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# Private rented homes for homeless single people

Strategies in three London boroughs

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## Summary

This paper examines strategies for improving move-on opportunities to the private rented sector in the three London boroughs with the largest hostel populations. The boroughs are: Camden, Tower Hamlets and Westminster.

### Assessing local needs and demands

All three London boroughs have identified a substantial shortfall in the number of move-on places required for their service users.

Most of this shortfall has to be made up by expanding their use of the private rented sector and they have launched strategies to achieve this objective.

### Promoting the private rented sector

Both residents and staff in hostels have serious concerns about private rented accommodation, most importantly security of tenure and rent levels. Most residents would prefer social housing and many believe they will obtain it if they wait long enough.

The three London boroughs have identified a range of means of improving the information to residents and staff about their prospects of obtaining social housing and the options in the private rented sector. These include early and regular discussions with residents about their resettlement plans, peer education and staff training. These are reported to have had a positive impact on changing attitudes.

Some schemes also offer cash incentives to residents.

In Camden and Westminster there is a policy of threatened eviction from the hostel if residents do not accept a reasonable offer in the private rented sector. However, this rarely results in actual evictions.

### Private rented access schemes

All three boroughs' strategies include private rented access schemes which help homeless single people. They offer a wide range of services which aim to ensure tenancies are available, affordable and of reasonable quality. The services include: help with finding a tenancy, rent deposits and guarantees, rent in advance, other incentive payments, marketing schemes to landlords, advice and support to landlords and ensuring tenancy support is available when needed.

Flat share and lodgings schemes are rare.

### Affordability and accommodation standards

It is important that rents are affordable and do not create work disincentives. This may mean rents need to be below Local Housing Allowance levels in expensive areas.

Prompt payment of Housing Benefit is essential to encourage landlords to offer tenancies to people on benefit.

Schemes vary in the extent to which they check on the quality of properties and more research would be useful on the most cost effective means of quality control.

## Tenancy support

Although the three boroughs target their private rented schemes on people who are capable of independent living, tenancy support is provided under some schemes and helps to ensure that tenancies are sustained.

In the longer term, it would be worth exploring the prospect of extending opportunities in the private rented sector to people with higher levels of need, provided suitable lettings and support are available.

There is a need to develop more links with employment and training schemes for homeless single people moving into private renting.

## Supply and outcomes

The boroughs are still working towards achieving the targets for the number of private lettings they need. However, only one of the agencies interviewed thought that there were underlying problems of a lack of potential supply.

There is a need to develop better outcome monitoring and benchmarking.

Costs appear to vary widely between schemes and more detailed work could be done on benchmark costs.

## A model strategy

The report outlines a model strategy for local authorities covering: strategic planning; hostel move-on strategies; affordable private renting; private rented access schemes and tenancy support. Full recommendations can be found in Section 8.

# 1 Introduction

## The need for local authority strategies for private rented homes for homeless people

A previous paper in this series examined the need for improving access to private renting for homeless single people in London, particularly people in hostels, and the current and potential programmes for achieving this (Randall, 2008). This paper looks in more detail at strategies in three London boroughs with large hostel populations for improving move-on opportunities to the private rented sector. It is hoped that lessons from these will prove useful to other authorities and service providers to this group of homeless people.

The earlier paper outlined how the shortage of affordable housing in London creates a high level of demand for social housing. Many homeless single people are not in statutory priority need and have little realistic prospect of access to social housing. This means that hostels and supported housing projects for homeless single people have great difficulty in accessing move-on accommodation for their residents.

In 2003 it was estimated that 30 per cent of the residents of London hostels for homeless single people were ready to move-on, but there was no suitable accommodation for them (Watkins, 2003). The following year a similar survey of London hostels found that 46 per cent of residents were waiting to move-on (Homeless Link, 2004). A survey in 2006 of major hostels for rough sleepers found an estimated 40 per cent of residents were ready to move-on but unable to do so (Randall and Brown, 2007). In 2005, the Move-on Alternatives Project (MAP) estimated that up to two thirds of residents of supported housing in the North London sub-region were unable to access suitable settled housing, at an estimated cost of £31 million on housing related support for people who no longer required it (MAP, 2005).

Prolonged stays in hostels can also damage residents' progress to independence. Staff in one of the St Mungo's hostels interviewed for this report quoted their research which had found that the benefits of staying in a hostel tended to drop away after 12 months.

The reports on the shortage of move-on housing concluded that there was no prospect of social housing meeting all of the move-on needs of hostel and supported housing residents and that there was a need to expand the use of the private rented sector. Data provided by the Supporting People client record office show that currently only around 11 per cent of residents leaving London hostels move to the private rented sector (Randall and Brown, 2008).

However, there are major barriers for homeless people to access the private rented sector in London:

- the high cost of all housing, including the private rented sector, in London
- the low incomes of homeless people mean that most of them require housing benefit to pay the rent and that they cannot afford deposits and rent in advance
- the support needs of some homeless people can make it difficult for them to sustain a tenancy
- perceptions (not necessarily accurate) among many homeless people and some hostel staff that, by comparison with social housing, the private rented sector offers only high cost, poor quality homes from which they can be arbitrarily evicted at any time
- landlords' doubts over letting to low income, vulnerable people on housing benefit, payment of which can sometimes be subject to long delays.

In response to these difficulties, there are schemes in nearly all London boroughs to help homeless people access private renting. They are referred to in this paper as access schemes. They have been found to be very cost effective. A typical cost for support in a hostel is £150 a week per unit, or £7800 per year, despite the fact that many residents are ready to move-on and do not need such support. By comparison, the unit cost of securing a private tenancy has been estimated at around £1600 for the first year. If tenancy support is required for six months this rises to £2,900 for the first year, or £4200 for those needing support for a full year. There will be no further costs unless any continuing support is needed (Luby, 2008). There are other schemes which have lower costs than these (see Section 7).

