

Title of meeting:	Cabinet Member for Housing and Preventing Homelessness
Date of meeting:	20 September 2021
Subject:	Update on assistance for people to secure a private rented home, to reduce homelessness and housing need in Portsmouth
Report by:	James Hill - Director of Housing, Neighbourhood and Building Services
Report Author:	Paul Fielding - Assistant Director - Housing Nicola Clannachan - Interim Head of Housing Needs, Advice & Support
Wards affected:	All
Key decision:	No
Full Council decision:	No

1. Purpose of report

1.1. To provide an update on assistance for people to secure a private rented home, to reduce homelessness and housing need in Portsmouth. This includes an update on previously agreed actions agreed in January 2020.

2. Recommendations

- 2.1. Approve that the 0% rent deposit loan scheme pilot is no longer suitable for delivery.
- 2.2. Subject to funding, proceed with the development of the bond scheme, piloted over the next 12 months, as one element in a range of options offered to landlords to increase access to the private rented sector.
- 2.3. Submit a request for use of up to £85,600 from reserves to fund the pilot of the bond scheme for one year.
- 2.4. Recognise the work of the pilot PRS Access team in helping over 70 families and 123 single people to access the private rental sector. Approve the completion of the pilot to understand if a longer-term service can be sustainably provided.

3. Background

- 3.1. A report was brought for decision on 27 January 2020, outlining options regarding new forms of assistance for people in Portsmouth unable to secure a home in the private rented sector.
- 3.2. The decision was to proceed with further investigation and pilots of two schemes; a 0% interest loan scheme for deposit and rent in advance, and a bond scheme to offer guarantees to landlords as an alternative to paying a deposit or providing a guarantor.
- 3.3. Alongside these new forms of assistance, the City Council's Housing Needs, Advice and Support (HNAS) service continued to develop its engagement with the private rented sector, using £194,000.00 funding from Ministry of Housing Communities and Local Government's (MHCLG) Private Rental Sector Access Fund and other funding to support those who were homeless into the private rented sector.
- 3.4. Before the deposit loan scheme and bond pilots could be taken forward, the pandemic changed the housing market, with moves being restricted in the first lockdown, a ban on evictions and significant resources being diverted to assist single homeless people and those at risk of sleeping rough.
- 3.5. Due to the impact of the pandemic, work to develop these two schemes was paused, and as the city moves into recovery, the needs of residents, and focus of City Council resources previously identified may have changed. Therefore the outcomes of the original report have been reassessed and new recommendations are made within this report.
- 3.6. The two pilot schemes were designed to help address the following barriers to accessing the private rented sector:
 - 3.6.1. High upfront costs of deposits and rent in advance to secure a tenancy;
 - 3.6.2. Landlords requiring a rent guarantor in order to give them extra security that the rent will be paid.
- 3.7. The decision taken was that funding for the schemes, and any financial liability incurred by the pilot, would come from the Leader's portfolio reserve. For the reasons shown above no requests for funding for these schemes has been made. If the recommendation in the report is approved a request to fund from cabinet reserves will be submitted.
- 3.8. The expected costs of a 12 month pilot were £85,600 for the expanded bond scheme (with a maximum additional liability if every tenancy fails of £128,000) and £70,000 for the deposit loan scheme (with a maximum additional liability of £90,000 if every loan were not repaid).

3.9. A holistic approach to all housing issues in the city is important and these schemes are aimed at complimenting the other work that is taking place to help people to join and stay safely within the private rental sector, and to help avoid rough sleeping.

4. Impact of pandemic on household finances

4.1. The pandemic has had a significant impact on household finances, with Citizens Advice estimating that across the UK, 6 million adults have fallen behind on at least one household bill during the pandemic¹.

4.2. This increase in debt has in part been mitigated by millions of payment holidays of up to 6 months provided by lenders. However these ended on 31 July 2021.

4.3. At present, demand for debt advice has not increased in line with increases in household debt, but it is anticipated that there will be an increase in households in debt seeking support.

4.4. The Private Sector Housing and Housing Needs, Advice and Support Services will continue to monitor the impact of the pandemic and the potential increase in demands. Households struggling with household finance can find sources of support on the City Council's website.

5. Provision of Discretionary Housing Payment (DHP)

5.1. Financial assistance with upfront costs to secure a tenancy is provided through the Discretionary Housing Payments (DHPs), administered by the City Council's Revenues and Benefits Service.

5.2. DHP is available to anyone currently in receipt of Housing Benefit or Universal Credit with a housing costs element, where there is a need to move due to affordability, risk of homelessness, or other significant need. However it is not available to anyone who does not currently hold a tenancy, including sofa surfers and those living with family members. Nor are they available to tenants who do not currently qualify for Housing Benefit or Universal Credit because their income is too high, even if they are struggling financially.

5.3. In 2020/21, the City Council provided £370,570 in DHPs for deposits and/or rent in advance. This assistance to secure a tenancy was 44% of the total DHP of £833,153. This total was comprised of £793,153 funding from Department for Work and Pensions (DWP), and an additional £40,000 of pandemic emergency assistance funding.

