



# **Your guide to a strategic review of the private rented sector: informing homelessness duty policy options**

## **1. Who and what is this note for?**

If you intend to use the local housing authority's power to discharge your main homelessness duty using the private rented sector, you'll first need to understand the market in your area, and how you can intervene to make it work better for you and your customers.

This note provides a framework for a strategic review of the sector that will inform your approach. It equips elected members and officers with the questions they should be asking to understand the potential of the local private rented sector to both provide a settled home for homeless households and contribute to other local ambitions. It also helps you to assess the impact of other local decisions on the effectiveness of this sector.

## **2. What is the background and why will a strategic review help?**

Under the Localism Act 2011, local housing authorities can choose to discharge their main homelessness duty via the private rented sector. Before they do this, authorities need to establish how they will define the suitability of offers, and put a policy in place explaining what it's hoped will be achieved by discharging the duty in this way and how this will be enabled. A toolkit from the Department of Communities and Local Government's specialist homelessness advisors (members section of [www.nhas.org.uk](http://www.nhas.org.uk)) recommends undertaking a 'targeted strategic review' before appraising the available policy options.

A strategic review of this nature offers authorities an opportunity to explore how the private rented sector could meet a wide range of housing needs and demands and what it could contribute to wider ambitions for the local area, for example:

- Investing in energy efficiency improvements will contribute to carbon savings, reduce the cost of running a home (releasing money to be spent elsewhere in the economy) and improve health and wellbeing
- Purchasing and repairing long term empty homes will remove a blight from neighbourhoods, reduce the fear of crime and complaints from residents, provide a home for someone in need and support the local economy through the purchase of materials and employment of staff.

A review will also enable an assessment of the impact of local spending decisions on the effectiveness of the private rented sector. This is particularly important in light of reducing council budgets. For example, decisions on the use of discretionary housing payments, housing related support and accreditation schemes will all impact on the viability of the private rented sector to help those in housing need.



### 3. What does this document provide?

This note presents a framework to enable you to answer five key questions:

1. What is the mismatch between the supply of and demand for decent homes in the private rented sector? .....	3
2. In addition to meeting housing need, what other local ambitions and priorities would you like the private rented sector to contribute to? .....	5
3. Is what is in place working well in relation to a) housing needs and b) wider ambitions? .....	6
4. What needs to change? .....	9
5. How do we appraise the policy options for discharging the main homelessness duty into the private rented sector? .....	9

These questions are explored in more detail in the next section (you can click on the question to move to the relevant page), including where information can be found to inform your answers. We have also provided two templates to enable you to complete questions 3 to 5. You will first need to answer questions 1 and 2.

### 4. Where can I get further information or support?

We have suggested sources of information throughout this note, including recommending that you access local intelligence from your landlords and other agencies working in your area, for example voluntary and community sector agencies who may be delivering a private rented sector access scheme.

If you'd like to discuss your approach with others you could join the LinkedIn housing strategy and development and policy development group ([http://www.linkedin.com/groups?gid=4718621&trk=hb\\_side\\_g](http://www.linkedin.com/groups?gid=4718621&trk=hb_side_g)).

Finally, if you have any questions or ideas for how we could improve this framework please email [gill@gilleng.co.uk](mailto:gill@gilleng.co.uk) or telephone 07766 660799. We're also able to offer support in completing reviews of this nature and developing policies, if this is what you need.

This framework was developed by Gill Leng and Lesley Healey ([www.gilleng.co.uk](http://www.gilleng.co.uk)), with contributions from Stephen Battersby (<http://sabattersby.co.uk>) and Sarah Mitchell (Crisis Private Rented Team <http://www.privaterentedsector.org.uk/>).



## THE FRAMEWORK

### 1. What is the mismatch between the supply of and demand for decent homes in the private rented sector?

To answer this you need to complete a supply and demand gap analysis. Potential sources of information are shown alongside each question.