A good practice guide for access schemes produced by Crisis advocates close working relationships between access schemes and the local authority so that they can play a full part in local authority housing and homelessness strategies (Crisis, 2008).

## The case study boroughs

The three boroughs selected for case studies were those with the highest number of hostel residents. They were:

- **Camden** which has 1005 hostel units, a large private rented sector at 23 per cent of the housing stock and a social housing stock of 37 per cent.
- **Tower Hamlets** with 985 hostel units, 18 per cent of the stock private rented and a social housing stock of 42 per cent.
- **Westminster** with 911 hostel units, a large private rented sector at 34 per cent of the stock and 82 per cent of newly forming households going into private renting (City of Westminster, 2007). The social housing stock is only 22 per cent.

All three boroughs have active programmes for helping homeless people to access the private rented sector. This paper focuses on the elements of the programmes which help homeless single people who are not in priority need under the homelessness legislation and in particular those who are in hostels.

The boroughs have different strategies, with Camden channelling most help through their in-house hostels Pathways Move-on Team, while Tower Hamlets and Westminster fund charitable private rented access schemes. There is a summary of the different services provided by the access schemes in Appendix 1.

## Research methods

The research methods consisted of:

- analysis of local written strategies, monitoring reports and other documents provided by the local authorities and service providers or published on their websites
- a review of other research on private rented services for homeless people in London
- in-depth face to face interviews with twenty staff from the local authorities and service providers.

## Structure of the paper

This paper examines:

- assessing the needs and demand for private renting by homeless single people (Section 2)
- promoting the private rented sector to this client group (Section 3)
- private rented access schemes (Section 4)
- affordability and accommodation standards (Section 5)
- tenancy support (Section 6)
- the supply of accommodation and other service outcomes (Section 7)
- a model strategy (Section 8).

## 2 Assessing local needs and demands

Section 1 showed that there is a wide gap in London between the need for move-on accommodation from hostels and the availability of social housing for homeless single people who are not in statutory priority need. The only realistic way of filling this gap is by greater use of private renting. This is particularly the case in the three case study boroughs because of the high numbers of hostel residents and housing shortages in these areas. In all areas this means a large planned increase in moves to the private rented sector.

Camden estimates that a total of around 160 private rented move-on units a year are needed. This target was set when the team was first established and will be reviewed shortly.

Tower Hamlets, in 2007, identified over 450 hostel residents who required move-on against an annual supply from all sources of around 110 units, leaving a gap of 340 units. In 2005-6 out of 1007 departures and 337 planned moves, only 18 people went into the private rented sector. They did not expect that private renting could immediately fill all of this gap. The borough plans to maintain 70 social housing lets annually to hostel residents and increase annual moves to the private rented sector to between 100 and 125 by 2008.

Westminster have the most structured method of assessing total demand by use of the move-on plans protocol (MOPP) produced by Homeless Link. MOPP consists of a partnership between the local authority and the voluntary sector. The first stage is a move-on audit completed by each hostel, which records numerical information on the need for move-on, the available supply and identifies any barriers to effective move-on. This leads to an action plan which sets move-on targets for the different types of housing stock and the actions necessary to fill any gaps in supply. Progress is regularly reviewed. There are further details at:

<http://www.homeless.org.uk/policyandinfo/issues/rehousing/mopp>

The audit in Westminster found that 34 per cent of hostel residents were able to move into private rented accommodation. The local authority believe the number would eventually prove to be higher than this. Indeed, a project run by Look Ahead Housing and Care and funded by the local authority to encourage more moves into private renting (see Section 3) estimated that 90 per cent of tenants in one of their hostels could move into private renting. Westminster targets are for around 200 annual moves into private renting.

## Conclusions

All three London boroughs with the highest number of hostel residents have identified a substantial shortfall in the number of move-on places required for their service users.

Most of this shortfall has to be made up by expanding their use of the private rented sector and they have launched strategies to achieve this objective.

## 3 Promoting the private rented sector

One of the major barriers to expanding the use of the private rented sector for homeless people is its unpopularity, particularly by comparison with social housing. This section examines the views of hostel residents and staff on private renting, whether they reflect the real options of residents and what is being done to provide residents and staff with more accurate information.

### Barriers to accessing the private rented sector

Focus groups with hostel residents in London for the London Housing Foundation found strong resistance among many to considering private renting as a move-on option, even where their chance of social housing was very limited (Randall, 2007).

Key findings were:

- The major incentive for residents to consider private renting is when they have little chance of social housing. It is important for residents to be given a realistic assessment of their move-on options as soon as they enter the hostel and for this to be reinforced in subsequent interviews.
- Security of tenure is the major concern for both residents and staff in considering a private rented tenancy.
- The next most important concern is affordability. There is a need for better information on rents in different areas and calculations for residents, at an early stage, of how much better off they will be in work.
- Bad property conditions in the private rented sector in London are not seen as a major problem.
- Choice of area and property are seen as two advantages of private renting and the more schemes can maximise choice, the more popular they are likely to be. In the longer term, it would be worth considering the integration of private rented properties into choice-based lettings schemes, which would also allow applicants to compare their realistic opportunities in private and social housing.
- Hostel residents are reassured by the availability of some tenancy support in private rented accommodation, even if it is not needed.
- Where people have low or no support needs, it would be better to arrange an immediate private rented tenancy instead of a move into a hostel.
- Where people do have an entitlement to social housing and have low support needs, it would be worth considering using the private rented sector as second stage accommodation, while they are waiting, as an alternative to hostels.
- Attitudes to private renting can change if people have little realistic chance of social housing and if the protections offered by access schemes are explained to them. Peer training could be effective, especially from former residents of the same hostel and in the same age group.

Focus groups with staff in the same hostels found wide variations in the extent to which they considered private renting to be a viable option and the degree of encouragement they gave to residents to consider it (Randall, 2007).