5.4. This was a significant increase in the total amount provided and a small increase in the proportion of DHP that went to help secure a tenancy compared to 2019/20, when the amount was £227,637, 40% of the total expenditure of £565,787.

¹ <https://www.citizensadvice.org.uk>

5.5. The Revenues and Benefits Services report that they are currently awaiting confirmation from DHP in relation to the final funding for 2021/22, although the government has announced allocations based on the first £100m of a £140m 2021/22 budget for English and Welsh authorities. DWP are now due to provide local authorities with the mid-year contribution, although there may be a delay in providing information. There has been an initial payment of £438,842, and an estimated maximum of around £615,000 which would be 74% of the total spend in 2020/21.

5.6. At this point demand does not appear to be suggesting a budget pressure. Of the £438,842 received by DWP so far this year, Revenues and Benefits have paid or committed to pay just over £201,000 and will continue to monitor the expenditure for DHP.

6. Grant and general funding from Housing Needs, Advice & support

6.1. Financial assistance to secure a tenancy is also provided via HNAS, using grant funding (Flexible Homeless Support Grant for the years up to and including 2020/21 and Homeless Prevention Grant for 2021/22) and general funding. This provision is only available to people who are either homeless or at risk of homelessness.

6.2. In 2019/20, HNAS paid out £116,070 from its Flexible Homelessness Support Grant to secure homes on behalf of 131 households, an average payment of £886. Of the total amount, £93,569 was paid out in the form of non-repayable grant, while £22,501 (19% of total financial assistance) was paid out as interest-free loans to 27 households (21% of households assisted), to be repaid to the council over an agreed period.

6.3. In 2020/21, the City Council paid out £137,016 from its Flexible Homelessness Support Grant to secure homes on behalf of 145 households, an average payment of £945. Every payment was made in the form of non-repayable grant, with no loans being made during this financial year.

6.4. Therefore during the first year of the pandemic, the requirement for a loans scheme as a form of assistance reduced from almost a fifth of the total assistance provided, to zero.

7. Sourcing a partner for the pilot of the 0% loan scheme

7.1. Prior to the decision in January 2020, initial discussions had taken place with a local credit union who would be able to act as the suitable lender that the City Council could direct any Portsmouth resident to in order to apply for a 0% loan for access the private rental sector.

7.2. Negotiations continued following approval, but were then interrupted by the impact of the pandemic. Discussions began again during the summer of 2020 but in September 2020, the chief executive of the local credit union notified the City Council

that their Board had decided not to proceed any further with a rent deposit loan scheme pilot.

7.3. Investigations were made to find alternative providers of the pilot that would meet the needs of the scheme and the City Council's financial rules. There currently are no other suitable credit unions or not-for-profit personal finance lenders operating in Portsmouth who provide unsecured personal finance. One private sector lender that is a member of the Responsible Finance network was identified as a possible provider, but initial negotiations identified that this would incur much higher interest rate charges, making the scheme unaffordable.

7.4. Therefore the current position is that no suitable provider has been identified for the council to work in partnership to offer a pilot scheme, and therefore it is not proposed to continue with a pilot.

8. Bond scheme

8.1. The report in January 2020 highlighted the demand for rent guarantors among private landlords in Portsmouth, and outlined why it is not feasible for the City Council to act as guarantor for private tenancies.

8.2. The approved decision was to develop and extend the City Council's private rented sector bond scheme. The purpose of this was to provide landlords with greater assurance on rent payment, while limiting the council's maximum liability.

8.3. Due to the impact of the pandemic, the HNAS service did not have the capacity to develop and implement the bond scheme pilot during 2020. However the PRS Access team will now take the lead for implementing the bond scheme pilot, alongside other incentives, guidance and support for landlords.

8.4. Implementation of the bond scheme required the development of the bond agreement with support from City Council's Legal team, and this is now complete.

8.5. Resources to manage the bond scheme were identified within the original decision report, and the £85,600 funding will now be required to undertake the pilot bond scheme for 12 months. There is currently no identified source of funding for this work within the existing cash limits so, in line with the original decision, it is proposed that, if the decision is made to continue with the bond pilot, a formal request for the use of Cabinet reserves is submitted

9. Private Rental Sector Access team

9.1. As a result of PRS Access funding obtained from MHCLG in 2019, the HNAS service was able to pilot the creation of the Private Rental Sector Access team. The initial aim was to reduce the need for temporary accommodation by supporting people to find a suitable private sector tenancy. Funding was provided for staff resources and for deposits and top ups for rents for those who are eligible for the service.