#### a) Supply questions

Supply questions	Possible sources of information
<p>How many, what size and type, and where are <u>social rented</u> homes, and what is the pattern of availability? <i>Understanding availability of social housing is key to deciding for whom you might discharge duty in the private rented sector</i></p>	<ul style="list-style-type: none"> <li>• Strategic Housing Market Assessment/local housing needs survey</li> <li>• Stock profile from lettings systems</li> <li>• CORE returns/lettings data</li> <li>• Annual lettings plan</li> </ul>
<p><b><i>The following questions relate just to the private rented sector</i></b></p>	
<p>How many, what size and type, and where are private rented homes?</p>	<ul style="list-style-type: none"> <li>• Stock condition surveys (statutory requirement)</li> <li>• Housing health and safety rating system (HHSRS) inspections</li> <li>• Census 2011</li> <li>• Intelligence from any private rented sector (PRS) access schemes</li> </ul>
<p>Who owns and manages private rented homes (number and size of landlord, number and size of lettings agents)?</p>	<ul style="list-style-type: none"> <li>• Stock condition surveys (statutory requirement)</li> <li>• Housing health and safety rating system (HHSRS) inspections and action under Part 1 of the Housing Act 2004</li> <li>• HMO and selective licensing data</li> <li>• Accreditation scheme data</li> <li>• Landlords forum</li> <li>• For managing agents, the phone book plus short survey</li> <li>• Housing Benefit records</li> </ul>
<p>What condition are homes in and how much do they cost to rent?</p>	<ul style="list-style-type: none"> <li>• Stock condition surveys (statutory requirement)</li> <li>• Housing health and safety rating system inspections</li> <li>• Complaints to the council or other agencies</li> <li>• Intelligence from any PRS access schemes</li> <li>• Energy efficiency surveys/Energy Performance Certificate data</li> <li>• Housing Benefit records</li> <li>• Short survey of managing agents</li> </ul>
<p>How secure are tenancies of homes?</p>	<ul style="list-style-type: none"> <li>• Landlord possession claims</li> <li>• Main reasons for homelessness: loss of assured shorthold tenancy, tied housing, rent arrears</li> <li>• English housing survey turnover data</li> </ul>
<p>Who are landlords willing to rent to and why?</p>	<ul style="list-style-type: none"> <li>• Landlord forum</li> <li>• Consultation with landlords, managing agents, tenants</li> <li>• Intelligence from any PRS access schemes</li> <li>• Review of local rental adverts</li> </ul>
<p>What do tenants and prospective tenants think about the supply of</p>	<ul style="list-style-type: none"> <li>• Private tenants forum (these exist in a small number of local authorities <a href="http://www.npto.btck.co.uk/">http://www.npto.btck.co.uk/</a>)</li> </ul>



Supply questions	Possible sources of information
homes in the sector?	<ul style="list-style-type: none"> <li>• Survey of housing benefit claimants living in the sector</li> <li>• Survey of households in temporary accommodation or on the waiting list</li> <li>• Consultation through other agencies e.g. housing related support services, advice agencies</li> <li>• Survey of tenants housed by landlords in contact with council (through mechanisms above)</li> </ul>
Have there been any trends in supply?	<ul style="list-style-type: none"> <li>• Stock condition surveys</li> <li>• Census data 2011 and 2001</li> <li>• English Housing Survey data</li> <li>• Housing benefit data</li> <li>• HMO licensing data</li> <li>• Feedback from letting agents, landlords, tenants and other agencies</li> </ul>
Are there any external drivers that may affect the supply of homes in the local private rented sector? (Consider different markets e.g. the housing benefit market, student market, upper-end market etc.)	<ul style="list-style-type: none"> <li>• Impact assessments of government policy e.g. Welfare Reform Act 2011</li> <li>• Government commissioned research e.g. the Montague review, the Heseltine report</li> <li>• Landlord forum/accreditation scheme</li> <li>• Further education establishments</li> <li>• Local knowledge from other stakeholders (e.g. the business community)</li> </ul>

### **b) Demand questions**

Demand questions:	Possible sources of information
Who is living in the private rented sector in your area now?	<ul style="list-style-type: none"> <li>• Census 2011</li> <li>• Stock condition survey</li> <li>• HB claimant household analysis</li> </ul>
What are the characteristics of households presenting as homeless to the council? (Both priority and non-priority need households, as targeting supply on one group will have certain impacts on the other)	<ul style="list-style-type: none"> <li>• Housing options data</li> <li>• P1E data</li> <li>• Temporary accommodation data</li> </ul>
What are the characteristics of other, not homeless, households with a significant housing need e.g. overcrowded households, and where do they want to live?	<ul style="list-style-type: none"> <li>• Waiting lists</li> <li>• CBL data</li> </ul>
Have there been any trends in demand, bearing in mind different household groups, including both priority and non-priority need households?	<ul style="list-style-type: none"> <li>• Housing options trends</li> <li>• P1E data</li> <li>• Feedback from letting agents, landlords and other agencies</li> <li>• Intelligence from PRS access schemes</li> </ul>
Are there any external drivers that may affect the demand for homes in the private rented sector? (Consider different markets e.g. the housing benefit market, student market, upper-end market etc.)	<ul style="list-style-type: none"> <li>• Impact assessments of government policy e.g. DWP data relating to Welfare Reform Act 2011</li> <li>• HB data on local welfare reform impacts</li> <li>• Employment data</li> <li>• Inward investment/economic development intelligence</li> <li>• Chamber of Commerce/business community</li> <li>• Further education establishments (students)</li> </ul>



### **c) Where are the gaps?**

Your report should summarise what the gaps are between supply and demand, and the challenges that these present to the local authority if you want the sector to contribute more to meeting housing need and demand. Make sure that your gap analysis is as sensitive as possible: different households will experience different things. The identified gaps can also be adopted as criteria for assessing the private rented sector offer policy options.

#### **Example challenges**

This is not an exhaustive list.

- Local Housing Allowance rent level homes in the private rented sector are poorer quality and/or are primarily located in more deprived areas
- It is likely there will be a gap between the number of larger family homes available to rent to households claiming benefits, and the demand from homeless households
- There are insufficient good quality homes for single and couple households or for singles under 35 years old
- Households with a disability are less likely to be able to access a home in the sector as landlords may be unwilling to adapt their property.

## **2. In addition to meeting housing need, what other local ambitions and priorities would you like the private rented sector to contribute to?**

Reviewing the role of the private rented sector in relation to your wider ambitions for the local area, not just those that relate to meeting housing need, means that you're more likely to:

- Engage landlords and other stakeholders more effectively in discussions about how the sector can work
- Make best use of available resources to achieve outcomes
- Identify new and innovative approaches
- Engage the support of colleagues across departments to achieve common goals.

#### **Sources of information are:**

- The sustainable community strategy or equivalent
- Corporate plan
- Health and wellbeing strategy (if in place)
- Economic strategy or equivalent (and plans of the Local Enterprise Partnership)
- Housing strategy and its supporting framework (homelessness strategy, allocations policy, private sector strategy and policies, tenancy strategy).

Your review report should summarise what the local authority and main partners, for example health, Probation, housing support providers, the business community, want to achieve in the future. These can also be adopted as criteria for assessing private rented sector offer policy options.



### Examples of ambitions and priorities

This is not an exhaustive list, and you should try to be more explicit in describing what will actually be different e.g. improved health and wellbeing amongst people living in a particular neighbourhood, more people are employed in a specific sector etc. The more explicit you can be, the easier it will be to answer subsequent questions in the review and options appraisal process.

- Improved health and wellbeing
- Safer neighbourhoods
- Higher educational attainment and skills levels
- Increased employment rates
- Reduction in carbon emissions
- Resilient economy and communities
- Reduction in reoffending and fear of crime

### 3. Is what is in place working well in relation to a) housing needs and b) wider ambitions?

To understand relative effectiveness, you need to identify and understand what is already in place or is planned that has the potential to affect:

- The supply of homes
- The condition of homes
- Access to homes
- Sustainability of homes.

For each of these you should be asking:

- Are things working well, and
- Are they sustainable (will they continue to work for the foreseeable future)?

Now use the template to map the mechanisms that are in place, and use your understanding of these to rate their effectiveness. We have provided a list of 'headline' mechanisms that may be in place in your area that will have an impact on how well the private rented sector meets housing needs and contributes to other ambitions. Most of these are in the council's direct control, but there are others where the council may only have a degree of influence; we have highlighted these latter in *italics*.

Remember that landlord forums can be mechanisms that contribute to changes in supply, condition, access and sustainability. You'll need to explore this with forum members. Forums may not be run by the council.



Mechanisms	What does this do?
<b>Supply of homes</b>	
Core Strategy and supporting framework	Describes the council's overall approach to new supply. This may affect the new homes built to rent (see institutional investment below) and the number of new homes in multiple occupation
Planning policies relating to conversions of, or alterations to existing homes	May limit what can be done to alter existing homes, e.g. area-specific restrictions on conversions to HMOs, and therefore impact on supply for certain household types
Local housing strategy, investment and regeneration plans	Describes priorities and plans for investment in new homes, which could include new homes in the private rented sector (for example through the government's proposed housing guarantee scheme)
Private sector renewal policy	Describes what "renewal assistance" is given to landlords and owners including to bring properties back into use and sets priorities for action
Empty homes strategy/policy	Describes the council's approach to empty homes
Housing benefit administration	Landlord liaison services can provide confidence to let homes to households claiming housing benefit
<i>Institutional investment</i>	Increases supply of new homes to rent in the private rented sector
<i>Expansion or change of property portfolio by existing landlords</i>	Increases or changes supply of new and existing homes to rent in the sector. May also address issue of empty and poor condition homes

<b>Condition and management of homes</b>	
Core strategy and supporting frameworks	May describe the council's approach to enabling improvements to listed buildings and homes in conservation areas
Licensing, including discretionary licensing schemes	The mandatory scheme affects HMOs of certain types (and their landlords). Discretionary schemes may be in existence for other HMOs or (rarely) all private rented homes in an area or neighbourhood
Private sector renewal policy	Describes the council's approach to private sector homes in poor condition, unsuitable homes e.g. for disabled households, and the management of houses in multiple occupation. This will include enforcement action and the approach to disabled facilities grants. It may also target grant assistance (if any) towards specific neighbourhoods, properties or households
Affordable warmth strategy/policy and/or fuel poverty strategy	Describes the council's approach to improving energy efficiency and reducing energy costs
Private sector housing service	Delivers the council's policies in this area, and may offer information, advice and support to landlords, in addition to grant assistance (if available) and taking enforcement action
PRS access schemes	Supports landlords to improve and maintain properties to a decent standard and to manage the property and the tenancy in a professional manner
Accreditation schemes	Supports landlords to manage good quality housing for rent, for example through the provision of information, advice and training. Can offer incentives such as advertising through choice based lettings, tenant referencing, a named officer to assist if issues arise, a housing benefit contact, etc. <i>Landlords may be members of the National Landlords Association's accreditation scheme, even if they're not members of a local or regional scheme</i>
Business support services (Offered by the council's	Supports landlords to develop their business to contribute towards the local economy, for example by enabling landlords to offer training and



Mechanisms	What does this do?
economic development/business support service)	apprenticeships to local people, offering bulk purchase opportunities, offering information and advice on legislation and regulation (see also accreditation schemes)
Leasing homes from private landlords to provide temporary or settled accommodation solutions	Properties are leased from a private landlord for a short term (typically 3 to 5 years) by a local authority or housing association who manages the property. May improve the quality of the home
<i>Investment in homes by existing landlords</i>	Improves the quality of the home. May also change the nature of the property (e.g. from a family home to a HMO)

<b>Access to homes</b>	
Allocations policy	Describes who is able to access social housing and should signpost to alternative housing options services where social housing is unlikely to be available.
Choice based lettings scheme	May incorporate the advertisement of homes in the private rented sector, in which case should be linked to accreditation schemes to ensure good quality and well-managed homes
Private sector renewal policy / empty homes policy	May describe the availability of financial assistance to improve homes or bring empty homes back into use, in return for nomination rights
PRS access schemes -including local/social lettings schemes ( <i>May be funded and delivered outside of the council</i> )	Enables households to access the private rented sector, supporting both tenants and landlords and often offering deposit guarantees. This could be a targeted service e.g. Crisis supports services for single households, in operation across many local authority areas. <a href="http://www.praterentedsector.org.uk/PRS_schemes.asp">http://www.praterentedsector.org.uk/PRS_schemes.asp</a>
Housing related support and other targeted access services ( <i>May be funded and delivered outside of the council e.g. county council or voluntary sector funds</i> )	Often designed to enable specific household groups to access accommodation, which can include the private rented sector e.g. offenders, young people
Housing benefit administration	Policies and effective administration enable prompt access to homes in the private rented sector, and the prevention of homelessness as a result of rent arrears
Discretionary housing payment policy and administration	
Social fund replacement scheme	
Rent deposit, bond guarantee and rent-in-advance schemes	Enables tenants to overcome the hurdle of finding enough funds to pay for a deposit or rent-in-advance. May be a loan scheme.
Accreditation schemes	May offer landlords and tenants a referencing service; landlords will be more confident in renting homes and tenants will be more confident about the quality and management of the home on offer. See also choice based lettings
<i>Starter home packs/furniture services</i>	Enables people with little money to set up a new home. These can be voluntary, charitable and/or social enterprises such as the Furniture Resource Centre <a href="http://www.furnitureresourcecentre.co.uk/FURNISHING_LIVES-812.html">http://www.furnitureresourcecentre.co.uk/FURNISHING_LIVES-812.html</a>

<b>Sustainability of homes</b>	
Homelessness prevention strategy and services	Prevents homelessness from arising from the private rented sector. Activity could include pre-eviction protocols, mediation services, other support to tenants and landlords to overcome issues. You could use the DCLG's specialist advisor diagnostic toolkit here <a href="http://www.nhas.org.uk">www.nhas.org.uk</a> .
Housing benefit administration	Effective administration prevents homelessness arising as a result of





Mechanisms	What does this do?
Discretionary housing payment policy and administration	rent arrears
Digital inclusion policy and practice	Seeks to increase access to computers and the internet, enabling people to benefit from online education, employment, housing and financial opportunities, including managing universal credit
Information, advice and support to tenants to manage their finances	Enables people to make informed and timely decisions about their financial circumstances, and how these may be improved e.g. through employment, moving home
Housing related support services <i>(May be funded and delivered outside of the council e.g. county council or voluntary sector funds)</i>	Provides support to vulnerable households to sustain a tenancy
PRS access schemes – including local/social lettings schemes	Provides support to landlords and tenants to enable them to manage issues that may otherwise result in the tenancy being ended.
Public transport	Critical to people’s ability to access work, education and training, e.g. discharging duty into a home in a rural area should take account of the family’s ability to reach the services they need
Special educational facilities or treatment centres	Where a family member is disabled, ill or has special educational needs, this must be a consideration in any placement. Working with education and health to ensure continuing service is vital

#### 4. What needs to change?

Review the mapping exercise and identify any mechanisms that are:

- Missing, but you think would address a gap
- In place, but there is potential to expand the role, or to improve it
- In place, but are not sustainable

Now ask ‘*What needs to change?*’ to fill the gap, expand or improve or sustain a mechanism. We have included an example in the template at the end of this note.

#### 5. How do we appraise the policy options for discharging the main homelessness duty into the private rented sector?

The DCLG Specialist Advisor’s toolkit suggests that ‘broadly there are four over-arching policy options for local authorities:

1. Do not adopt the power
2. End the duty for some, but not all, cases through a targeted approach
3. End the duty for some, but not all, cases through a less targeted approach
4. Adopt the power to end the duty for all accepted cases’

Your strategic review will assist you to appraise each of these options.



The answers to questions 1 and 2 will help you to establish what you want to achieve locally, and the challenges you will have to overcome to do this. You should assess each policy option against this list, for example, will adopting the power help you to meet the needs of homeless families, bearing in mind decent family accommodation in the sector is often expensive?

The answers to questions 3 and 4 will help you identify what mechanisms are in place already, and what needs to change to achieve your local objectives/overcome challenges. For each policy option you should make it clear what needs to be in place for it to contribute to your objectives and/or overcome challenges. For example, if you adopt the power to end the duty for all accepted cases, you will want to have a mechanism to ensure homes are decent and well-managed. If your existing accreditation scheme is very small; you will need to expand this if the policy is to be adopted and be successful.

We have provided a second template for you with examples of questions that your strategic review may generate, and including questions extracted from the DCLG specialist advisors toolkit<sup>1</sup>. For each option you should complete the second and third columns to inform your appraisal, and the recommendations you make for adoption or otherwise.

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<sup>1</sup> These are described as 'arguments you could use' in Part 4 of the toolkit



**TEMPLATE FOR QUESTIONS 3 AND 4**

We have included possible responses as an example; this may not apply to your area.