## The barriers in the three London boroughs

These findings were reflected in all three boroughs. The authorities and providers confirmed that hostel residents still commonly believed they would qualify for social housing. The residents were concerned about security and rents in the private sector and that they would lose their points on the housing list and their local connection if they moved out of the borough. If people were in high quality self contained hostel or second stage accommodation there was even less of an incentive to move on and they became accustomed to living there. There was a lack of knowledge about the private sector.

Some hostel staff and managers were also said to have been opposed in the past to private sector options for their residents. Interviewees in two of the boroughs said that staff had been even more resistant than residents, with some thinking that residents had a right to social housing. A private rented access scheme manager pointed out that some hostels had become accustomed to residents staying for years because of the lack of move-on and so were not working hard to rehouse residents, who became institutionalised as a result. A change in staff attitudes was a precondition of changing the expectations of residents. One manager mentioned that younger staff, who were themselves living in the private rented sector, were more likely to think there was no reason why it should not be good enough for their service users. In one borough, elected members were also reported to be nervous that hostel residents might be pressurised into moving into private renting.

Some misconceptions emerged during the interviews with hostel staff for this research. One thought that the scheme they used had no quality control over landlords, and was not aware they had to belong to the London Landlord Accreditation Scheme (see below). The same hostel's written resettlement policy focussed exclusively on social housing and made no mention of private renting. Another hostel manager did not know about the authority's deposit guarantee scheme.

## London borough strategies to overcome these barriers

The case study local authorities and hostels have adopted a number of strategies to break down these barriers.

### Information for hostel residents and staff

Providers emphasised the importance of regular discussions with residents about their resettlement plans, starting as early as their induction interview and in meetings with their key worker. Where, as in the great majority of cases in some boroughs, social housing was not an option it was important to make this clear from the beginning and constantly to reinforce this message.

The boroughs have tried to ensure that residents have a realistic picture of their chances of social housing.

In Camden residents are guided through the housing options bidding process to show that, while the majority who are ready to move-on have on average 225 points, the average local authority studio property requires 380 points. Even additional points for waiting time or medical points leave the great majority short of the necessary total.

In Tower Hamlets the single homeless team (HOST) visit hostels to explain to residents the very limited availability of social housing and to promote the private sector alternatives.

In both Westminster and Tower Hamlets the boroughs have funded a project run by Look Ahead Housing and Care to promote the private rented sector to hostel residents, including dispelling unrealistic expectations of social housing.

There was widespread agreement that peer education by former residents who had successfully moved into private rented accommodation had an important role to play. This could work both formally, by inviting them to meetings or activity groups, and informally through friends talking to each other. Peers tended to have greater credibility than staff, who were sometimes suspected, inaccurately, as trying to withhold social housing opportunities from residents.

Authorities and providers also emphasised the need to give information on the positive benefits of private renting, including a wider range of choice of properties and areas and speed of rehousing. Fears about poor conditions, security and affordability could be allayed by specific examples of private rented homes that former residents had found.

The boroughs and several hostel managers identified the continuing need for education programmes with staff to encourage them to make a realistic assessment of service users' options and to be enthusiastic in promoting the alternatives. This includes giving them accurate information on conditions, affordability and the length of tenancies in the private rented sector. One hostel shows staff photographs of former residents' private rented accommodation and some were surprised at the high standards.

### Cash incentives for tenants

Westminster also offers some cash incentives to tenants for moving into the private rented sector. A small pilot rent deposit scheme allows individuals to keep any money left over after paying the deposit and initial rent from a flat rate payment of £1500 for self contained or £1000 for shared accommodation. Residents moving out of one hostel are offered a payment of £300 to help them move into private rented housing.

### Offers of private rented accommodation

The boroughs vary in their policies towards people who refuse reasonable offers in the private rented sector.

In Camden, where the pressures on social housing make it unavailable for the great majority of homeless single people, two reasonable offers of private rented accommodation are made after which residents are notified they will be evicted. A reasonable offer is defined as self contained accommodation in Camden or a neighbouring borough, usually a studio flat. In practice, it has been found that people accept offers once they realise nothing else is available and only one person had been evicted in a four month period. He decided to stay with friends and did not become homeless.

In Westminster, hostel residents are informed they will be evicted if they refuse to consider private renting.

In Tower Hamlets there are still 70 social housing lettings available for move-on from hostels each year. Residents are encouraged to consider private renting but not threatened with eviction if they refuse. A further incentive is that, if they move into private rented accommodation, they keep their place on the housing register with the same opportunities for rehousing as when they were in the hostel.

## Conclusions

Some residents and staff in hostels have serious concerns about private rented accommodation, most importantly security of tenure and rent levels. Most residents would prefer social housing and many believe they will obtain it if they wait long enough, although expectations are being changed.

The three London boroughs have identified a range of means of improving the information to residents and staff about their prospects of obtaining social housing and the options in the private rented sector. These include early and regular discussions with residents about their resettlement plans, peer education and staff training.

Some schemes also offer cash incentives to residents and in two boroughs a policy of threatened eviction from the hostel if they do not accept a reasonable offer in the private rented sector.

## 4 Private rented access schemes

### Introduction

Schemes to help hostel residents and other homeless single people access private rented accommodation are central to the strategies of all three boroughs. This section examines the schemes in the three boroughs and makes some comparisons with other London schemes, drawing mainly on research published by Crisis and the London Housing Foundation (Hoffland and Watson, 2007) .

The schemes involve some or all of the following features:

- finding a suitable tenancy
- payment of rent deposits to landlords or, as an alternative, giving the landlord a guarantee or bond, to cover losses caused by damage and in some cases rent arrears
- payment of rent in advance
- other incentive payments, in the form of an additional “finder’s fee” to landlords
- ensuring rents are affordable and within housing benefit limits
- help with claiming housing benefit and ensuring it is paid promptly
- providing a specialised letting agency service, actively seeking landlords who are willing to let to this client group
- vetting landlords and tenants
- a tenancy support service, which helps to ensure that clients can sustain their tenancies and that landlords are prepared to let to homeless people and others on benefits
- advice and support to landlords on their rights and obligations and on good management practice.

### The borough schemes

In Camden the main route into private renting for hostel residents is through the council’s Pathways Move-on Team. They meet with residents to help them find independent accommodation. They ensure that residents have the correct bidding points for the local authority choice based lettings scheme, but in

the great majority of cases this involves demonstrating to residents that they do not have sufficient points to qualify for social housing. Camden also have an in-house team (the Housing Options and Development Team) which finds suitable private rented properties, usually studio flats. The Pathways Move-On Team arrange viewings and liaise with landlords. They also ensure that floating tenancy support is available.

In Tower Hamlets hostel residents are assessed by the council's Single Homelessness Team (HOST). Where they are suitable for private renting they are referred on to Homelink, a rent deposit scheme run by Quaker Social Action and funded by Tower Hamlets to provide a target of 150 private lettings each year to council nominees, of which half will go to hostel residents. Service users are normally expected to find their own accommodation, although they are advised on how to look for properties and referred to local agents with whom Homelink have developed good working relationships.

In Westminster the authority has funded two private rented access schemes run by voluntary agencies. The Real Lettings scheme, run by Broadway, aimed to provide access to 55 private tenancies over a 20 month period and the Two Step scheme, run by Hope Worldwide is funded to provide 120 units of shared accommodation over a year. They also piloted a small rent deposit scheme run by their own Housing Options service, with Funding for ten tenancies.

The rest of this section examines how the different agencies provide the range of services listed above.

## Finding a tenancy

Private rented access schemes tend to follow two models: those in which service users are expected to find their own properties (Homelink in Tower Hamlets) and those which match tenants and landlords (Pathways in Camden, and Two Step and Real Lettings in Westminster). However, there is flexibility: Homelink refers people to local agents with which it has established good working relations and those which offer a matching service also allow for people to find their own properties.

The agencies interviewed identified benefits in both approaches. The ability to look for their own property:

- allows a greater choice to tenants, both of types of property and area: in total 17 London schemes allow people to move to other local authority areas (Hoffland and Watson, 2007). It was reported that people could sometimes find better accommodation than that available through the agency scheme
- gives service users a more realistic view of what is available within their price range and also what might be available if their income grows over time
- enhances service users' independent living skills.

Landlord and tenant matching services enable:

- more effective quality control by the agency over property and management standards. Some providers gave examples of, for example, problems over repairs where tenants had found their own flats
- access for people who are not yet well equipped to deal with the private market, for example people with support needs or limited English
- closer matching of landlords and tenants
- a continuing working relationship between agencies and landlords should any problems arise or other vacancies become available.

Flexibility is helpful: key workers in one hostel found that if they accompanied some residents on one or two visits to properties, they could then manage other visits on their own.

Flat shares are necessary for many young people, because housing benefit for single people under the age of 25 will only pay the cost of a single room in a shared flat or house. Access schemes offering flat shares are rare and there is a widespread view among hostel staff that residents are not prepared to accept them. Two Step is unusual in offering mainly shared accommodation. Camden also runs a scheme which helps to set up flat shares but has only around ten such properties.

Lodging schemes are even rarer, although Two Step runs the Stopover project where volunteer hosts put up homeless people on a temporary basis while longer term accommodation is found for them.

Tower Hamlets has been investigating whether flat sharing and supported lodgings schemes would be viable.

## Rent deposits and guarantees

Landlords in London usually require a deposit of several hundred pounds and most homeless people do not have such savings. Eighteen of 42 London schemes surveyed offered cash deposits (Hoffland and Watson, 2007). However, earlier research found that there was great difficulty in recouping deposits (ALG, 2005). Most schemes offer instead a guarantee (or bond) that agreed losses will be reimbursed, up to a maximum limit.

Among the case study boroughs, Camden had the most generous scheme with a £700 deposit guarantee. However, these were under review. Homelink in Tower Hamlets offers a guarantee equal to eight weeks rent and has found it works as well as a deposit. Two Step in Westminster has found that landlords will accept a small or even no deposit, usually around £100 to £250. They ask service users to pay at least a proportion of the deposit, as they have found that it increases the likelihood of the tenancy succeeding. Real Lettings in Westminster provides a tenancy management or leasing service to landlords which includes rent collection and there is therefore no need for other guarantees.

The Good practice guide for deposit schemes (Crisis, 2008) recommends the use of guarantees rather than cash deposits as more cost effective, and experience in the three boroughs supports this conclusion. Camden reported that they were considering reducing or scrapping these and other incentive payments.

## Rent in advance

Despite the fact that most landlords require rent to be paid in advance, housing benefit pays in arrears. There are also problems with delays in the payment of housing benefit (see below). This may be a disincentive to landlords. However, less than a third (13) of the London schemes pay rent in advance, which is usually recovered from the first housing benefit payment. (Hoffland and Watson, 2007).

Only Homelink in Tower Hamlets offers four weeks rent in advance and the experience of other schemes suggests that they can operate effectively without such payments.

## Other incentive payments to landlords

Four local authorities in London were reported to make additional payments to landlords ranging from £150 to £500, sometimes called “finders’ fees” (Hoffland and Watson, 2007).

Camden was in 2008 offering a one-off incentive payment of £700 in addition to the deposit guarantee

of the same amount. For flat shares there was a £2,000 incentive payment per flat. The borough was, however, reviewing whether these payments were necessary. There are also empty property grants of £10,000 to £15,000 in return for which Camden receives nomination rights for three years.

Real Lettings have experienced difficulties in recruiting landlords and suggested a need for direct subsidies of perhaps an extra £15 a week.