- 9.2. The team started in March 2020, just as the pandemic began. The team continued to work throughout the period to find accommodation and secure tenancies for families in temporary accommodation, and for people moving through the rough sleeping pathway. The team has grown to match the demand and currently consists of a manager, two support officers, a landlord support officer and a money advisor, all on temporary contracts. All staff resources are funded from Homelessness and Rough sleeping grants.
- 9.3. The team is responsible for being the main link between the HNAS Service and landlords regarding finding private tenancies for those who have been in some form of temporary or emergency accommodation. The team carry out the negotiation on properties and rents, and also to inspect the property to ensure appropriate property standards are maintained
- 9.4. The team has successfully built relationships with landlords and letting agents, ensuring that suitable deposits and rent in advance is agreed and paid promptly. Currently the team are working with 48 landlords and letting agents, and the plan is to increase this number over the next 12 months. Since April 2021 the team has assisted around 40 people ex-rough sleepers shared accommodation, providing support to ensure the tenancy is sustained, preventing further homelessness.
- 9.5. In the year from March 2020 the team have assisted in accommodating 43 families into self-contained homes and 86 single people into houses of multiple occupation. So far this year the team have supported 32 families and 40 single people.
- 9.6. Using grant funding allocated for homelessness and rough sleeping the team will continue to function until at least the end of FY 2021/22. The bond scheme will be an addition form of funding to ensure more landlords to work with those who need a private tenancy through this scheme. In September an advertising campaign of the scheme available to landlords is planned using a range of media routes including Flagship, Facebook, twitter and other online platforms.
- 9.7. Funding for incentives such as rent deposits and top ups comes from a range of sources depending upon the circumstances of the customer. It can include DHP or specified MHCLG grant funding, either the Homelessness Prevention Grant (from which up to £100,000 has been allocate for those who are in priority homeless need) or the Rough Sleeping Initiative Grant (from which £75,000 has been allocated for those who have been, or are at risk of, rough sleeping). These incentives include rent top-ups to bridge the gap between the Local Housing Allowance for those on benefits and the monthly rental charge and other payments to landlords to enable a tenancy to be offered.

10. Reasons for Recommendations

- 10.1. There is no suitable provider for the council to work in partnership to offer a pilot 0% loan scheme to the general public. It is therefore proposed that the rent deposit loan scheme pilot is not progressed.
- 10.2. Private landlords are increasingly looking for security of a rent guarantee, however. Pre-pandemic the ability of people to secure rent guarantors was an identified issue. Job losses and additional financial burdens associated with the pandemic exacerbate the problem and increasingly landlords are seeking a guarantor whilst customers are unable to secure one. It is therefore proposed that the development of the bond scheme, piloted over the next 12 months proceeds, as one element in a range of options offered to landlords to increase access to the private rented sector.
- 10.3. The Private Rental Sector Access team has helped a large number of families and single people to find an affordable and suitable tenancy in the private rental sector, and has been vital in making the early stages of the rough sleeping pathway successful. It has also helped many people to minimise their time in temporary accommodation, or avoid it all together, by helping to access a private tenancy. The long-term value of the work, and future provision, is still being fully evaluated.

11. Integrated Impact Assessment

- 11.1. An integrated impact assessment has been completed and is attached at Appendix 1.

12. Legal Implications

- 12.1. Local authorities' duties towards homeless people are contained in Part 7 of the Housing Act 1996 (as amended). Local authorities have a duty to secure permanent accommodation for unintentionally homeless people in priority need. Changes introduced by the Homelessness Reduction Act 2017 placed additional duties on local authorities which apply to all eligible applicants irrespective of whether they fall into a priority need category.
- 12.2. The Homelessness Reduction Act 2017 encourages local authorities to improve the provision of support to anyone who is eligible and homeless or threatened with homelessness and introduced new duties on local authorities to take reasonable steps to prevent homelessness for eligible applicants at risk of homelessness and to take reasonable steps to help applicants to secure suitable accommodation.

- 12.3. The duty to 'help to secure' accommodation for those eligible for assistance and threatened with homelessness or homeless does not necessarily mean a duty to directly find and secure the accommodation but involves working with applicants to agree reasonable steps to identify and secure accommodation. The type of reasonable steps a housing authority might take to prevent or relieve homelessness can include providing support to applicants, whether financial or otherwise, to access private rented accommodation.
- 12.4. The Housing Act 1996 and key housing legislation also requires housing authorities to undertake reviews of homelessness within their areas and to have strategies in place to tackle identified issues. The recommendations set out in this report will assist with this.

13. Director of Finance's comments

- 13.1. The Director of Finance comments are made within the main body of the report.
- 13.2. The estimated cost of the Bond Scheme pilot is £85,600, this will be met from the Cabinet Reserve, this will be funded from the previously unspent appropriations from the Leader portfolio reserve approved in January 2020.
- 13.3. There are no other costs associated with the recommendations of this report.

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Signed by James Hill - Director of Housing, Neighbourhood and Building Services

Appendices:

Appendix 1: Integrated Impact Assessment

Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location
Helping people secure a private rented home to reduce homelessness and housing need in Portsmouth (Cabinet member for Housing - 27 January 2020)	Agenda for Cabinet Member for Housing on Monday, 27th January, 2020, 4.30 pm Portsmouth City Council
Portsmouth City Council Private Rental Sector Strategy 2021-2026	Private Rental Sector Strategy for Portsmouth 2021- 2026



The recommendation(s) set out above were approved/ approved as amended/ deferred/
rejected by on

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Signed by: