Accommodation Procurement Policy for Homeless Households

Section 1: Introduction and Scope

1. This policy sets out:

- Challenges facing the council in procuring accommodation for homeless households, both for temporary accommodation and for private rented sector offers ("PRSOs") to discharge the council's homelessness duties (see below for a detailed explanation of the differences between them).
- The general principles that will be followed when procuring private accommodation for homeless households.
- An estimate of the number of properties that are needed for these purposes and an action plan for meeting these needs.
- An action plan for procuring properties for homeless households.

2. This policy will be monitored and formally reviewed after 12 months and annually thereafter.

3. **Temporary Accommodation** comprises two forms of accommodation. First, emergency accommodation (called stage 1), for use during the relief stage of homelessness and whilst a household's homeless application is being assessed. Secondly, there is longer-term, (stage 2) accommodation. This accommodation is for households where the council has accepted a housing duty to them and is provided until suitable longer term accommodation is available.

4. Stage 1 accommodation is generally 'nightly-booked' as it is only intended to be for short periods of time and is more expensive than longer term Stage 2 accommodation. In addition to this, the council has 350 hostel spaces for general needs homeless households, which is cost neutral to the council.

5. The council has arrangements with local landlords and also a small number of registered providers (housing associations) to provide Stage 2 accommodation. In addition to these leased forms of accommodation, the council uses its own vacant stock which is decanted and planned for regeneration.

6. **Private rented sector offers ("PRSOs")**
   These are offers made by the council to homeless households where it has accepted a housing duty to them of private rented accommodation on the basis of a fixed term Assured Shorthold Tenancy. The council has decided to make these offers to provide people with sustainable, affordable and more settled accommodation as an alternative to a long wait in temporary accommodation for social housing.

Section 2: Procurement challenges

7. There are severe constraints on the amount of temporary accommodation that can be procured from registered providers or by direct purchase. While the council will continue to pursue such opportunities where they are available, a key component in the council's procurement strategy is accommodation sourced from the private sector.

8. The council aims to procure as much private accommodation for homeless households in Southwark - or as close to it as practicable – as it can. This is the best way of helping

households to remain in their communities and to enable the council to meet its legal duty to house homeless households in Southwark wherever “reasonably practicable”.

9. However all local authorities are finding temporary accommodation increasingly difficult to procure to meet increasing demand, as the private sector rents increase and the number of landlords willing to let to households on benefits is reducing.

10. Securing private rented properties which are affordable to homeless households in Southwark is extremely (and increasingly) challenging. Private rents here are amongst some of the most expensive in London (and, indeed, the United Kingdom as a whole) and the majority of homeless households have low incomes. Currently (mid 2018) around 90% of the 2,700 households in temporary accommodation are in receipt of either Housing Benefit or Universal Credit. An earlier report from 2017 showed that 29 households were affected by the overall benefit cap and 17 households were in receipt of Discretionary Housing Payment, which is a temporary payment towards the shortfall in rent.

11. Table 1 shows the difference between allowable temporary accommodation Local Housing Allowance (LHA) rates (Inner SE London, rounded) and average advertised rents in Southwark (quarter 3, 2017/18). The gap is most pronounced for larger bedroom properties.

Table1:

Size of accommodation	LHA cap - April 2018 (pcm)	Average lower quartile rent (pcm)	Average median rent (pcm)
Room (in shared accommodation)	£425	£646	£719
1 bed	£911	£1,340	£1,538
2 bed	£1,184	£1,675	£1,950
3 bed	£1,433	£1,998	£2,449
4 bed	£1,807	£2,600	£2,925

Source: Southwark Market Trends Bulletins (based on advertised rents for self-contained properties in Southwark, unless stated)

12. For vulnerable households struggling to pay their rent, initiatives such as assuring private tenants’ rent may help to retain their tenancies and avoid homelessness. In exchange, the households must show the council that they have taken steps to increase their incomes, including by embarking on training programmes.

13. In April 2017 the DWP Temporary Accommodation Management Fee (TAMF) scheme was replaced by the Flexible Homelessness Support Grant (FHSG). Under the TAMF, funding could only be used for intervention when a household is already homeless, rather than on preventing this happening in the first place. The funding arrangement for the FHSP has only been confirmed for 2017/18 and the following year at this stage. Funding that would have been expected under the TAMF for Southwark for 2017/18 was £909,289, under the FHSG allocation it will be £2,669,863 and increases to £3,164,922 in the subsequent year.

14. The new grant will reduce the weekly rent element for households renting in self contained nightly rate and leased temporary accommodation by £40 per week. This will result in more affordable accommodation expenses for these households and the cost of this to Southwark will be recovered through the FHSG preventative solutions.

15. The overall benefit cap for non-working single people is £296.35 per week and £442.31 per week for couples and families in London.

16. Considerable work has been done to procure and to retain as much temporary accommodation within Southwark as possible (or as close to it as practicable). The figures in Table 2 show the council’s current usage of temporary accommodation for homeless

households and its location. 58% of it is in Southwark and 42% is outside. The proportion of out of borough placements was 28% in mid 2014 which remained the same (28%) in mid 2017 but by August 2018 it has increased to 42%.

Table 2:

Location of Southwark's temporary accommodation				
	Occupied units (March 2017)	**%**	**Occupied units (August 2018)**	**%**
Southwark	1362	72%	1579	58%
Surrounding London boroughs (Lewisham, Lambeth, Bromley)	365	20%	592	22%
Other London boroughs	143	8%	523	19%
Non London boroughs	1	<1%	14	1%
TOTAL	1871		2,708	

Source: Internal data records (March 2017 and August 2018)

17. Rising rents and a very competitive market locally and in London is making it harder to procure new properties here or nearby. Frequently, given the current demand for rented property, when current leases end (both in Southwark and in Greater London more widely), landlords often move into new markets for which they can achieve higher rents. The result is that emergency nightly booked is being used for longer periods after a housing duty has been accepted; this is helping to drive up the cost of temporary accommodation (although it should be noted that costs of longer term leased accommodation are also increasing).

18. Rising homelessness levels across London and the resulting growth in demand have led to an increasingly competitive temporary accommodation market in London and the South East. Most London boroughs face similar challenges and are finding few properties with rents that are near LHA rates more difficult to procure. MHCLG data highlights this issue, and reports a rise in homelessness acceptances across London by 51% between 2011/12 and 2015/16, although there was a slight subsequent reduction in 2016/17.

19. The reduction in the household benefit cap for non-working households (from £26k to £23k in London for families and couples and from £18k to £15.4k for single people) will make it harder for all boroughs to find affordable private rented accommodation for non-working households. 347 households in Southwark are estimated to be affected as of January 2017.

20. Universal Credit full service (UC) was introduced in Southwark in November 2015 with expansion to cover most Southwark postcodes by November 2016. UC replaces working age means tested benefits and tax credits, including housing benefit. Households placed outside of Southwark in areas where UC has not yet been rolled out can continue to claim Housing Benefit. In 2016/17, the TA rent collection rate for Southwark's UC accounts was 77.6% compared to 91.5% for housing benefits accounts. Consequently, landlords are wary to take on UC households without additional guarantees or incentives.

Section 3: Procurement principles

21. The following principles will apply when procuring properties for both temporary accommodation and private rented sector offers:

- The council will act to ensure it is compliant with all relevant legal obligations and have regard to all relevant legal guidance.

- The properties need to be affordable and sustainable in the longer term to the households that occupy them so they are within benefit levels and temporary accommodation subsidy rates. This will give homeless households the lowest likelihood of being unable to pay the rent or of having to move again.

- The properties we offer to households will be suitable, compliant with health and safety specifications and be in a decent condition.

- The council will focus its primary efforts on securing accommodation that is both within 90 minutes travel by public transport from Southwark and within the M25. The council will also work to secure accommodation for those households who wish to live outside of this area.

- Regard will be had to the Pan London Agreement on Inter-Borough Accommodation Placements dated 8 March 2011. This aims to ensure that where a borough is placing a household in temporary accommodation they will not offer the landlord more than the receiving borough would.

- Landlords may on occasions be offered incentives above temporary accommodation subsidy rates or LHA levels in order to procure properties to prevent homelessness - and where the practice will help secure longer-term savings. Where these incentives are offered the council will not offer more than the host borough if the properties are outside Southwark.

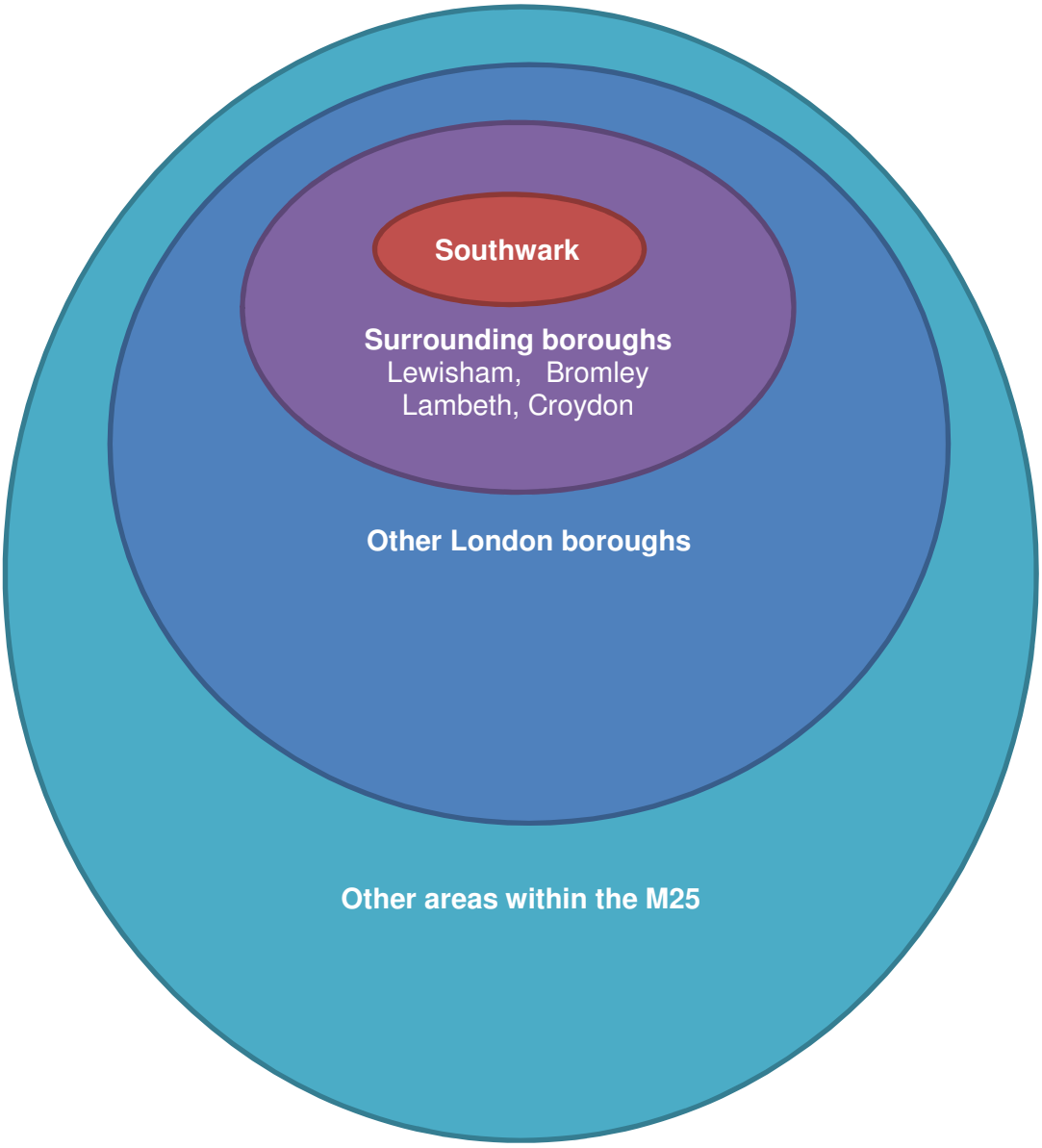
- The affordability of properties will be a key factor when procuring properties. Properties should be within allowable subsidy rates or benefit levels in order to meet budgetary targets and therefore cost neutral to the council. Over the past two years, temporary accommodation has cost the council £3 - £4m per annum as it has not been possible to procure properties within the subsidy rate.

