

Practitioner article

Edinburgh's Private Sector Leasing scheme

Written by Angela McLachlan
Private Sector Leasing scheme, City of Edinburgh Council

April 2006

www.shelter.org.uk

© 2006 Shelter. All rights reserved. This document is only for your personal, non-commercial use. You may not copy, reproduce, republish, post, distribute, transmit or modify it in any way.

This document contains information and policies that were correct at the time of publication.

Shelter

Edinburgh's Private Sector Leasing scheme

Angela McLachlan explains how the City of Edinburgh Council is tackling homelessness with the help of the city's private landlords.

Introduction

In a bid to tackle the capital's homeless crisis, the City of Edinburgh Council has recently launched a new partnership with private landlords in the city to provide 1,500 homes for people in housing need.

The Private Sector Leasing (PSL) scheme is the first of its kind in Scotland. The scheme offers long term leases to private landlords for properties which are then let by the Council to people who are homeless or having other difficulties finding a home. Under the PSL scheme, the Council hopes to lease up to 1,500 properties over a five year period.

Since September 2005, the Council has been working in partnership with property services group Orchard and Shipman plc, who manage the scheme on the Council's behalf.

Background

Edinburgh has an acute shortage of housing in the social rented sector. Meanwhile, the number of people presenting to the Council as homeless is increasing. The Council faces serious problems in meeting the demand for accommodation, which means there is often a reliance on bed and breakfast accommodation. The statistics below highlight these pressures:

- Currently, there are 24,000 people on the Council's housing waiting list.
- In 2005, 208,000 bids were received for 2,591 council homes advertised.
- 4,900 households were assessed as homeless in 2005.
- Currently an average of 230 people are staying in B&B accommodation every night.

Such pressures led to a need to examine a wider range of options, to provide more short to medium term accommodation for people in need.

A number of authorities in England and Wales have successfully established PSL schemes, and research into these schemes showed that they have effectively contributed to a reduction in the use of bed and breakfast accommodation. A decision was therefore made to implement the scheme north of the border.

Edinburgh's private rented market

Edinburgh's buoyant private rented sector makes the capital particularly suited to the introduction of a Private Sector Leasing scheme. The city has the largest private market of rented accommodation in Scotland, accommodating more than 27,000 households and 60,000 individuals. This represents around 14 per cent of the city's housing stock, making the private landlord a larger landlord (collectively) than the local authority. This context of housing demand and private sector supply provided fertile ground for the development of a PSL scheme.

The managing agent

Property services group Orchard and Shipman plc were appointed as the Council's agent to manage the delivery of this service. Orchard and Shipman were chosen following a tendering process to find an agent best suited to manage this type of service. They have significant experience in this field and currently successfully manage over 900 properties within PSL schemes in the London Boroughs of Hillingdon and Spelthorne. Orchard and Shipman are responsible for procuring properties from the private market. They also provide a full property and tenancy management service to both landlords and tenants.

How does the scheme work?

The PSL scheme operates by leasing properties from private landlords for a contracted period of between three and five years. These properties are then sublet to Housing Service clients under a short Scottish secure tenancy (SSST) until permanent housing is secured.

Landlords are offered a guaranteed rental income for the duration of the contract, paid quarterly in advance. The rent offered is generally between 10–15 per cent less than a market rent, but this reduction is countered by the fact that the rent is guaranteed to the landlord, irrespective of any void periods or rent arrears.

Private landlords are also attracted to the scheme as it allows them to maintain their property investment and income, but without dealing with tenancy management issues, such as inventories, rent collection and repairs, as these are dealt with by Orchard and Shipman. The landlord is not charged an agent's fee for this service.

Orchard and Shipman advise the Council when they have leased a new property and the Council then provides Orchard and Shipman with prospective tenants.

