

MAIDSTONE BOROUGH COUNCIL

**COMMUNITY, LEISURE SERVICES AND ENVIRONMENT
OVERVIEW & SCRUTINY COMMITTEE**

TUESDAY 12 NOVEMBER 2013

REPORT OF HEAD OF HOUSING & COMMUNITY SERVICES

Report prepared by Neil Coles

**1. EVIDENCE FROM THE HOMELESSNESS REVIEW - GUIDING
THE HOMELESSNESS STRATEGY**

1.1 Issue for Decision

1.1.1 Under the 2002 Homelessness Act, it is a statutory requirement for all local housing authorities to publish a Homelessness Strategy at least every five years.

1.1.2 A prerequisite for this is conducting a review of homelessness in the borough. The Homelessness Review takes into account the current and likely future levels of homelessness in the borough, the activities carried out in the borough for the prevention and relief of homelessness, and the resources available in the borough for these activities.

1.1.3 This report outlines the emerging findings from the Homelessness Review currently being undertaken, so that the Overview and Scrutiny Committee can help to shape the overall principles and action plan for the Homelessness Strategy for 2014-2019.

1.2 Recommendation of the Head of Housing and Community Services

1.2.1 That the Overview and Scrutiny Committee notes the emerging findings from the ongoing Homelessness Review that will help inform the Homelessness Strategy:

- The increasing importance of the private rented sector in reducing homelessness and the barriers to providing a sustainable affordable housing solution;
- The increasing number of landlord possessions in the private rented sector compared with the reduced ability for prospective tenants to access private rented accommodation;
- The reduction in successful homelessness preventions and whether this is linked to the council's new Allocation Scheme;

- The reduction in referrals to Kent County Council's Supporting People programme (for example to provide housing-related Floating Support) for homelessness services despite the increasing levels of homelessness in Maidstone, and;
- The increase in mortgage possession orders granted but not yet enforced which may result in a future spike in homelessness as the property market recovers.

1.2.2 That the Overview and Scrutiny Committee provides recommendations concerning the priorities and actions that should be included in the Homelessness Strategy.

1.2.3 That the Overview and Scrutiny Committee agrees to receive a future report from the Head of Housing and Community Services outlining the draft Homelessness Strategy for consideration.

1.3 Reasons for Recommendation

Background

1.3.1 Since the council's previous Homelessness Strategy was adopted there have been a number of changes that have had the potential to impact on homelessness both locally and nationally.

1.3.2 Given the range of changes, it is largely impossible to quantify the direct impact of individual reforms on homelessness. However it is important to monitor the impacts of these reforms, and seek to mitigate the negative effects on the vulnerable that may emerge as a result.

Welfare Reforms and National Policy

1.3.3 Since 2010, the coalition government has set out to reform the welfare system to reduce spending on benefits, as well as making work pay. These reforms have the potential to impact on homelessness. Some of the most significant recent and upcoming reforms that may affect homelessness are:

- Introduction of the Local Housing Allowance (LHA) cap and reduction of LHA rate from the 50th to the 30th Percentile. This came into force in April 2011 for new claimants, with a rolling implementation from January 2012 for the 1,940 existing claimants affected. This has effectively reduced the LHA rates payable to claimants relative to market rents
- Since January 2012 the age limit for single people able to claim the LHA rate for self-contained accommodation increased from 25 to 35. As a result, those aged 35 and under

can now only claim the LHA shared room rate (i.e. a lower rate based on the reference rent for a room in shared accommodation rather than self-contained accommodation). This affected 240 existing claimants.

- Since April 2013 Local Housing Allowance rate increases have been linked to the Consumer Price Index rather than Retail Price Index (which includes real local rental market evidence). This has had the effect of reducing likely LHA rate increases.
- When Universal Credit is rolled out, the '13 week protection rule' will be removed. This rule allows the full payment of rent for up to 13 weeks if a claimant loses their job or falls ill; as long as they had not claimed Housing Benefit for the previous 52 weeks and could previously pay their rent when they signed the tenancy. Instead, the lower LHA rate will be paid immediately.

Consultation with Partner Organisations

1.3.4 An important part of the review was to consult with partner organisations within the borough. The partner organisations included child, adult and youth services from Kent County Council, partners from the Voluntary and Community Sector and Registered Social Landlords within the borough (including Golding Homes, the largest provider of social housing).

1.3.5 The consultation identified the following groups as being considered most susceptible to becoming homeless:

- Single unemployed men under 35;
- Households with under-occupation penalties in housing benefit;
- Households with interest only mortgages and no repayment vehicle;
- People with mental health problems;
- Housing benefit claimants who have to seek accommodation in the private sector;
- Large families that are benefit claimants;
- Those who are leaving prison;
- 16-18 year olds who are not in education, employment, or training (NEET);
- Older people (55-64) with a care and/or support need who may have been hit with an under occupancy penalty or affected by welfare reform;

- Armed forces leavers;
- Severely overcrowded households;
- Clients with mental health issues, and;
- Young carers.