Mechanism	Question 3: What do we know about the mechanism?			Question 4 What needs to change?
	Is it in place?	Is it working well in relation:		
		Housing needs?	Wider ambitions?	Is it sustainable?
<b>Supply of homes</b>				
Core Strategy and supporting framework				
Planning policies relating to conversions of or alterations to existing homes				
Local housing strategy, investment and regeneration plans				
Private sector renewal policy				
Empty homes strategy/policy				
Housing benefit administration				
<b>Institutional investment</b>				
Expansion or change of property portfolio by existing landlords				
<b>Condition and management of homes</b>				
Core strategy and supporting frameworks				
Private sector renewal policy				
Licensing including discretionary licensing schemes				
Affordable warmth strategy/policy and/or fuel poverty strategy				
Private sector housing services				



Mechanism	Question 3: What do we know about the mechanism?			Question 4 What needs to change?	
	Is it in place?	Is it working well in relation: Housing needs?	Wider ambitions?		
PRS access schemes	Yes, managed by local charitable support provider	Particularly meets the needs of single households	Landlords supported to improve quality and management of homes: contributed to improved health and wellbeing of tenants	Funding by Crisis will end in 2013	Scheme is not linked to accreditation scheme – could do this to enhance offer to landlords and improve quality of homes Need funding for the scheme or alternative – could support VCS provider to access
Accreditation schemes					
Business support services (offered by the council's economic development/business support service)					
<i>Leasing homes from private landlords to provide temporary or settled homes</i>					
<i>Investment in homes by existing landlords</i>					
<b>Access to homes</b>					
Allocations policy					
Choice based lettings scheme					
PRS access schemes, including local/social lettings schemes ( <i>may be funded &amp; delivered outside of the council</i> )	Yes, as above	Particularly meets the needs of single households Landlords report that scheme has encouraged them to let to vulnerable households	Tenants supported to access other services e.g. GP, leisure centre, employment	Funding by Crisis will end in 2013	Could expand the scheme to families Need funding for the scheme or alternative – could support VCS provider to access
Housing related support and other targeted access					



Mechanism	Question 3: What do we know about the mechanism?			Question 4 What needs to change?	
	Is it in place?	Is it working well in relation: Housing needs?	Wider ambitions?		Is it sustainable?
services ( <i>may be funded and delivered outside of the council e.g. county council or voluntary sector funds</i> )					
Housing benefit administration					
Discretionary housing payment policy & administration					
Social fund replacement scheme					
Rent deposit, bond guarantee & rent-in-advance schemes					
Accreditation scheme					
Starter home packs/furniture services					
<b>Sustainability of homes</b>					
Homelessness prevention strategy and services					
Housing benefit administration					
Discretionary housing payment policy and administration					
Digital inclusion policy and practice					
Information, advice and support to tenants to manage their finances					
Housing related support services ( <i>may be funded and delivered outside of the council e.g. county council or voluntary sector funds</i> )					
PRS access schemes – including local/social lettings	Yes	Has enabled tenancies to be sustained/ prevented homelessness	Tenants supported to engage in local community events	Funding by Crisis will end in 2013	If no funding, could reshape existing provision of housing related support or mediation services to achieve sustainment objectives
Public transport					
Special educational facilities or treatment centres					



**TEMPLATE FOR 5: APPRAISING THE OPTIONS**

<b>Will the policy option.....</b>	<b>With existing mechanisms in place?</b>	<b>What needs to change to make the policy option work?</b>
<b><i>Local (examples)</i></b>		
Increase the supply of affordable and decent homes in the private rented sector?		
Support landlords to contribute to the local economy by employing local staff/purchasing locally?		
Support vulnerable households and landlords to sustain the tenancy?		
Enable homeless households to access employment opportunities?		
Reduce health inequalities faced by homeless households?		
<b><i>Suggested by DCLG specialist advisors</i></b>		
Increase choice for homeless households?		
Increase options for vulnerable applicants to secure a suitable settled home?		
Make better use of available housing stock, bearing in mind local supply and demand issues?		
Enable greater access to social housing for priority groups (other than those owed statutory homelessness duties)?		
Reduce length of stay and costs of temporary accommodation and the costs associated with temporary accommodation provision?		
End the use of bed & breakfast accommodation for homeless households with dependent children and/or pregnant household members?		
Prevent homelessness that arises simply to access social housing?		
Reduce costs of responding to homelessness duties?		
Enable all homeless households to access affordable housing?		