However, the great majority of schemes in London do not appear to need incentive payments. There could be a risk of local authorities bidding up prices if the practice becomes more widespread and more local authorities make payments to landlords with properties in other boroughs.

## Marketing access schemes to landlords

Schemes can use a variety of means of recruiting landlords including:

- contacting landlords who have advertised properties in the local press
- articles in local papers
- contacting estate agents and lettings agencies
- advertising through leaflets and posters
- targeted mailings, for example with housing benefit correspondence from the local authority
- public events.

## Advice and support to landlords

Three quarters (28) of the schemes in London provide additional advice and support to landlords, as an incentive to participate and to help ensure the tenancy is successful (Hoffland and Watson, 2007). Services to landlords can include:

- ensuring that people they refer are ready for the responsibilities of managing a tenancy (see, Section 6, Tenancy support)
- providing tenancy agreements
- ensuring housing benefit is paid
- an inventory of fittings and furniture
- ensuring tenants understand their responsibilities
- explaining landlords' legal responsibilities
- liaising and mediating between landlord and tenant
- action to prevent rent arrears and chase late payments
- advice on repairs and improvements
- advice on possession proceedings and evictions
- training sessions
- information packs and newsletters

- the facility to contact the agency with any questions or concern they have, either about a particular tenancy or about letting in general, with referral to other agencies for more detailed help where necessary.

The type of support given to landlords varies widely between schemes, from Real Lettings which offers a range of management services to instances where the service user has found their own property and the agency has only limited contact with the landlord.

## Other help

Private rented access schemes also help with:

- ensuring rents are affordable and Housing Benefit is paid promptly (see Section 5)
- vetting of landlords and accreditation schemes, which can improve the quality of the private rented sector and ensure good management standards (see Section 5)
- ensuring tenancy support is provided where necessary (see Section 6).

## Which type of scheme?

The agencies interviewed identified different benefits with different types of scheme.

Hostels working with the Camden Pathways local authority scheme were very satisfied with it. They said that it was well resourced and organised and offered residents a good choice of suitable accommodation. Only one thought that an additional service would be useful, as it might offer more choice. It had been suggested at symposia of providers organised by the London Housing Foundation that small landlords were suspicious of working with local authorities (Cripps, 2008), but this did not seem to affect adversely the supply available to Camden (see Section 7).

The benefits of voluntary agency schemes, particularly the smaller agencies, are seen as their flexibility in working with small landlords and their ability to form relationships of mutual trust with them. A range of agencies also allows for more consumer choice.

A route which might be developed further would be joint work with private sector lettings agencies. It is estimated that there are 12,000 agencies operating in England and about half of all lettings are managed by them (Law Commission, 2007a). Some deal with the housing benefit market and can help to persuade landlords to let to this group (Rugg, 2007).

Interviewees were asked whether they thought that there would be any advantages in pan-London or sub-regional access schemes from which local authorities could purchase services. The purpose of such an agency would be to ensure economies of scale with sufficient resources to provide a high quality service, a high profile which would attract landlords, equal standards of service across London and wider choice of properties and areas. On the other hand, it might damage existing schemes and be too centralised to cater for local private rented markets.

There was a mixed reaction among interviewees to the idea. In Camden, where there is a well-resourced and effective borough scheme, a regional scheme was generally thought to be unnecessary, although one hostel thought it might offer additional choice, especially in terms of area.

In Tower Hamlets the borough was not convinced of the need for a wider London scheme, as they were increasingly using hostels for local people who wanted to stay in the area and could help people to move to other areas if they wished. They saw advantages in a scheme drawing on local knowledge and established relationships. They are open to considering other models, but the details would need to be

clear and specific. They have also worked successfully with schemes which are not based in the borough such as the Transitional Spaces Project (see page 27). One hostel thought it would be good to work with a range of private rented access agencies, including a regional scheme to give residents choice.

There was more support for the idea in Westminster, with the local authority staff thinking that it might save duplication of different authorities and agencies having to develop the skills to work with the private rented sector and that it would help with changing attitudes in hostels to private renting. This view was echoed in the local day centre, who thought it would offer more choice and expertise and in a hostel who thought that any such agency should have local offices that could work flexibly and informally with landlords and tenants.

## Conclusions

All the boroughs' strategies include private rented access schemes which help homeless single people offering a wide range of services which aim to ensure tenancies are available, affordable and of reasonable quality. These include help with finding a tenancy, rent deposits and guarantees, rent in advance, other incentive payments, marketing schemes to landlords, advice and support to landlords and ensuring tenancy support is available when needed.

However, flat share and lodgings schemes are rare.

The evidence from boroughs indicates a number of good practice lessons which are outlined in Section 8.

# 5 Affordability and accommodation standards

## Affordability and work disincentives

The partner agencies in the three boroughs seek, to varying degrees, to ensure that private rented rents are affordable to their users.

Housing benefit is essential for making private renting affordable for many low income tenants. However, both the rules governing housing benefit and its administration have caused problems because of:

- restrictions on the level of rent covered by benefit
- work disincentives caused by the withdrawal of benefit as income rises.

Housing benefit is only payable on a fixed rent level. Historically, this was determined on individual properties, taking into account local market rents and the size of property suitable for the tenant. From April 2008, this was replaced by a flat rate Local Housing Allowance (LHA) based on average rents in the area and the size of the household. If the rent is higher than this amount the tenant either has to negotiate a reduction, or pay the extra themselves.

The position for tenants aged under 25 is even more difficult, as they are entitled only to claim for the rent of a single room. This is known as the single room rent restriction (SRR).

Housing benefit claimants are often unaware that they can continue to claim while in low paid work.

This can create a disincentive, either for them to accept a private tenancy which they think might not be affordable on a low income, or for them to seek work if they are in such a tenancy.

However, even if accurate information is available, the withdrawal of housing and other benefits as income rises can act as a disincentive to find work or seek better paid employment.

