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<b>REPORT TO:</b>	<b>HOUSING &amp; COMMUNITY SERVICES COMMITTEE</b>	<b>AGENDA ITEM: 11</b>
<b>DATE OF MEETING:</b>	<b>16<sup>th</sup> OCTOBER 2008</b>	<b>CATEGORY: DELEGATED/ RECOMMENDED OPEN</b>
<b>REPORT FROM:</b>	<b>HEADS OF ENVIRONMENTAL SERVICES AND HOUSING SERVICES</b>	<b>PARAGRAPH NO:</b>
<b>MEMBERS' CONTACT POINT:</b>		<b>DOC:</b>
<b>SUBJECT:</b>	<b>PRIVATE SECTOR LEASING SCHEME</b>	<b>REF:</b>
<b>WARD(S) AFFECTED:</b>	<b>ALL</b>	<b>TERMS OF REFERENCE:HCS01</b>

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## **1.0 Recommendations**

- 1.1 That members approve the operation of a Private Sector Leasing Scheme as detailed in the report.

## **2.0 Purpose of Report**

- 2.1 To seek members approval of a Private Sector Leasing Scheme to be operated jointly by Housing and Environmental Services (PS Housing Team). The scheme is one of a range of initiatives proposed by the Private Sector Housing Policy 2008/9, which was approved by this committee on 13<sup>th</sup> March 2008.

## **3.0 Detail**

- 3.1 The Private Sector Leasing Scheme is one of a range of measures introduced in the Private Sector Housing Policy 2008/9 to 'improve the quality and supply of housing in the private sector, especially for vulnerable groups'.
- 3.2 The purpose of the scheme is to secure the double gain of returning empty homes to occupation and securing the use of those homes for households on the Council's waiting list. This will be achieved by the landlord offering the Council a fixed term lease in return for certain benefits. Under the terms of the lease the council will undertake to manage the property on a day-to-day basis and provide the owner with a guaranteed rental income.
- 3.3 It is anticipated that the scheme will attract a range of property types on 2 – 5 year lease agreements. The lease properties will be 'sub let' to those in housing need at a rent level, which is within the scope of the Local Housing Allowance (housing benefit) and consequently will be affordable and accessible to a range of possible tenants. The lease properties will be offered through the new choice based letting scheme.
- 3.4 The particular benefits of the scheme to the property include;

- 3.4.1 When needed a capital grant of up to £5K per property, to assist initial refurbishment up to the decent homes standard (with discretion to award up to £10K subject to funding, for a case of exceptional merit).
- 3.4.2 Complete management service, so the landlord doesn't have to bother with finding tenants, dealing with any behaviour issues, providing minor repairs when needed etc.
- 3.4.3 Guaranteed return of the property at the end of the lease period with vacant possession and the property re-instated to decent condition.
- 3.4.4 Guaranteed income even during gaps between tenants.
- 3.4.5 In return the Private Sector Housing Team will negotiate the lowest rental charge achievable, in all cases this must be lower than the Local Housing Allowance (housing benefit) and consequently will be affordable and accessible to a range of possible tenants. In negotiating the rental level the Council will take into account the level of any grant investment it has contributed (higher levels of grant assistance will suggest that the landlord accepts a rent further below the market rate). Where investment has been made through the grant investment a target rent of 25% below market rent will be sought.
- 3.5 In order to fund the ongoing costs such as minor repairs and any gaps in tenancy the Council will take a management fee from the rent. The market rate of management fee is, at a minimum, 10%. The Council will charge 7%, which in addition to the unique advantages set out in 3.4, should make the scheme highly attractive to landlords.
- 3.6 The benefit of the scheme to the Council is access to a range of good quality properties over a known time period, which can be utilised to reduce homelessness and waiting list numbers and in addition will bring empty homes on the district back into use. The further advantage to householders is the extended numbers of more affordable housing available within the district. The fee will be utilised by Housing Services to cover their costs and particularly any rent loss in the process of guaranteeing rent income to the landlords.
- 3.7 A suitable lease contract document has been drafted by the legal department for use in the scheme. Funding has been secured from the Regional Housing Group (for this and other initiatives proposed within the policy) to bring the properties into decent condition prior to letting.
- 3.8 The scheme will be publicised widely, including the press and media with a view to generating as much interest as possible. The aim is to secure a minimum of 25 properties initially with the funding currently available.

#### **4.0 Financial Implications**

- 4.1 External funding for 2008/9 of £642K has been received from the Regional Housing Group for a range of initiatives to provide 'decent homes for vulnerable people'. It is proposed to earmark £50K for the private sector leasing scheme, to fund any initial works of repair and refurbishment to bring properties into decent condition prior to leasing.

- 4.2 The Housing Service will undertake management of the lease property for the duration of the contract period utilising existing resources and the 7% management fee.

## **5. Corporate Implications**

- 5.1 The scheme meets with a number of corporate policy and service plan objectives for the Housing and Environmental Services departments; to bring homes occupied by vulnerable groups into decent condition, to reduce the number of long term empty homes on the district and to improve access to good quality housing for vulnerable people and preventing homelessness.

## **6. Community Implication**

- 6.1 The increased availability of suitable housing which is affordable for vulnerable people and the reduction of long term empty homes will be beneficial to the residents of our district.

## **7. Conclusions**

- 7.1 The Private Sector Leasing Scheme is one of a range of measures introduced and approved in principle in the Private Sector Housing Policy 2008/9.
- 7.2 The Private Sector Housing Team will identify, contact and persuade Landlords to join the scheme and, in conjunction with Housing Services, will negotiate a balanced package of benefits to the landlord and Council.
- 7.3 The Council's Housing Service will manage the lease and tenancy issues including securing occupancy and adequately high levels of rental income.
- 7.4 The purpose of the scheme is to secure privately owned property, particularly empty homes, on a fixed term lease basis for the Council to use to accommodate those in housing need.

## **8.0 Background Papers**

- 8.1 Private Sector Housing Policy 2008/9, and covering report to this committee on 13<sup>th</sup> March 2008.