Eligibility criteria

Any customer assessed as homeless, including intentional and non-priority homeless applicants, will be considered for a PSL property. The referral criteria are subject to

certain conditions, but, in general, it is open to anyone who has the ability to sustain a tenancy. PSL is not an option for households with a history of antisocial behaviour, unless there is persuasive evidence that the behaviour has changed.

There is no element of compulsion for customers to view or accept a PSL property. PSL is simply a further housing option for homeless customers to choose from.

The status of unintentionally homeless priority need customers who have no interest in the PSL scheme or who refuse an offer of a PSL property is not affected in any way.

PSL and statutory duties

An offer of a PSL property does not constitute an offer of permanent accommodation, so the duty to secure permanent accommodation (under Section 31 of the Housing (Scotland) Act 1987) cannot be discharged on the basis of such an offer.

Therefore, if a priority need customer wishes to move on from a PSL tenancy at a later date, they can re-present as homeless, and there is no need to re-assess the 'unintentionally homeless and in priority need' assessment decision. This even applies to priority need customers who give up, abandon or are evicted from their PSL tenancy.

An offer of a PSL property to non-priority or unintentionally homeless households may be sufficient grounds for discharge of the duty to provide advice and assistance, as it would constitute a reasonable opportunity of securing alternative accommodation. However, each case is taken on its individual merits.

Where an intentionally homeless or non-priority customer is allocated a PSL tenancy, this constitutes a solution to their housing situation, as there is no duty to provide permanent accommodation for applicants in this situation.

Progress

The PSL scheme is proving to be attractive to private landlords and is a popular housing option for people seeking accommodation.

- To date, 310 private properties are now leased to the Council, providing homes for 300 single and family households.
- An average of four households are interested in each PSL property, so the demand for this type of accommodation is clear, and there is no evidence to suggest that this interest will dwindle.
- The introduction of PSL properties has had a positive knock-on effect, in that their availability allows other units or places to be vacated, therefore reducing the need to use B&B and other types of accommodation, for homeless applicants.

- Over 50 single people who were living in B&B accommodation prior to the introduction of PSL are now in PSL properties with a short Scottish secure tenancy (SSST).
- 93 households who were living with family friends have now been given more long term accommodation with the security of a SSST.
- PSL also provides an additional housing option for people in existing CEC or RSL tenancies who need to be rehoused due to domestic violence or harassment.

Impact on local communities

The Council has been strongly aware of the potential impact of the PSL scheme on local communities. A sensitive procurement policy was adopted in order to avoid concentrations of PSL properties in any one block, street or area. Particular sensitivity is applied in areas where antisocial behaviour is an existing problem, and the Council works closely with Orchard and Shipman to identify such areas. The 310 PSL properties currently within the scheme are located across 55 of Edinburgh's 58 wards, thereby opening up areas of the city which homeless applicants have historically found difficult to access.

There were also concerns about the possible transience of PSL tenants and the impact this could have on the stability of the local community. As the scheme is essentially still in its infancy, it is too early to state the average length of a PSL tenancy. However, initial statistics suggest that this housing option is proving to be both popular and sustainable. It would appear from other schemes in existence that on average PSL tenancies last for a minimum of 18 months.

Conclusion

City of Edinburgh Council's Private Sector Leasing scheme provides a good example of the public and private sectors working together to tackle homelessness, and reflects the Council's commitment to ensuring that people in housing need have the opportunity to become resettled and regain stability as soon as possible.

With properties located all over the city, the scheme offers homeless applicants an increased chance of finding a home in the area most suited to their needs. In addition, it provides a new housing option for people who have traditionally been faced with a very limited choice.

By opening up new housing options and offering increased choice, the scheme is so far proving effective in tackling Edinburgh's homelessness crisis.

Further information

Further information about the scheme can be found at the City of Edinburgh Council's Private Housing Services website www.edinburgh.gov.uk/phs and Orchard and Shipman's website www.orchard-shipman.com.

If you would like to contact Angela about this article, please send an email to chip@shelter.org.uk in the first instance.