- Where the council is procuring properties outside Greater London it will, as far as possible, focus on more urban areas whose diversity so far as practicable reflects that of Southwark and so are likely to have more facilities and support networks for people from Southwark with particular protected characteristics. Evidence of the scope and range of employment opportunities and quality of local schools will also be taken into account.

22. To support delivery against these principles, research was undertaken by the council to better understand where there may be affordable properties. Chart 1 shows the areas that were looked at.

NOTE: The findings do not mean that properties can/will (or cannot/will not) be procured in these areas at any given point in time, as they only represent rental data at the time the research was carried out and procuring properties depends on a range of factors such as landlords' willingness to enter into agreements with the council and to rent their properties to homeless households. The data is however indicative of where the council should focus its efforts when seeking properties. They support the conclusion that it is unlikely to be reasonably practicable to procure enough private properties to meet need in and around Southwark and that the council will have to look further afield.

Chart 1: Private rental markets – areas researched



Section 4: Estimating and meeting need

23. **Temporary accommodation demand and supply**
    Demand for temporary accommodation comes from new households that are accepted as homeless and households that need to move within temporary accommodation (because they are overcrowded, for example). Homeless demand in the longer term is difficult to predict as it is driven by a complex range of socio and economic factors, including changes to national legislation and policy. At present rising (and so increasingly) unaffordable rents in the private sector in and around

Southwark is an important driver. There were 911 acceptances in 2016/17 and acceptances are anticipated to remain high compared with past levels (see table 4) until at least 2020.

Table 4: Acceptance rates in Southwark

Financial year	Applications	Acceptances	Acceptance rate
2011/12	946	518	53%
2012/13	1,023	595	57%
11/12 to 12/13 % change	*8%*	*15%*	*4%*
2013/14	920	555	59%
12/13 to 13/14 % change	*-10%*	*-7%*	*2%*
2014/15	1,745	857	49%
13/14 to 14/15 % change	*90%*	*54%*	*-10%*
2015/16	1971	863	44%
14/15 to 15/16 % change	*13%*	*1%*	*-5%*
2016/17	2,351	911	39%
15/16 to 16/17 % change	*19%*	*6%*	*-5%*
2017/18	*1,331*	*463*	*35%*
16/17 to 17/18 % change	*-43%*	*-49%*	*-4%*
11/12 to 17/18 % change	***41%***	***-11%***	***-18%***

Source: DCLG Live Table 784 and internal data.

Table 5: Demand for social housing and supply in Southwark

Financial year	Households in temporary accommodation	Social lets
11/12	671	2,453
12/13	705	2,385
13/14	772	2,212
14/15	943	2,106
15/16	1,341	1,701
16/17	1,778	1,176
17/18	2,332	1,489

Source: DCLG P1E statistics and internal records.

24. Based on projected homelessness demand; impact of the impending Homelessness Reduction Act which may see more households in temporary accommodation and possibly for longer periods; natural churn within temporary accommodation as households move into social housing; anticipated lease ends as providers move into different markets; Right to Buy sales in the short term exceeding the Council's commitment to build 11,000 new council homes before 2043, it is estimated that the council needs to have a temporary accommodation portfolio of 2,000 – 2,500 properties until at least 2020/2021. The majority of these units will need to be suitable for families, predominantly with two bedrooms.

