

Private Sector Leasing and HB Subsidy for Temporary Accommodation

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Overview

- Background to Private Sector Leasing (PSL)
- Link with Scottish Government 2012 homelessness target
- Housing Benefit Subsidy changes – from April 2010
- Delivery models: In-house & Managed Service
- HB role of Managing Agent
- Benefits to service users and public and private sectors
- Questions and discussion

Background to Private Sector Leasing (PSL)

- Local authorities need temporary accommodation to meet statutory duties
- Landlord agrees to lease property to Council in return for guaranteed rent and property condition – usually for 3 to 5 year period
- Managing agent authorised to sign leases with landlords and tenancy agreements with tenants
- Short Scottish Secure Tenancies (SSSTs) generally used
- Has proved successful for Councils, tenants and landlords

Link with Scottish Government 2012 Homelessness Target

- Abolition of 'priority need' category by 2012
- Currently all 'homeless' people entitled to temporary accommodation whilst case assessed
- 'Priority need' households entitled to temporary until permanent available
- Have seen large increases in temporary accommodation provision
- Many PSL tenants choose to move permanently into private rented sector
- Future discharge of duty into private rented sector

HB Subsidy Changes – from April 2010

- Currently Non-Housing Revenue Account rent rebate subsidy thresholds and caps (different for each Council)
- The Income-related Benefits (Subsidy to Authorities) (Temporary Accommodation) Amendment Order 2009
- Change to 90% of the Local Housing Allowance (LHA) based on bedroom size and property location, plus an additional £60 per week for management costs
- Self-contained one bedroom LHA rate to be used for B&B – no management fee

Delivery Models: In-house & Managed Service

- Property Procurement; Tenancy Management; Rent Collection; Maintenance & Compliance; Neighbour Nuisance; Client Accounting
- 14 in-house schemes in Scotland (approx 700 properties)
- 4 managed schemes (O&S) – CEC, ELC, MLC and SBC (2,000 properties)
- Managed option offers cost and risk sharing and access to volumes/locations required

External review

“PSL forms a critical element of the Council’s strategy to meet the 2012 target of providing a home for everyone who is homeless”

**City of Edinburgh Council
PSL Progress Report - Dec 2008**

“Orchard & Shipman are required to ensure that there is a good spread of properties across the city – which they have been successful in achieving”

**Scottish Government Review of the
Private Rented Sector - 2009**

HB Role of Managing Agent

- Part of Verification Framework
- Forms checked; LA able to process as 'streamlined'
- Signed authority from tenant to copy all HB correspondence to agent
- Named contact at LA assists
- Joint working to assist client group, some vulnerable
- Low tenancy failure rate due to rent arrears – around 1%

Benefits for all

- Public Sector – cost saving, risk sharing, improved outcomes; delivers volumes required
- Service Users – provides greater choice of accommodation solutions
- Private Sector – guaranteed income, professional property management
- Allows public sector to focus on core activities e.g. homelessness prevention

Questions & Discussion