expensive temporary accommodation.

How are the initiatives funded?

Many PRS access services in Scotland are run in-house by the local authority.

Some have a budget for staffing, others only have a bond pot for claims. Some authorities commission a service from a third sector provider. Funds dedicated to this work by authority varies widely. Some have no service (or budget). Some third sector providers fund or part-fund PRS access through grants. Another source of support can come from volunteers. Crisis produced a report on funding and sustaining PRS access schemes:

www.crisis.org.uk/media/237170/cost_of_access_-_final_report_090116.pdf

We also believe that there is a case for national funding to support access schemes.

PRS Access Model One:

in-house social lettings agency

Perth and Kinross Council's Home First approach was highlighted by HARSAG and in Crisis' Plan to End Homelessness³ as good practice in rapid rehousing. Home First, which aims to assist as many homeless households as possible to move straight into settled housing, has radically reduced the impact, duration and costs of homelessness in Perth and Kinross, in particular the prolonged use of temporary accommodation. Home First makes use of a wide range of housing tenures. The PRS Initiatives Team is responsible for facilitating access and creating pathways into private tenures.

Local context

Perth and Kinross is Scotland's fifth largest local authority with the country's third largest PRS. Its territory is split between rural and urban areas and incorporates both of Scotland's national parks. Lower than average incomes, geographical diversity and rising market rents produce a variety of challenges for the Council, not least a high demand for affordable housing.

Jennifer Kent, Private Sector Co-ordinator, gives a rundown of the service...

The PRS Initiatives Team was set up in 2009 when the Council was winding down its Private Sector Leasing (PSL) provision and bringing the previous bond scheme in house from a third sector provider. Whilst landlords had expressed satisfaction with the service offered by PSL, the bond scheme had suffered low take-up, high claim rates and negative press attention.

The Council re-structured the bond scheme and founded PKC Lets, using PSL temporary accommodation properties as the basis of the new social lettings agency's stock.

PKC Lets offers good value property management, including marketing, tenant find, deposit and rent collection, inspections and repairs coordination. It doesn't guarantee rent or provide full repairs. Alongside, the team offers a 'tenant find and deposit bond guarantee only' package, to landlords who want to carry out their own property management.

The team, which was expanded with Home First transformation funding, has five staff members. Last year, they housed just under 200 households into the PRS, of which some moved into properties managed by PKC Lets and others made use of the bond service.

Since it was set up, the team has shown it is possible to restore and rebuild landlord relationships around bond guarantees, install the PRS as an integral, popular and sustainable option for people in housing need and move away from unaffordable PSL, whilst retaining the positive elements of its management service for landlords.

"In future, we'd like to think about ways to consider available properties in a more tenure neutral manner, rather than focusing on PRS and social rented properties and treating them differently"

Perth & Kinross Council

³ <https://www.crisis.org.uk/ending-homelessness/the-plan-to-end-homelessness-full-version/executive-summary/>

What's working well?

- focusing on a broad range of housing solutions for the majority – PRS (and Mid-Market Rent) can meet some needs as well as, or in some cases, better than social housing
- co-locating the PRS team with housing options and allocations, ensuring PRS is a key part of options discussion and staff can often present immediate PRS solutions, rather than applicants having to do all the searching themselves
- widening service criteria to include households in any form of housing need stopped the service being seen as a 'last resort' and attracted a wider range of landlords. This widened options for homeless people and facilitated planned rather than crisis moves
- tailoring the service to landlord and tenant needs. Landlords can use the full range of property management services or just marketing and tenancy set-up. The service can offer cash deposits or bridging loans if needed. It does not guarantee rent, but can show landlords through reference to rent collection rates that it doesn't need to
- maintaining clear, honest and responsive communication with landlords, including when things go wrong and on the limitations of the service
- maintaining relationships with other letting agencies by promoting the service through word of mouth, good news stories, networking and awareness raising with staff and elected members, as opposed to aggressive marketing
- forming links with the Empty Homes Initiative has provided positive opportunities to make

landlords enquiring about grants to bring properties back into use aware of the services offered by the PRS Initiatives team

- proactive engagement, advice and support to rural estates and landlords advertising property in rural areas (Gumtree, local shops etc). This builds good relationships allowing the service to put customers forward for rural properties

Challenges

- having to register as a letting agent and meet a number of other legislative requirements – not necessarily designed with a local authority in mind
- being unable to use internal sources to promote / develop PKC Lets that other agents would not have access to (such as the landlord registration database)
- maintaining clear communication on the service whilst being flexible – being able to articulate and portray different service offers can be confusing for staff
- continuing to attract new properties as turnover decreases – increased tenancy sustainability is positive, but impacts on availability of lets for new tenants
- developing management services to combat issues surrounding welfare reform (especially Universal Credit (UC))
- deciding whether to increase the management fee which is low at present (£34 per month) but which may affect landlord retention and recruitment in future

- finding a way to discharge homelessness duties into PRS by proactively offering a PRS tenancy in the same way as a social tenancy can be offered

Jennifer Kent

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Private Sector Coordinator, Perth & Kinross Council

"Useful hearing what is & isn't working for others. Perth & Kinross's talk was especially beneficial "

Third sector provider

Who else runs a social lettings agency?

In house: London Borough of Southwark

Social enterprise: Homes for Good (Glasgow-based)

PRS Access Model Two: Housing Coach in a hot market

Coaching, understood as a helping relationship between client and coach through which mutually defined goals are agreed, is used in many different fields of life. It's less common to find coaching and housing paired together.... but for the past few years Crisis has offered Housing Coach services in all of our Skylight centres.

This approach has made small but valuable inroads for homeless households into some challenging PRS markets in Great Britain: could the model be used more widely in Scotland?

Local context

Edinburgh brings together a number of features which make ending homelessness especially difficult: the largest PRS (27% of market) and one of the smallest social housing sectors in Scotland (15%), and an imbalance in supply and demand across owner occupied as well as rental tenures. There is strong competition for every housing type.

Rehousing journeys for people who are homeless are in timescales of years, for all areas of the city. For single people, this could mean years in a B&B. With Local Housing Allowance (LHA) rates far below market rents, there has been no commissioned or Council-run PRS access service for some years. Three years ago, Crisis Skylight Edinburgh (CSE) employed a Housing Coach, with PRS access as one part of the role.

Martin Barnes, CSE's first and only Housing Coach, gives a rundown of the service...

CSE offers learning activities, volunteering opportunities, Progression Coaching and a Work and Learning Coach service, alongside the Housing Coach service. The coaching model involves working with clients to identify their own barriers, goals and actions. Clients can engage with different services at the same time, or sequentially, allowing a holistic approach to their needs.

Each Housing Coach client has a housing plan laying out all housing options open to them. The Coach helps people access temporary accommodation, navigate and make choices in the social housing system, explore Mid-Market Rent and even consider low-cost home ownership. This isn't just lip service: this year we helped two clients access this tenure, one through a Help to Buy ISA, the other through the Scottish Government's shared equity scheme. So PRS is just one option.

Though much of Edinburgh's PRS is unaffordable, due to the size of the market, it's still possible to find properties clients can afford. Crisis supports clients to understand their rights and responsibilities, think about what to say when they speak to a landlord and how to behave at a viewing. Volunteers facilitate weekly property searching workshops to help clients navigate the market and get support with online searching.

Crisis offers a bond for one month's rent, in lieu of a deposit. Where a landlord won't accept a bond, the Coach can pay a cash deposit from their budget, which can also fund a month's rent, furniture items and landlord incentives, such as payment of registration fees or a gas safety certificate. The Coach offers landlords advice on leases and compliance, and supports tenants throughout the tenancy. 27 people accessed PRS in Edinburgh through our service last year.

What's working well?

- Housing Coach budget. Few Edinburgh landlords allow a tenant to move into a property without any cash changing hands, and funds from budgeting loans, Discretionary Housing Payments (DHPs), credit unions, charities and trusts isn't always sufficient. Having a small budget really helps bridge these gaps within a very challenging rental market
- ability to have flexibility to transfer payments quickly, or to agree additional bond values with landlords – it really helps to have a finance department that can move rapidly and make a same-day payment, or access to a credit card
- a single named point of contact who quickly deals with any problems for landlords – this is the one thing that's kept landlords coming back. Oddly, most repeat landlords are those who've had problems with a tenant, but where Crisis has been able to resolve them
- weekly group property searching workshops (or one-to-one for people who need extra IT support or don't feel comfortable in groups). Whilst some landlords approach Crisis with properties, the majority are found by clients searching the market themselves. Usually those who commit to daily property search find one quickest. The landlord will often only be aware of Crisis at the last stage when we make a payment
- the new tenancy regime offers an opportunity as many landlords, especially accidental landlords, are not aware of it. PRS access schemes are in an ideal position to provide advice and guidance to them
- the new tenancy regime does not tie a tenant in to any particular timescale. We have been able to use this to advantage by using "stepping stone properties" where tenants can exit the homelessness system, establish a tenancy and repayment history, and seek to move to a better property in time
- the coaching model's holistic approach. This allows a focus on things that have gone wrong with housing in the past, and how to prevent this happening again. Nobody is excluded from the service, but past tenancy management problems (if there are any), are acknowledged and worked through
- having access to a Work and Learning Coach. Many clients want to improve their housing options by entering work. Crisis can, and often does, help them do both
- having access to volunteers. The ability to design job roles to complement the Coach's work then recruit volunteers adds significant value to the project

Challenges

- staff capacity – which is restricted to part of the Housing Coach's time and two volunteers, working three hours per week – limits the service in various ways. It's not possible to devote the time needed to recruit and engage with landlords and provide meaningful tenancy support for a higher number of people
- it can at times be difficult for one person to manage landlord and tenant support when these may be in conflict

Martin Barnes

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Housing Coach

27 people is the tip of the iceberg for Edinburgh's homelessness problem. But compared to the cost of 27 people in B&B for a year, at around £290 per week, that's over £400,000 of savings, against a cost to Crisis of around £10,000.

Who else provides a housing coach service?

In house: Oxford City Council

"I would have liked to see private landlords involved in the conference "

Third sector provider

Spotlight on **engaging landlords**

In our PRS access survey, just under two thirds of services assessed that capacity to develop better relationships with landlords locally would make a significant difference in increasing PRS access. Within comments, some providers noted that they would benefit from tips on engaging and sustaining relationships with landlords.

John Stewart, Policy Manager at the Residential Landlord Association (RLA), confirmed the barriers we know all too well when it comes to renting to vulnerable people and/or those claiming benefits: landlords often have lender or insurer restrictions when renting to claimants, use credit or referencing checks which exclude much of the client group, or charge rents which are simply above what they can afford – whilst other tenants are often readily available and can pay. That's not to mention landlord perceptions that more intensive management will be needed, as such tenants present greater risk.

But this doesn't represent the whole sector. Some landlords

- have unencumbered properties: mortgage-free or not buy-to-let
- have large portfolios
- prefer a hands off/hassle free approach
- are cash poor

- have an empty home
- are seeking to exit the sector for some reason
- specialise in this part of the sector

So it pays to know your landlords.

How can you get to know them?

- data analysis
- regular communication
- by running forums and meetings
- through enforcement action
- through empty homes work

What can work?

- any method which reduces or mitigates risks – deposit and bond schemes; rent guarantees; social lettings
- repair grants and empty homes advice
- service discounts
- lobby for change - in tax regime, welfare system, lender restrictions
- recognise complex nature of letting business and the restrictions landlords and the products they rely on may have – change tone of discussion and avoid them/us attitudes

PRS Access Model Three: bonds in a rural market

A paper bond, in lieu of a cash deposit, provided by a third sector agency or a local authority is by far the most common method used to facilitate access to the PRS for low income groups in Scotland. Whilst some authorities make good use of this type of scheme, there is no service or very low take-up from landlords and applicants in many other areas. The rent deposit guarantee service (RDGS) run by The Hub in Dumfries and Galloway is a good example of a longstanding third sector scheme which does much to widen housing options in a rural area.

the 1990s, alongside other services, such as IT classes, community engagement activities and a social prescribing project.

The RDGS provides an unlimited paper bond, in lieu of a cash deposit, for people in housing need. It doesn't cover arrears. The service has been funded by a static £35,000 annual grant from the local authority for years. This provides for a restricted £5,000 'bond pot', a weekly information sheet of PRS tenancies accepting people on low incomes and two part-time staff, whose work is complemented by four volunteers.

Local context

Dumfries and Galloway has a declining population, especially in its most rural parts, and significant levels of employment and income deprivation. Despite below average house prices and private rents, there is a lack of affordable housing, due to below average income levels. But with a large PRS (again, especially in more rural parts), LHA levels which often reflect published rates, and private rents sometimes little above those charged by local Housing Associations, the sector can offer a good solution to some people on low incomes.

Last year the RDGS received 184 referrals and housed 119 households. 8 Notices to Quit were issued for RDGS tenancies and 6 claims received, all from single tenants under 35. In the years it's operated, the RDGS has built up relationships with almost 300 landlords and has a target to increase landlord recruitment by 10% per annum, which they are able to meet.

What's working well?

- in a rural area, the RDGS can offer people a choice to stay or move to areas where there's little or no social housing provision, at times enabling them to live near support networks
- the RDGS adds another layer of housing choice for those applying for or already living in social housing, for instance, other house types/features, such as a garden or furniture, or a move away from tenancy problems

Karen Lewis, Hub Manager, gives a rundown of the service...

The Hub is a third sector Community Anchor Organisation providing affordable desk/meeting space, training, funding and business planning support for local voluntary organisations. The RDGS has run since

- the Hub works hard to initiate and grow successful rapports with local landlords, joining and attending meetings and training through Scottish Association of Landlords (SAL), surveying landlords on what matters to them and what would incentivise them to rent to more people, or specific groups, on low incomes
- the Hub's linkages with other projects and services adds value to what the RDGS provides – a person referred can benefit not only from access to a PRS but also IT skills, employability support, help with benefits or volunteering
- sustainability of tenancy rates are high and claims are low: far under the budget set aside for claims annually by the local authority

homelessness for those already in a PRS tenancy

- small scale landlords facing increased regulation, costs and enforcement are making smaller margins and starting to sell up. More could be done with them to bring properties and practices up to standard so they remain in the sector
- decline of the PRS landlord forum locally has taken away a good opportunity to positively engage with landlords on the RDGS and hear their views
- as duties were not previously (before the PRT) discharged into the PRS, the potential of the sector in Dumfries and Galloway has not been fully exploited