25. At the same time, the council has the objective of maintaining zero usage of nightly rate 'B&B style' temporary accommodation for families.

26. **Private rented accommodation for private rented sector offers**
    The council is rolling out a policy to offer homeless households private rented tenancies to discharge the council's main housing duty (Appendix 2). This is intended to contain temporary accommodation demand and costs and to help give homeless households more sustainable, long-term housing options and avoiding the uncertainty of long waits for social housing.

27. **Procurement action plan**
    Specific initiatives for procuring both temporary accommodation and private rented sector offers are set out below.

Table 6: Action plan for procuring properties for homeless households

Action	Target Number	Timescale	Impact
Temporary accommodation			
1. Work with New Homes, Regeneration & Resident Services to make the best use of all suitable void properties in regeneration areas for temporary accommodation for as long as possible.	Target monthly average number of units available with continued increase in usage of estate voids of 18.5% per year. 19/20 – 850 20/21 – 990 21/22 – 1180 22/23 - 1390	Projections up to March 2023 Targets to be reviewed by December 2019 to identify any potential for a further increase with a report back to the Cabinet Member for Housing.	Growth in reduced cost TA Number of TA households placed outside the borough minimised.
2. Continue to set aside 50% of one bed council voids for the use as temporary Accommodation to reduce reliance on nightly rate accommodation.	10 per month (contributes to target numbers in Action 1)	Review in October 2019 with a report back to the Cabinet Member for Housing by December 2019.	Growth in reduced cost TA Number of TA households placed outside the borough minimised.
3. Trial usage of private rental sector as temporary accommodation, creating non secure tenancies	30	January 2020	Growth in reduced cost TA
Temp to perm - temporary accommodation to Assured Shorthold Tenancies.	200	Negotiate and acquire units for TTP between Aug 2019-Nov 2019. Allocate 200 units from November	Ongoing cost of TA for TA households until Nov 2019 and Nov 2020, then a reduction in TA

		2019 to November 2020. From Nov 2021 to Nov 2022 TA tenancies convert to PRS tenancies.	numbers. Reduction of 200 by Nov 2020.
Procure new leased properties	50 per year	Per year to March 2023	Growth in reduced cost TA
Work with current providers to renew leases and renegotiate management fee.	50 per year	Per year to March 2023	Maintain existing units of reduced cost TA.
Acquire leased accommodation for use as multiple occupancy housing	50	By September 2020	Growth in reduced cost TA
Total	**1,220**	**End of 22/23**	
Private Rented Sector Offers and preventions			
Procure properties for PRSOs	350-1000	By March 2023 50-150 in 19/20 100- 250 in 20/21 100-300 in 21/22 100-300 in 22/23	Reduction in TA numbers.
Scheme to assist households independently finding prevention PRS accommodation with Self Help Finders Fee Scheme incentives and Transitional Insurance (funding bid for Southwark was to deliver up to 400 policies over two financial years)	200 per year	Per year to 2022 Review in 2022.	Reduction in homelessness and TA numbers. Prevention numbers using these scheme does not directly translate into number of TA reductions as not all households will owed TA.
Develop process and information to offer and assist voluntary moves from TA to PRS.	50 per year	Per year to 2023	Reduction in TA numbers.
Both			
Investigate innovative new models for temporary accommodation and private rented offers including plans to assure private tenants' rent and London-wide working with partners (Capital Letters).	n/a	Ongoing With a report on progress and options identified to the Cabinet Member for Housing by December 2019.	Reduce usage of nightly rate and out of borough TA and reduce total number of households in TA.

The aim is for these units to meet the diverse needs of homeless households and to reflect our demand profile so that 75% are family sized and every effort is made to procure wheelchair accessible/adapted properties (for temporary accommodation).