Consultation with Private Sector Landlords

- 1.3.6 The private rented sector has also become ever more important when preventing and relieving homelessness. This is not only because social housing is in short supply, but also because since the Localism Act 2011, the council has the power to end their housing duty by finding appropriate housing in the private sector for those who are homeless.
- 1.3.7 The private rented sector in Maidstone has grown rapidly over the last five years, mirroring the growth in the sector nationally. This has been fuelled by increased demand from prospective tenants who are unable to access owner occupation, and has resulted in increasing private sector rent levels.
- 1.3.8 For many residents the private rented sector has become increasingly unaffordable, and this has reduced residents' ability to access private rented sector accommodation.
- 1.3.9 Private sector landlords are important partners when considering housing issues in the borough. A consultation exercise was carried out with private sector landlords in the borough during a local landlord forum organized by the National Landlords Association.
- 1.3.10 The consultation identified a range of concerns:
- Private Sector Landlords were strongly against the removal of direct payments of housing benefit to landlords when Universal Credit is introduced;
 - There are fears that their tenants will spend rent money on other things and get into arrears, and;
 - There was a general negative perception of tenants in receipt of benefits, with landlords considering them a high risk.
- 1.3.11 There was a strong consensus that the council should offer to guarantee the rent of housing benefit clients and that the council should offer to repair any damage tenants on housing benefit may cause to properties when they move out.
- 1.3.12 Other suggestions that were made during the consultation that may be worth noting were to:

- Help landlords to have less void periods;
- Regulate bad landlords, and;
- Give incentives for renovating neglected houses.

Consultation with the Homeless

1.3.13 A focus group was carried out before a pre tenancy training session to consult on the views of those who were directly affected by homelessness. The focus of the consultation was on the barriers to accessing housing, particularly in the private sector. The following themes emerged from the focus group:

- Lack of suitable, affordable private housing;
 - Affordability issues surrounding fees, deposits, and rent in advance when accessing private rented accommodation;
 - The worry of accessing private rented accommodation, being evicted and having to present as homeless again;
 - Lack of security of tenure in private rented accommodation;
 - Being evicted, with landlords then not wanting to take you on as a tenant in the future;
 - Lack of letting agents that list landlords willing to take those on benefits.
- Those present at the focus group were then asked to think of ideas that may tackle these barriers. The following ideas emerged:
- Changing perceptions of landlords in respect of benefit claimants;
 - Promoting introductory tenancies that give everyone a chance;
 - Providing a list of landlords that will accept tenants on benefits;
 - Knowing where to get free advice, and;
 - Negotiating directly with the landlord, helping to build a relationship with the landlord before moving in.

Housing Affordability

1.3.14 The Strategic Housing Market Assessment (SHMA) which was carried out in 2010, identified groups of people who are more likely to find it difficult to afford 'market' housing (i.e. the cost of housing on the open market, either renting or buying). Those particular

groups, and the likely percentage of those who would be unable to afford market rent, are:

- Lone Parents (67.1%);
- Single, non-pensioners (34.1%), and;
- Household head not in employment (31.1%).

- 1.3.15 It is also worth noting that those in urban locations are less likely to be able to afford market rent (29.0%) than those in rural locations (17.7%).
- 1.3.16 The SHMA also suggests that 22.6% of households headed by someone employed in the borough are unlikely to be able to afford market rent compared to those households headed by someone employed outside the borough (where 7.2% of households unlikely to afford market rent).
- 1.3.17 The SHMA noted that there was a consensus among registered social landlords and those dealing with homelessness that there is a shortage of accommodation in social rented housing for single households.

Headline Results from the Homelessness Review

- 1.3.18 The number of homelessness decisions made by the council (included in the council's P1E return) has increased significantly since April 2011. (Table 1 shows the breakdown of homelessness decisions that is reported to government since April 2008.)
- 1.3.19 The numbers of cases that are accepted as eligible for assistance, unintentionally homeless and in priority need have also increased since 2010.
- 1.3.20 This is an important category of cases, as these are the households we have a duty to secure accommodation under homelessness legislation (or termed the 'full housing duty'). This trend shows no sign of decreasing, and if the current trend continues then there is likely to be a further increase in homelessness approaches in 2013/14.

Table 1- Homelessness decision made since April 2008

	Eligible, unintentionally homeless and in priority need	Eligible, homeless and in priority need, but intentionally so	Eligible, homeless but not in priority need	Eligible, but not homeless	Ineligible	Total decisions
2008/09	37	15	8	66	1	127
2009/10	7	5	7	38	0	57
2010/11	27	5	7	40	1	80
2011/12	189	25	28	29	2	273
2012/13	198	22	42	25	6	293
2013/14 (Q1 and Q2)	92	15	22	32	1	162

1.3.21 The proportion of cases that are found to not be homeless has dropped, from a high of 85% in 2009/10 to 32% in 2012/13. In the main this is due to a change in how applications for assistance have been dealt with.