Challenges

- welfare changes have decreased landlord willingness to rent to under-35s on Shared Accommodation Rate (SAR). Analysis shows this group is most prone to tenancy failure, often due to arrears, on account of affordability and budgeting problems (see below for a project aimed at improving options for this group)
- more and more landlords are requesting rent in advance and some otherwise accessible PRS properties are lost because of this. Whilst DHPs or the Social Welfare Fund (SWF) could previously be used for rent in advance, this is no longer possible
- a static and relatively small RDGS budget means the scheme can't develop sufficiently to realise its "spend to save" potential, for example through increasing staff time to micro-manage arrears or to fund marketing and landlord engagement
- locally, homelessness prevention funds cannot be used to help people access PRS tenancies, only avert

"The RDGS needs greater investment for us to really maximise our "spend to save" potential."

The Hub

Under 35s, the SAR and the PRS

The Hub noticed under 35s on the SAR were becoming harder to house and more likely to return to homelessness. They surveyed 120 of their landlords to find out what action they could take to improve access and sustainability of the PRS for this group. A small but worthwhile proportion (15%) said if the tenant was partnered with support and tenancy training from a reliable provider they would be more likely to accept a young tenant through the RDGS.

The Hub sought funding for a support service and tenancy training programme to pilot whether this can improve the housing outcomes for young people. Crisis will provide "train the trainer" Renting Ready tenancy training for Hub staff, who will then enrol young RDGS clients and match them with a PRS and support. The aim is to trial shared tenancies in the longer-term by showing this can have benefits for landlords – as 2 x SAR is more lucrative than a 2 bedroom LHA rate, and tenants – as a more affordable and less socially isolated housing option

Karen Lewis

Manager, The Hub

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Who else provides a PRS service for sharers?

In house: Renfrewshire Council

Third sector: Trust in Fife

PRS Access Model Four:

Letting Agent Plus

A greater proportion of Scottish landlords use letting agencies than manage properties themselves, but agents often find it hard to help tenants get the right advice and support to secure or keep a PRS tenancy. Funded by the Oak Foundation, Shelter Scotland's Letting Agent Plus (LAP) project recognised private landlords are not the only group who may need advice and support when letting to vulnerable households in increasingly challenging times for renters.

Local context

The LAP project worked with a cohort of 12 agents across Scotland's central belt. Agents engaged in the project manage PRS properties in Edinburgh and Lothian, Glasgow, Lanarkshire, Ayrshire, Falkirk, Renfrewshire, Scottish Borders and Stirling. A broad range of agents were recruited to the pilot to better reflect the industry across Scotland including Housing Association subsidiaries, rural businesses, a social letting agent, franchises and one of the largest agents in Scotland.

Natasha Miller, LAP Development Officer, gives a rundown of the service...

LAP offered agents free one-to-one support, an advice helpline, training and best practice resources to help them improve access to the PRS and reduce tenancy failure. In return, partner agents agreed to aspire towards the provision of a 'LAP' service model promoting improved access and sustainability. The project not only supported this cohort, but aimed to develop wider solutions and recommendations for the sector, including identifying accessibility and sustainability barriers, finding ways to improve referral routes into advice/support and creating an agent "how to" guide.

What's working well?

- agents engaged well with the concept and service. Agencies readily signed up for the project and, in 18 months, made nearly 100 referrals to LAP
- proactive intervention did prevent homelessness, where tenants received holistic support to address sustainment issues rather than just one-off advice
- proactive intervention sometimes did not avert but did delay homelessness, allowing other options to be explored and planned moves made
- where external support agencies communicated regularly and positively with agents, their opinion, confidence and willingness to seek help for tenants rose

- sustainable, realistic repayment plans were shown to be more effective in helping tenants manage arrears than ambitious plans they couldn't adhere to
- the project provided valuable feedback on the barriers agents perceive from RDGS and how these schemes could be made more appealing

Challenges

- agents working over more than one, sometimes multiple, local authority areas have difficulty navigating advice and support options their tenants may need
- these agents find RDGS, again different in each local authority area and non-existent in some, hard to navigate consistently and prone to problems (explored below)

RDGS - what's the problem?

- schemes don't provide equivalent financial protection to a cash deposit, so agents in buoyant markets will never recommend a scheme applicant over someone who has this
- even where cash deposits can be offered, the local authority can take a long time to issue the monies. This puts the applicant at a disadvantage to someone with cash in hand
- schemes rarely offer rent in advance. In buoyant markets, this means their applicants cannot compete with other potential tenants who can pay this
- many services don't cover arrears

- taking an RDGS tenant can lead to longer void periods and additional staff time (through extra time for assessments, eligibility checks, inspections, paperwork and liaising with the scheme)
- a scheme withdrawing after a year despite the tenant having no or insufficient funds towards their own deposit can leave the landlord with no protection
- responsibility for ensuring that the tenant pays the deposit up varies between different schemes
- support promised often tails off too quickly and can't be reinstated if needed. Agents feel ill-equipped to assist tenants without support and feel schemes don't sufficiently reduce the perceived long-term risk the tenant group poses
- previous bad experience of availability/quality of external advice/support and a lack of confidence and/or belief in external advice services' ability to resolve issues can put agents off recommending tenants coming through schemes
- a feeling that local authorities perceive agents to be the enemy and that any sort of working relationship either never did exist or no longer exists
- schemes vary widely by authority: not ideal for agents working in multiple areas
- a bad experience of one scheme (even in another area) can impact on agent willingness to accept other tenants from a scheme again
- some local authorities have no scheme. Who runs the scheme, how it works and whether there is one is hard to keep on top of

And what could solutions look like?

- re-establishing relationships and trust with the landlord/agency sector in schemes and the support/advice services available to tenants locally
- improved provision of, and ability to access, advice/support services for PRS tenants who may need it after initial support ends, to reduce perceived risk
- more targeted promotion of advice/support services to agents and landlords
- ability to pay cash deposit or rent in advance and to do so quickly
- financial incentives for landlords/agents taking tenants considered as higher risk
- develop free tenant online 'passports' as an alternative to regular referencing
- national measures i.e. tax incentives for landlords accepting tenants on benefits
- a national deposit scheme offering cash loans to help people secure PRS in the same way as help-to-buy initiatives

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Private Renting Project Manager,
Shelter Scotland

"Letting agents need to be made to feel part of the solution to the housing crisis."
Shelter Scotland

Spotlight on welfare reform

In our survey of PRS access in Scotland, welfare reform overwhelmingly emerged as the single biggest barrier to assisting people on low incomes into the PRS.

Welfare has been selected as one of Crisis' four strategic policy priorities over the next five years. This is because of the pivotal, and complicated, relationship the welfare system has with homelessness. When this relationship works as well as it can (or should), the welfare system plays a maximal role in preventing and alleviating homelessness. But when that relationship weakens, the welfare system can itself cause and prolong homelessness.

Crisis is calling for

- Universal Credit (UC) to properly function to prevent and not extend homelessness
- the housing element of UC to cover the real cost of rent
- financial support to cover initial wait for UC for people who are homeless/at risk
- a flexible deductions cap so people are not placed at risk of homelessness
- UC to be better invested in, through staff resources and training, to overcome current errors and delays which place people at risk of homelessness

How are we going to get there?

Our approach includes political engagement, campaigning, research and practical projects. We

- carried out joint research with Chartered Institute of Housing (CIH) in 2018, which showed finding and maintaining housing within LHA rates presents a significant affordability challenge in many parts of Scotland
- are seeking to influence ministers in the DWP ahead of the 2019 spending review, in relation to what will happen to LHA rates after the four-year freeze
- will make the case for realigning LHA rates to the 30th percentile, supported by a cost benefit analysis in the context of savings on the costs of homelessness
- are working with DWP to discuss a homelessness prevention agenda for UC
- are involved in pilots with Jobcentres in Edinburgh, Newcastle and Birmingham, so we can test what works in practice
- have a policy ask in the 2019 autumn budget that housing and homelessness specialists are based in every Jobcentre

Is there any hope things will change?

Yes. Thanks to campaigning, political engagement and research by Crisis and other organisations, often working together, we have seen

- a reversal of cuts to housing element of UC for 18-21 year olds
- an extra £1.5 billion investment into UC in the autumn budget 2017
- increased work allowance and lower deductions in the autumn budget 2018

Can you build links with your local Jobcentre(s) to encourage them to have a better understanding, and build in greater flexibilities for, people who are homeless or at risk?

sli.do

What training would homeless workers in Jobcentres need. What would be their main functions?

Specialists in Jobcentres would be the main point of contact in coordinating local partnership relationships between Jobcentres, Councils and local homelessness and support agencies. They'd be responsible for upskilling workcoaches, giving them a working understanding of homelessness and risk of homelessness; an ability to ask the right questions to identify homelessness/risk; and an understanding of how their own actions (such as sanctions or delays) can potentially cause, prevent or resolve homelessness

**Your ideas for change
(from welfare reform workshop)**

Digital inclusion especially in rural areas is key. You can't expect everyone to get online. You need to go to people's homes to help them

Local DWP advisor knowledge can vary. It would help to get liaison officers in every Jobcentre to help improve communication

GDPR, passwords and consent arrangements – they are all are a problem as consent is not generally granted to workers

Housing support workers could be issued with IT equipment such as iPads to help people they're visiting with UC claims

DWP staff need to be trauma informed, so that they have a better awareness and understanding of the impact of homelessness and other trauma on this group of claimants

Need to ensure first payment doesn't go to the tenant. And stop tenants from building arrears from the first moment they start a tenancy

Help us make our welfare reform campaigning and lobbying more effective...

Your evidence and examples of what is happening locally can contribute to the regular feedback we give to the DWP as roll out continues, and to the body of evidence we're building up to inform the 2019 Spending Review.

Do you have evidence or examples of

- the impact of gaps in LHA rates and rents on tenants and landlords?
- how tenants and/or landlords mitigate shortfalls in LHA?
- UC increasing homelessness risk?
- how Scottish Flexibilities are working well?
- Scottish Flexibilities not working as they should?

Please send evidence or examples to Crisis Senior Policy Officers:

beth.reid@crisis.org.uk

and

jasmine.basran@crisis.org.uk

PRS Access Model Five: guaranteed rent

In Crisis' survey of PRS access in Scotland, guaranteed rent emerged second only to UK welfare policy change as the feature likely to make the most difference in widening access to the PRS for people who are, or are at risk of being, homeless. Whilst no PRS access service in Scotland currently guarantees rent for landlords, some English local authorities with challenging housing markets do. Oxford City Council's Home Choice team has been piloting guaranteed rent for the past two years.

Local context

Rated the "least affordable city in the UK" for some years, Oxford faces huge housing challenges. Almost 30% of its homes are in the PRS, but demand from students, professionals, tourists and potential owners priced out the market is high. PRS rents are double social rents, and fewer than 5% of PRS landlords accept tenants on LHA.

Despite this context, Oxford City Council has taken proactive steps to set up a number of schemes through its "Home Choice" service to encourage PRS landlords to let more properties to people who are homeless and on low incomes/benefits. Partly through these schemes, the Council has been able to near-eradicate use of B&B/hotel accommodation and significantly reduce numbers of families in temporary accommodation (to less than 10% of 2004 figures).

David Rundle, PRS Team Leader,
gives a rundown of the service...

Home Choice, set up in 2003, has so far helped over 1700 families into PRS, with a tenancy sustainment rate at two years of 90%. Home Choice has relationships with over 900 landlords and 450 agents. It offers landlords up to two months' deposit in the form of cash or paper bond, one month rent in advance, a finder's fee incentive (where the tenant is on LHA), a dedicated point of contact throughout the tenancy for advice and support and free landlord training sessions. Tenants are also able to access employability and tenancy training.

In 2017, in the context of rising rents and welfare reforms, Oxford City Council made a budget of £172,000 available to Home Choice for a two-year rent guarantee pilot. The aim was to reduce the number of families placed in PRS outwith the city, by attracting more landlords with property in Oxford. The scheme has two dedicated housing coaches and a part-time income officer.

The scheme offers a rent guarantee for the initial tenancy term (generally one year) at LHA + 10%, regardless of whether the tenant has paid or the property is void. Home Choice collect the rent on behalf of landlords. The scheme provides landlords three months' rent in advance, a damages bond and free property inspections and gas safety checks during the first year.

Tenants receive tailored coaching support to improve their financial situation so they can pay their rent despite benefit gaps. This means support to improve financial capability, access to/improved employment, help to claim additional benefits or referral to independent debt and money management advice. As an incentive to engage with support, tenants can receive temporary top-ups to offset shortfalls. This gives a strong incentive and opportunity for families who want to stay in Oxford, rather than move to a cheaper housing area.

What's working well?

- offering a rent guarantee lowers the financial risk perceived by landlords, especially as Oxford moved to full service Universal Credit during the pilot
- providing the Home Choice team with more market power to negotiate lower rents with landlords – almost 40 landlords have joined the scheme
- strengthening tenant resilience against future homelessness by improving skills and financial capability – 60% of the guaranteed tenancies are now in work and over 80% tenants have moved to a “no top ups” situation
- maintaining a supply of local affordable housing in the PRS so avoiding families being placed in (cheaper) neighbouring local authorities
- tailoring support to manage tenancies and finances - no evictions to date
- spending to save - average cost of delivering a guaranteed rent model per household is a sixth of the charge of nightly paid hotel or B&B accommodation

Challenges

- keeping the arrears figure below the 5% maximum target – this is at 8% due to the income officer post being vacant for a period of time, but now moving downwards
- having enough coach time to concentrate on customer progression, given the amount of additional time needed to get UC claims right first time
- managing higher caseloads as more and more tenants are created

The service has created a short video in which landlords explain why they've chosen to use it:

www.oxford.gov.uk/info/20114/landlords_and_agents/1219/rent_guarantee_service

David Rundle

drundle@oxford.gov.uk
Private Rented Sector Team Leader

“The growing mismatch between LHA and private sector rents represents a serious threat to the tenancies of households on benefits, and the RGS bridges this divide by offering support and incentives to both landlords and tenants.... Landlords have told us that guaranteeing their rent and helping them manage tenancies gives them peace of mind, less hassle and more free time. I would urge any private landlord with properties in Oxford to let through us.”

Councillor Mike Rowley, Board Member for Housing

Who else provides guaranteed rent?

In house: Camden Lettings (part of London Borough of Camden)

In house: Reading Borough Council

PRS Access Model Six: transitional insurance and self-help

For inner London boroughs, attracting sufficient PRS properties at an affordable rent to accommodate homeless households has been extremely difficult for many years due to market rents in London. It's common practice in many boroughs to provide landlord incentives and a range of other types and levels of PRS service appealing to different types of landlords. London Borough of Southwark has offered PRS landlords different service models for some years but has recently moved to pilot schemes placing more emphasis on customer empowerment and choice.

Local context

Southwark is an inner London borough which is geographically small, but densely populated. It has a very ethnically diverse, highly mobile and particularly young resident profile with great contrasts in poverty and wealth. Demand for affordable housing is extremely high, with LHA for a one bedroom at £95 weekly whilst average market rents for the same property size at almost £500 per week, making Southwark one of the most expensive London boroughs in which to rent privately. It has also been a UC full service area for over two years.

As of April 2018, when the Homelessness Reduction Act 2017 came into force, all English local authorities have, for the first time, duties to prevent and relieve homelessness for all eligible applicants, regardless of their priority need status, intentionality or local connection. This requires a full assessment of housing and support needs and a personalised housing

plan. With the third highest number of homelessness applications in England historically, the Council in Southwark faces enormous challenges – well over 20,000 households used the service in the past year, with 80% of those being single person households.

Ian Swift, Head of Housing Solutions, gives a rundown of the service...

Southwark has transformed its homelessness service, materially and culturally, to meet the terms and spirit of the new Act. The Council has built staff, partner agency and customer involvement into its service redesign, including recruiting apprentice officers with lived experience of homelessness. They've provided training for all elected members and staff, and changed the language and approach of letters, leaflets and online resources. The service has a strong preventative focus, with 100% of DHP committed to homelessness prevention.

As part of the culture change, and in spite of a highly challenging local housing market, Southwark has made greater use of the PRS to prevent and relieve homelessness, whilst also eliminating B&B use. The Council has done this through a range of schemes falling under the "self-help" strategic aims of their homelessness strategy:

- Council run social lettings agency
- rent arrears fund
- self-help finder's fee scheme
- transitional insurance
- accommodation finding service

The **self-help finder's fee scheme** helps households source their own PRS in an area of their choice, then provides incentives, in the form of a finder's fee, to landlords. A finder's fee is a payment covering deposit, rent in advance, plus an additional amount. The Council has long used these fees to secure PRS property to offer to homeless households, but only recently have they empowered households with the option of finding their own PRS, which can be in any area of the country.

PRS is included in the household's personalised housing plan if this is a suitable option for them. The Council has produced a self-help guide for applicants to find properties and also provides tenancy training to all applicants. When a household identifies a PRS they can afford, the Council contacts the landlord, checks the tenancy agreement meets legal requirements and makes payment in seven days. Most landlords accept this, feeling referrals via the Council provide additional vetting.

The self-help scheme has been popular, with over 50% of PRS tenancies secured by Southwark under prevention or relief being sourced by the applicant rather than the Council. In the first 9 months of 2018, almost 300 households were housed in this way. Some people have chosen to leave Southwark or move to cheaper areas where they have family, friends or employment options, and the Council will facilitate this.

The **transitional insurance scheme** (co-designed with National Landlords Association, Crisis, Shelter and people with experience of homelessness) aims to address the problems of high upfront PRS deposit costs and of households moving between properties requiring a deposit for

a new home before getting their initial one back. Through the pilot, landlords offering a 12-month tenancy to households referred via the Council's options service receive a non-refundable incentive payment and an insurance policy with the insurance group Canopy, in place of a cash deposit. The Council covers the policy, freeing up other funds from paying deposits. The insurance covers damages of up to £2,500.

For landlords, the policy covers property damages, dilapidation and missing items, activating when the tenant moves in. Through Canopy's RentPassport feature, payments are linked to a tenant's credit score and premium costs, incentivising good tenancy management and reducing potential for arrears. Claims can be paid within an average of two weeks (quicker than existing Tenancy Deposit Scheme timescales).

For tenants, it's possible to move the same policy between properties, avoiding the need for two deposits. Rent payment can be monitored digitally through Canopy's app which helps tenants build a 'renter profile' reflecting their history as a renter. A good rent payment history can boost their credit scores and premium costs.

The pilot has been successful, to the extent Southwark has led a bid for Westminster Government funding to extend the scheme across England, to 35 partner Councils which between them have the most serious homelessness problems.

Ian Swift

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Head of Housing Solutions, London Borough of Southwark

Who else provides self-help schemes?

In house: London Boroughs of Brent and Havering

Conclusions:

key themes from good PRS access models

☑ **Flexibility attracts more landlords.**

Most of the models explored here have different options available to landlords. A service's ability to tailor and adapt what it can offer to landlords, such as rent in advance and rapid transfers of monies, can make the difference between them deciding to use the service or not. Flexibility can be key in opening the door at the beginning. This can be especially crucial in a challenging property market

- **Could you tailor what your service offers to bring more landlords on board?**

☑ **Relationships matter.**

Even in tough markets or following on from schemes with a poor reputation, services have shown they can build, retain and in some cases, restore, good relationships with landlords. Landlords value communication and trust. Two services highlighted that it wasn't providing tenants with no problems that kept landlords coming back, but the way in which they dealt with problems. Relationships take time, effort and most importantly, people: they're hard to create without dedicated staff

- **Could your authority provide or increase resource for this crucial, and potentially cost effective, function?**

☑ **Flexibility in area choice can work for tenants.**

Many Scottish PRS schemes operate only within local authority boundaries. This can restrict choice for tenants who may wish to move to a cheaper or preferred area

- **Could your service consider out of area placements for tenants who don't need ongoing support and have good reasons to move?**

☑ **Widening access criteria can have a positive impact.**

A PRS service which is not only for people who are homeless or threatened with homelessness, but which can include people in any form of housing need, might prevent the service being regarded as a "last resort" by landlords, thereby bringing more landlords on board and widening the options for people who are homeless

- **Could widening your criteria positively benefit your service?**

☑ Linking employability support into PRS access can have real benefits.

Moving into or improving employment, or training towards employment, can widen housing options and affordability. In some areas, the length of wait for social housing and costs and conditions in temporary accommodation can disincentivise and undermine people's attempts to engage with the job market. A service able to support employment and housing needs can offer real value

- **Could your service form better links with employability agencies or even embed an employability worker?**

☑ The new private tenancy in Scotland presents an opportunity.

Some landlords and tenants, or future tenants, are still unaware of the new tenancy regime and how it changes rights and responsibilities. This gives PRS access services an opportunity to provide valuable advice and guidance to landlords, and for housing options services to dispel some applicants' concerns about the insecurity of the PRS

- **Could your service capitalise more on the opportunities the PRT offers?**

☑ Tough markets and cuts don't have to sound the death knell for PRS access.

Whilst services in hot markets will almost certainly have to spend more on incentives than those in more affordable areas, these are the authorities which often have a lack of social housing and use or are at risk of using unsuitable, expensive temporary accommodation

- **Could your authority invest more in PRS access in order to save elsewhere?**

☑ PRS is an important housing option, but not the only one.

A focus on PRS should be accompanied by a similar focus on other housing options, which all have a role to play. Facilitating a clear pathway into PRS can meet some people's needs well, but others may prefer Mid-Market Rent, low cost home ownership, shared housing or age-specific options, as well as social housing

- **Does your options service offer a "maximal housing options" approach, with clear pathways into each tenure?**

Next steps

A key opportunity

This is a key time in Scotland to invest more time, effort and funds into PRS access.

Why?

- it's what HARSAG recommended
- the Ending Homelessness Together Action Plan⁴ from Scottish Government and CoSLA emphasises the importance of the PRS as a settled housing option
- PRS fits in particularly well with a rapid rehousing approach, and will be an important housing option when implementing RRTPs
- the new PRS tenancy regime provides more security and stability
- as plans develop for a duty to prevent homelessness, the PRS will have an increasing role
- there's already significant good practice across different housing markets and models in Scotland, the rest of the UK and beyond, for us to draw upon
- there's real interest across Scotland within local authorities and third sector PRS access services
- there will be upcoming opportunities, through Housing Options Hubs, to explore the local and national policy changes needed to make this happen

Let's keep the conversation going...

- let us know **what you'll need or what would help you** take this work forward, share ideas and practice and raise challenges external to your own authority or service? (resources, events, toolkits, surveys, reports, anything else...)
 - please email lucie.dunn@crisis.org.uk
- let us know if **you'd be interested in being part of a Scotland advisory group** on PRS access which meets from time to time to discuss and feedback on practice and challenges
 - please email lucie.dunn@crisis.org.uk
- given welfare reform has been highlighted as such a barrier to PRS access work, please **feed into our campaigning and influencing work on welfare reform** with your evidence and examples of what's happening in your area
 - please email beth.reid@crisis.org.uk or jasmine.basran@crisis.org.uk

⁴ <https://www.gov.scot/publications/ending-homelessness-together-high-level-action-plan/>

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