



The Scottish Government



Glasgow Homelessness Partnership

Do private landlords really have a role?

Catherine Jamieson

Head of the Homelessness Partnership

Glasgow City Council

Overview

- Experiences of PRS
- What are the risks
- Does PRS offer VFM
- If not used what are the alternatives



Experiences of the PRS

- Limited in Glasgow
- Main reason – Housing Benefit subsidy rules
- Where could PRS be used:
 - Emergency response
 - Temporary accommodation
 - Permanent accommodation

Issues with Emergency Accommodation and the PRS

- Housing Benefit Subsidy:
- Council only recovers – 100% of first £101 and 10% up to £179, then nothing – av cost £210
- Lease has to be for 10 years or more to qualify for full HB Subsidy
- Revenue implication for Council – for GCC passed onto service budget to cover, eg use of B&B type accommodation

Issues with Temporary Accommodation and the PRS

- Housing Benefit Subsidy:
- Council only recovers – 100% of first £101 and 10% up to £179, then nothing - Av cost £230
- Lease has to be for 10 years or more to qualify for full HB Subsidy
- Revenue implication for Council

Issues with Permanent Accommodation and the PRS

- Type of lease that qualifies under Homelessness legislation sect 3(d) of 2001 H(S)A
- Can only be with applicants consent
- Changes in HB for private landlords could make this less attractive – rent paid to tenant not landlord initially
- Broad Market Areas – could have impact on quality and location
- Single room reference rents for under 25s

What are the risks?

- Understanding the sector:
 - PRS is not a vibrant market in all areas of Scotland
 - Variable availability and urban/rural split
 - Increasing use of this sector – there will be displacement – who are the households and where are they going?
 - New national accreditation scheme recently launched – when implemented don't know what it will deliver

What are the risks?

- Financial issues:
 - HB subsidy issues and DWP Review to be implemented in April 2010
 - Likely to apply to private sector leasing arrangements
 - Changes in Local Housing Allowances – payment to tenants and rent levels eligible for HB

Does PRS offer VFM

- Depends on how you look at VFM!
- From a Council point of view if used for any type of temp accommodation – it costs directly, so the answer is no
- As a direct comparison with owner occupied costs – it has been argued that it does
- For use by people experiencing homelessness – probably not – benefit trap

The Private Rented Sector

- Firm Foundations has delivered a new message on the PRS
- Too strong an emphasis?
- Not the most appropriate solution everywhere
- There is a role – but it must be a strategic fit!

The Private Rented Sector

- If we want to expand the PRS need to offer some incentives for landlords to accommodate more challenging tenants
 - Tax breaks for helping the social rented sector?
- We also need to have guarantees about the quality of accommodation and standards of management

What are the alternatives?

- Greater use of Rent Deposit Schemes –
 - But need to find a more cost effective mechanism to deliver this
 - Better coverage across Scotland
 - Could RSLs deliver this on a more local basis? (Social Enterprise role)
 - Could the option of private renting be open to more than just households experiencing homelessness?

What are the alternatives?

- Change the homelessness legislation to allow Short Assured Tenancies to be an acceptable discharge of duty – many other households live with this type of arrangement.
- Key is the right support
- Strengthen existing SATs with further contractual rights to make it more secure
- Irish model– 4 year tenancy with a 6 month probationary period?

Mid Market Rent properties

- A role for RSLs?
- Might offer some choice to some households not on benefit
- Would need lower levels of grant funding
- Could work in areas where the PRS less developed

Housing Benefit Regulation

- Income-Related Benefits (Subsidy to Authorities) Order 1998
- SI no. 562
- Section 17 (4) (c)