## Local authority responses

Before the introduction of the LHA, there was a concern among homelessness agencies that the level would be set too low and that the private rented sector would become unaffordable. In practice, the outcome has been more complex.

In Camden, the LHA was fixed at a relatively high level of £365 a week in central London and £255 in the north (Table 5.1). It was reported that this had increased the supply of private rented accommodation for the scheme but at a level that would create serious work disincentives for tenants. It might also lead to landlords increasing rents to the LHA level. In response Camden have negotiated lower rents with landlords. This has the additional benefit that, where the actual rent is lower than the LHA, tenants can keep the difference up to a maximum of £15. The result is that many private tenants are now better off than those in social housing on the same incomes. However, one hostel reported difficulties in getting residents to believe they could be £15 a week better off in private renting. Camden also helped people leaving hostels to move to neighbouring boroughs where rents are lower. Actual rents paid by tenants ranged from £175 - £220 a week, with an average of around £200 for a studio flat.

**Table 5.1: Local Housing Allowance levels, October 2008**

Area	Single, under 25 £	Single, over 25 £
Central London (Camden, Westminster)	153	365
Inner/North West London (Camden, Westminster)	118	255
Inner/East London (Tower Hamlets)	124	225

In Tower Hamlets, the LHA was £225 a week while £180 was considered to be the minimum for a 1 bed flat.

In inner Westminster the LHA level was £365 a week, too expensive for people wanting to work. Service users were unwilling to consider rents of this level. As in Camden, it was thought that the LHA had inflated rents, but Real Lettings had not found it possible to negotiate lower rents with landlords. The day centre thought therefore that it made sense to concentrate the private rented sector in Westminster on those who had no prospect of working. The upper limits for affordability were thought by provider agencies to be £150 to £170 a week. Two Step could provide shared accommodation for between £80 and £130 a week outside the borough and studio flats at £120 to £250 a week.

There were some problems reported in Camden and Westminster over direct payments of Local Housing Allowance to landlords. A few landlords had left schemes because LHA is automatically paid to tenants, except where they are classed as vulnerable. There are also a few reported cases of tenants getting into arrears, or receiving large back payments which they were tempted to spend.

The low level of Single Room Rents (SRR) for young people aged under 25 (£118 to £153) continued to

cause problems in all areas. It was reported in Tower Hamlets and in Westminster that it was difficult to find two bed flats to share within the SRR limit, although larger properties were available. However, larger properties were more likely to create management problems. In Westminster it was reported by Real Lettings that they had to resort to using one bed flats for sharers, using the living room as a bedroom, although in many one bed flats the living room was attached to the kitchen.

## Help with claiming housing benefit

Many schemes in London identify delays and other problems with housing benefit as creating a barrier for their clients. In the fourth quarter of 2006 it took an average of 35 days for local authorities to process new claims (Rugg, 2007).

Schemes can help with making applications. Help with Housing Benefit is one of the main advantages which attract landlords to private rented access schemes (Randall and Brown, 2005), (ALG, 2005). Twenty local authority schemes in London also provide a fast track service for these applicants and five voluntary organisation schemes also have access to such a service (Hoffland and Watson, 2007). London Councils have provided guidance to all 33 London boroughs recommending that they have a procedure for fast-tracking claims (ALG, 2005).

In Camden support workers give help with obtaining Housing Benefit.

In Tower Hamlets a Housing Benefit officer is based in the homelessness services and works with Homelink and the borough rent deposit scheme. Homelink reported that this meant there were no problems with Housing Benefit delays and this was very helpful in encouraging landlords to participate.

In Westminster one referral agency reported that it took from four to twelve weeks to process Housing Benefit claims and that this was a real disincentive for landlords.

## Quality

The schemes vary in the extent to which they are able to check on the quality of accommodation and management.

In Camden landlords are required to be members of the London Landlord Accreditation Scheme, which aims to ensure good practice in property standards and management.

In Tower Hamlets, Homelink, which is a small voluntary organisation, does not have the resources to check on properties. The borough has urged Homelink to use accredited landlords wherever possible and has incentives for those non-accredited landlords to become accredited but demand exceeds supply and, particularly with out of borough properties, the prospective tenant's own evaluation and feedback is also important.

In Westminster, one of the referral agencies had concerns over the condition of some private rented properties which had been provided. The borough's contract with a large voluntary organisation, Real Lettings, specified that properties must meet the council's temporary accommodation standards. The small voluntary organisation, Two Step, aims to work with landlords they already know and so operates on a basis of trust. They always visit new landlords, but not every property.

It was widely recognised that flat shares are not popular. Camden only had around ten shared properties. Tower Hamlets, with lower rents, could focus on one bed properties. In Westminster, Two Step had found that up to 50 per cent of referrals from Westminster turned down offers because they wanted a one bed flat in Westminster, even though they had been told this would not be on offer.

All the agencies reported that most people wanted to stay within the borough. In Westminster rent levels make this unrealistic for most and indeed many hostel residents are not originally from the borough.

In Camden competition from people who are employed make it difficult to find enough properties within the borough. People receiving treatment for mental health problems were given priority for one bed flats within the borough so that they could maintain their treatment.

Tower Hamlets, by contrast, are increasingly focussing their hostel provision on local needs and affordable accommodation is available locally.

## Conclusions

It is important that rents are affordable and do not create work disincentives. This may mean rents need to be below Local Housing Allowance levels in expensive areas.

Prompt payment of Housing Benefit is essential to encourage landlords to offer tenancies to people on benefit.

Schemes vary in the extent to which they check on the quality of properties and more research would be useful on the most cost effective means of quality control.

The main constraint on people being able to stay in the same area as their hostel is the level of rents in the local private market.

## 6 Tenancy support

### The need for support

All the private rented schemes in the three boroughs are aimed at people who are ready for independent living and therefore do not need continuing intensive tenancy support, even if they still have some mental health, drug or alcohol problems. Nevertheless, it was widely recognised that some tenants would benefit from floating support for a limited period to ensure the tenancy is successful.