1.3.22 This trend is similar to the national data supplied by other local authorities in their P1E returns, and follows advice given to local housing authorities by the Local Government Ombudsman that the previous approach of allowing homeless applications to remain undetermined until the person is provided with a housing solution be no longer pursued.

1.3.23 The change in how applications for assistance are dealt with also explains the downward trend in homelessness preventions. Many households that would previously been dealt with as preventions are not being dealt with as needing a homelessness decision.

1.3.24 The typical profile of someone who was accepted as having a full housing duty towards them is:

- A female lone parent (47% of applicants);
- Aged between 25-44 (82% of applicants), and;
- With one child (46% of applicants).

1.3.25 The most common reason for the loss of the last settled home, for cases where we owe the full housing duty, since 2008/9 has been parents no longer willing or able to accommodate (27.1%). The next most common reasons have been termination of an assured shorthold tenancy (18.9%), followed by other relatives or friends no longer willing or able to accommodate (12.4%).

- 1.3.26 Before 2010/11, the main reason for loss of last settled home was parents no longer willing or able to accommodate. However since 2010/11, the proportion of cases that stated this as the reason for the loss of their last settled home has decreased. There has been a marked increase in breakdown of relationships with partners, both violent and non-violent, that has accounted for some of this increase.
- 1.3.27 Significantly, landlord repossession claims have been on an upward trend since 2005. Cases where a landlord has taken possession of a property doubled between mid-2008 and 2011. However the current trend is for landlord possessions to be on the decrease, despite repossession claims in the courts continuing to increase. This is coupled with an increased difficulty in securing accommodation for applicants in the private rented sector over the same period.
- 1.3.28 Mortgage repossessions have decreased since a high in 2009/10, however they remain at a higher rate than before the financial downturn. The relationship between mortgage repossessions and homelessness does not appear to have a strong direct relationship. This could be related to mortgagees obtaining possession orders but waiting until the housing market improves before foreclosing on the mortgage in order to realize the best possible capital return.
- 1.3.29 Between 2007-2010, 17 of the 20 households to whom we have owed a full housing duty and whose reason for the loss of last settled accommodation was mortgage arrears, 17 of these have been since 2010. Although this does not mirror mortgage possession statistics (which have decreased in the same period) it suggests that a greater proportion of repossessions are successful, given the upward trend for households being assessed as being homeless intentionally (e.g. through not making mortgage payments). This suggests that further research on how households become homeless intentionally would be beneficial.
- 1.3.30 The estimates for rough sleeping show that although rough sleeping in Maidstone appears to have dropped since 2010, it has stayed at a steady level between 2011 and 2012. The regional trend has generally been of an increase in rough sleeping over the past three years. The annual rough sleeping estimate is to be completed during November.
- 1.3.31 Data submitted from the Supporting People Programme has shown that a large proportion of clients where homelessness appeared within their needs are single homeless people. This has been decreasing over the last three years, and the proportion of

homeless families with support needs has been increasing.

1.4 Alternative Action and why not Recommended

1.4.1 The council is required to complete a Homelessness Review to inform its Homelessness Strategy.

1.5 Impact on Corporate Objectives

1.5.1 Understanding the drivers for homelessness within the borough will assist the council to meet its priority for Maidstone to be a decent place to live through the reduction of homelessness.

1.5.2 Homelessness does present a negative impact on the local economy and increasing homelessness has a detrimental effect on economic stability.

1.6 Risk Management

1.6.1 There are no risks associated with this report.

1.7 Other Implications

1.7.1

1. Financial	X
2. Staffing	X
3. Legal	
4. Equality Impact Needs Assessment	X
5. Environmental/Sustainable Development	
6. Community Safety	
7. Human Rights Act	
8. Procurement	
9. Asset Management	

1.7.2 Finance – there is a financial impact resulting from the council’s obligation to provide emergency temporary accommodation to certain homeless households. Reducing homelessness will have a positive budgetary impact.

1.7.3 Equality Impact Needs Assessment – the impact of homelessness on minority communities will need to be identified in the council’s Homelessness Strategy.

1.8 Relevant Documents

1.8.1 Appendices - None

1.8.2 Background Documents

1.8.3 Maidstone Borough Council Homelessness Strategy 2008 – 2013.

<u>IS THIS A KEY DECISION REPORT?</u>		<u>THIS BOX MUST BE COMPLETED</u>	
Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
If yes, this is a Key Decision because:			
.....			
Wards/Parishes affected:			
.....			