Tenancy support can help tenants to:

- understand their tenancy rights and obligations
- ensure they have claimed any housing benefit entitlement
- manage their housing costs, including rent and utility payments
- ensure they are not at risk of returning to homelessness.

Ensuring that tenants receive their full entitlement to housing benefit is a large part of the work. This work can be very detailed and includes:

- assessing entitlement
- filling out forms

- collecting evidence for verification
- applying for discretionary payments
- chasing payments
- challenging decisions.

## Borough provision

In Camden tenancy support is guaranteed in the borough and in neighbouring boroughs for everyone who needs it. The assessment of support needs is made by referral agencies. Tenants are referred to the generic Camden floating support service provided by One Housing Group (OHG). Capacity has been reviewed to ensure the availability of support to all people moving on from hostels who need it. OHG offers low to medium support covering:

- establishing and managing tenancies
- welfare benefits and maximising income
- independent living skills
- accessing community facilities
- training, education and social development
- accessing specialist agencies for support
- accessing local support groups and resources
- dealing with neighbour disputes.

In Tower Hamlets a Strategic review of Supporting People services found that there was a gap in coverage for private tenants, with 41 per cent of residents living in the sector but only four per cent of Supporting People service users were private tenants. It proposed to reconfigure services to offer support equally to all tenures by mid-2009. Homelink had run a befriending scheme, but they ended it because they believed that tenants needed professional tenancy support, not simply befriending.

In Westminster tenants rehoused through Real Lettings were offered pre-tenancy training, up to four weeks resettlement support and after that telephone advice and referral to external sources of support. Two Step offers tenants the opportunity to have a volunteer mentor who would see them every two weeks for six months. The mentors offered a range of help including befriending, help with CVs and searching for employment or volunteering opportunities. Apart from this, the borough finds it difficult to get floating support for people housed in other boroughs.

One authority and one of the referral agencies emphasised that tenancy support in the private rented sector was a specialist skill, involving close work with private landlords as well as tenants. Support workers needed training in these skills.

## Private renting for people with higher support needs

Although private renting is currently targeted on people with low support needs who are capable of independent living, authorities and providers were asked whether there was scope for extending it to people with higher levels of need, along with support. One hostel thought that the private rented sector could be used as a transitional stage to independence if more floating support was available. Another

hostel pointed out that some of their support was only available 9-5 and so some people might be able to cope equally with private renting. It was suggested that some staff might be too protective and did not do enough to encourage independence.

On the other hand, one provider had tried a partnership arrangement with a Drug Intervention Project to house service users in the private rented sector. There had been problems including damage to properties and financial difficulties. However, it was not clear if this was because the DIP had not provided sufficient support. Housing people with higher support needs would require the resources to provide the necessary levels of support.

In Westminster, both the authority and a major provider thought that there was scope for people with higher needs in private renting if the right type of accommodation was available, for example a three flat converted house rather than a mansion block, along with adequate support.

## Employment and training

An area of support which is still developing is in employment and training. There was widespread recognition of the need to open up more employment opportunities for homeless people, including those moving into private renting. For example, data from Camden showed that of 700 hostel residents, work was the primary source of income for only 18 people and 73 people were in education or training.

There is progress still to be made in persuading hostel key workers that residents should be planning to work wherever possible. Key issues are ensuring that rents would be affordable for people in employment and demonstrating this to tenants, with calculations explaining that Housing Benefit is available to people who are working and showing service users they could be better off in work.

Some hostels had worked with the Transitional Spaces Project (TSP) which is an experimental pilot programme run by Off the Streets and into Work (OSW). It aims to encourage and support formerly homeless people who are in hostels or supported housing to get into work and to access private rented accommodation. The project aims to achieve this through coaching and motivational support, as well as a package of financial incentives. It is part-funded by the London Housing Foundation (LHF) [www.osw.org.uk/services/tsp.asp](http://www.osw.org.uk/services/tsp.asp).

## Conclusions

Although the three boroughs target their private rented schemes on people who are capable of independent living, tenancy support is provided under some schemes and helps to ensure that tenancies are sustained.

In the longer term, it would be worth exploring the prospects of extending opportunities in the private rented sector to people with higher needs if suitable lettings and support are available.

There is a need to develop more links with employment and training schemes for homeless single people moving into private renting.

## 7 Supply and outcomes

### Introduction

This section examines how successful the strategies are at generating a supply of private rented accommodation for homeless single people, especially those moving out of hostels and the potential for developing that supply.

It then looks at what other outcome measures are available.

### Supply

Camden estimated that they needed 100 private tenancies for move-on from hostels and supported housing each year, plus an extra 60 for young people. This target was set when the team was first established and was due to be reviewed shortly. They had so far been able to meet the demand from referrals to the Move-on team and were continuing to get a good supply of properties. However, a review had found that many hostels were still not completing returns on people leaving their accommodation and therefore data on destinations of leavers were incomplete. They identified a problem with the recording of departures from hostels and for the first three quarters of 2007/8 only 20 out of 73 services had complete data.

It was recognised that there was not the supply of affordable housing in Camden for all those who wished to stay in the borough, but that there were lettings in neighbouring boroughs.

Homelink had a target for Tower Hamlets of 150 private rented lets a year. In the first year there had been a shortage of properties and they had fallen short of the target, but in 2008/9 they were ahead of target, with 122 lets in the first seven months. Homelink had found that the supply of properties varied, in the autumn of 2008 there was a sufficient supply, but with a changing housing market it was difficult to predict future supply.

In Westminster, it was reported that Real Lettings had housed 34 individuals over 20 months against a target of 55. Real Lettings reported that it was very difficult to find properties at the rents they were offering and that there was enough demand for 1-bed flats without landlords needing to consider people on Housing Benefit. They had no properties in Westminster. They suggested the need for direct subsidies to landlords, perhaps of £15 a week for this client group.

Two Step had housed 54 people in seven months against an annual target of 120. They reported that there was a plentiful supply of properties and they could expand if they had more staff. They had, however, had up to a 50 per cent refusal rate from Westminster nominees, as described above.

### Other outcomes

The authorities recognised the need for better outcome monitoring and benchmarking among private rented access schemes to help with the more effective commissioning of services. There is not at present a market in access schemes which would allow choice to both commissioners and service users. Outcomes should include not just the number of tenancies created and costs, but also their longer term success. The data that are available suggest a high success rate. Tower Hamlets was proposing a target of 95 per cent of moves into settled private rented tenancies should be successful after one year. From April to November 2008 Homelink had only one failed tenancy. In Westminster Two Step had only three failed tenancies in this period.

Previous research suggests widely varying costs of private rented access schemes. Analysis of seven London local authority private rented access schemes suggested average costs per household housed at £2560 (ALG, 2005). However, this included large amounts for deposits, rent in advance and finders' fees. Analysis of five schemes funded by the Crisis SmartMove programme, which used bonds rather than cash deposits and did not pay finders' fees, found that costs per household in four out of the five schemes ranged from £815 to £1078 (Randall and Brown, 2005). These schemes also provided some tenancy support, which many local authority schemes do not. However, these schemes were outside London and local housing markets do vary.

Research on schemes in London suggested a cost per tenancy of £1600. This includes deposits and incentives paid to landlords with continuing liaison and support for landlords, but only telephone support for tenants. Floating support at two hours per week would cost an additional £50 per week (Luby, 2008).

At the lowest cost end of the scale, Two Step in 2007/8 helped 225 people into accommodation at an average cost of £192 per person. As outlined above, they did not provide deposits from their own funds or offer tenancy support, although they do offer mentoring by volunteers.

## Conclusions

The boroughs are still working towards achieving the targets for the number of private lettings they need. However, only one of the agencies interviewed thought that there were underlying problems of a lack of potential supply.

There is a need to develop better outcome monitoring and benchmarking.

Costs appear to vary widely between schemes and more detailed work could be done on benchmark costs.

## 8 A model strategy

Although some rent deposit schemes have operated for several years, local authority strategies to help hostel residents and other homeless single people access the private rented sector are a relatively new development and all the agencies concerned are still experimenting and learning. However, it is possible to identify an outline of best practice, drawing on the experience of the three London boroughs with the highest number of hostel residents. This section makes some suggestions for further discussion.

### Local authorities

The potential demand for and supply of private rented accommodation for homeless single people, including those leaving hostels should be included in local authority homelessness, housing and Supporting People strategies.

Homeless single people who are capable of independent living should wherever possible be referred direct into housing, including private rented accommodation, rather than to a hostel.

Demand for hostel move-on should be calculated, for example by using the MOPP protocols (see Section 2)

<http://www.homeless.org.uk/policyandinfo/issues/rehousing/mopp> .

Private rented strategies should include numerical targets for: move-on from hostels into private renting, successful tenancy sustainment and rents affordable for people in low paid employment.

Local authorities should provide or commission a specific private rented access service to work closely with the housing options service and choice based lettings. The service should be open to all homeless single people, including those not in statutory priority need. Such schemes require at least one specialist member of staff.

In the longer term, authorities should consider the scope for extending private rented options to people with higher levels of need, such as those with mental health, drug or alcohol problems, provided adequate specialist support is available. This could also include the use of private rented accommodation as second stage supported housing, pending full independence.

In addition to providing self contained private rented flats, authorities should consider the need for access to shared housing and lodgings, where these best meets the needs of service users.

## Hostels

Where there is significant need for hostel move-on into private renting, there should be a programme of information and education for both hostel residents and staff on the realistic options available in the private rented sector compared to options for social housing.

Hostels should have detailed move-on and resettlement policies along the lines of Camden's Pathways model. Move-on plans should start as soon as residents move into a hostel.

## Private rented access schemes

Access schemes should encourage service users to search for their own properties, but offer any necessary support, including contacts with approved landlords.

Private rented access projects should offer rent guarantees rather than deposits, as these are more cost effective.

Lettings should be affordable for people in work. In expensive areas this might mean rents below the Local Housing Allowance level.

Cash incentives to tenants should not be necessary, resources should be focussed on information and support for tenants.

Additional cash incentives to landlords do not appear generally to be necessary and could bid up prices.

Access schemes should aim to work with landlords who are planning for long term lettings and negotiate 12 month or longer tenancy agreements where possible.

Access schemes should ensure that properties are in good condition and of a reasonable standard. There is a need for more research on what kind of quality checks would best achieve this in the most cost effective manner.

There should be arrangements for the prompt payment of Housing Benefit and LHA to private tenants, as delays are a major disincentive for landlords to enter this market. This may involve fast-track arrangements and a specific officer to deal with such claims.

Access schemes should also be skilled at promoting the scheme to landlords and providing them with advice and support.

Whether private rented access schemes are operated by the local authority or commissioned from other agencies, it is important that they are adequately funded to provide the full range of services outlined above.

## Tenancy support

Flexible levels of tenancy support should be available to all private tenants who need it, funded by Supporting People.

Homeless single people entering the private rented sector should be linked into employment and training schemes.

## Appendix 1

# The access schemes

	Camden Pathways	Tower Hamlets and Homelink	Westminster Two Step	Westminster Real Lettings
Tenancy finding	X		X	X
Self search	X	X	X	
Rent deposit			X	
Rent guarantee	X	X		
Rent in advance		X		
Landlord cash incentive	X			
Help with Housing Benefit claim	X	X	X	X
Landlord vetting	X		X	X
Property vetting	X			X
Tenancy support	X	X		X
Landlord support	X	X		X
Tenancy management				X
Planned annual lets to borough scheme	c. 160	150	120	55

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