

**Report to:** Overview and Scrutiny Committee  
**Date of meeting:** 20 July 2015  
**Report of:** Head of Community & Customer Services  
**Title:** Housing Update

## 1.0 SUMMARY

- 1.1 The housing services currently provided by the WBC Housing Section include:
- Provision of Housing Advice and Homelessness Prevention Casework;
  - Commissioning the Outreach Service for Rough Sleepers;
  - Statutory Homelessness investigation and provision of temporary accommodation;
  - Management of the Housing Register and Choice Based Lettings Scheme;
  - Enabling access to the private rented sector through the HomeLet Scheme;
  - Strategic work including the Housing Strategy, Homelessness Strategy, Tenancy Strategy, Private Sector Renewal Policy and co-ordinating key partnerships such as POsH (Prevention of Homelessness Partnership);
  - Managing the administration of Disabled Facilities Grants;
  - Working with Registered Providers and developers to facilitate new or re-commissioned affordable housing provision.
- 1.2 We find ourselves in unprecedented times with regard to the pressures on housing in Watford, and the South East of England in general. Commentary on the housing shortage has received a great deal of political and media attention and has brought into focus both homelessness and rough sleepers. Section 3 details recent trends in homelessness, temporary accommodation and housing supply, together with actions that are being taken to address the issues at hand.

## 2.0 RECOMMENDATIONS

- 2.1 That the Committee note the report

**Contact Officer:**

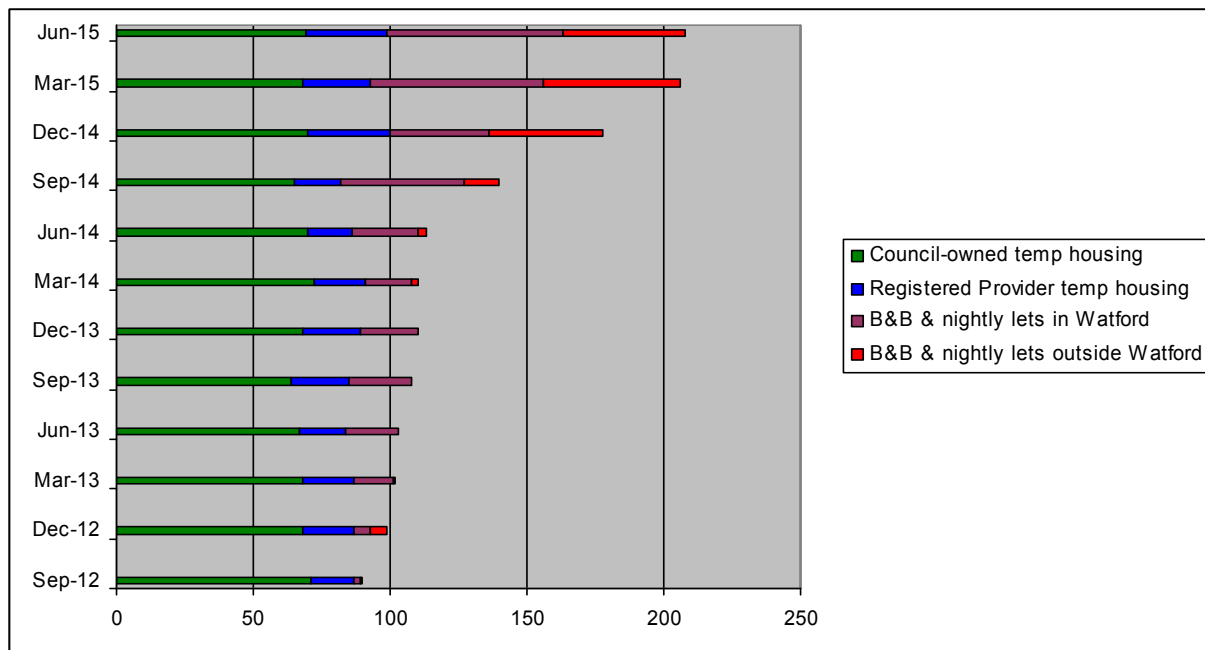
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### 3.0 DETAILED PROPOSAL

#### 3.1 Change in Temporary Accommodation Usage

The Housing Service will work with households threatened with homelessness to prevent them losing their home. Where homelessness cannot be prevented then we are legally required to provide temporary accommodation to homeless households that meet certain criteria, for instance being eligible for assistance and being in priority need. If a housing duty is accepted local authorities can end the duty by providing suitable accommodation in the private rented sector, as well as a nomination to a Registered Provider. However, changes to the welfare system and the escalation of private sector rents make this market increasingly difficult to operate in.

The chart below demonstrates the changes that have occurred in terms of temporary accommodation usage over recent years. There has been a sharp increase in temporary accommodation usage over the last financial year. Over this period temporary accommodation has increased by 95 units, or 86%.



There are both supply and demand factors that are impacting on the levels of temporary accommodation; these are explored in more detail below.

#### 3.2 B&B and Nightly Let

The growth in temporary accommodation has been in the forms of emergency supply that respond most rapidly to urgent demand, namely B&B and nightly lets. Some of this growth in usage has been in accommodation outside of Borough. There are currently 25 households in B&B accommodation, placed in 9 different establishments. Of these households, 15 have been placed outside of Watford. The number of households in B&B has halved since the end of the last financial year, at the end of March 2015 there were 50 households in B&B.

Nightly let accommodation is housing that is provided by Agents for the placement of households for short-term periods, although the stays can now be protracted due to the lack of move-on accommodation. Like B&B, it is used to house homeless families that need to be placed on the day.

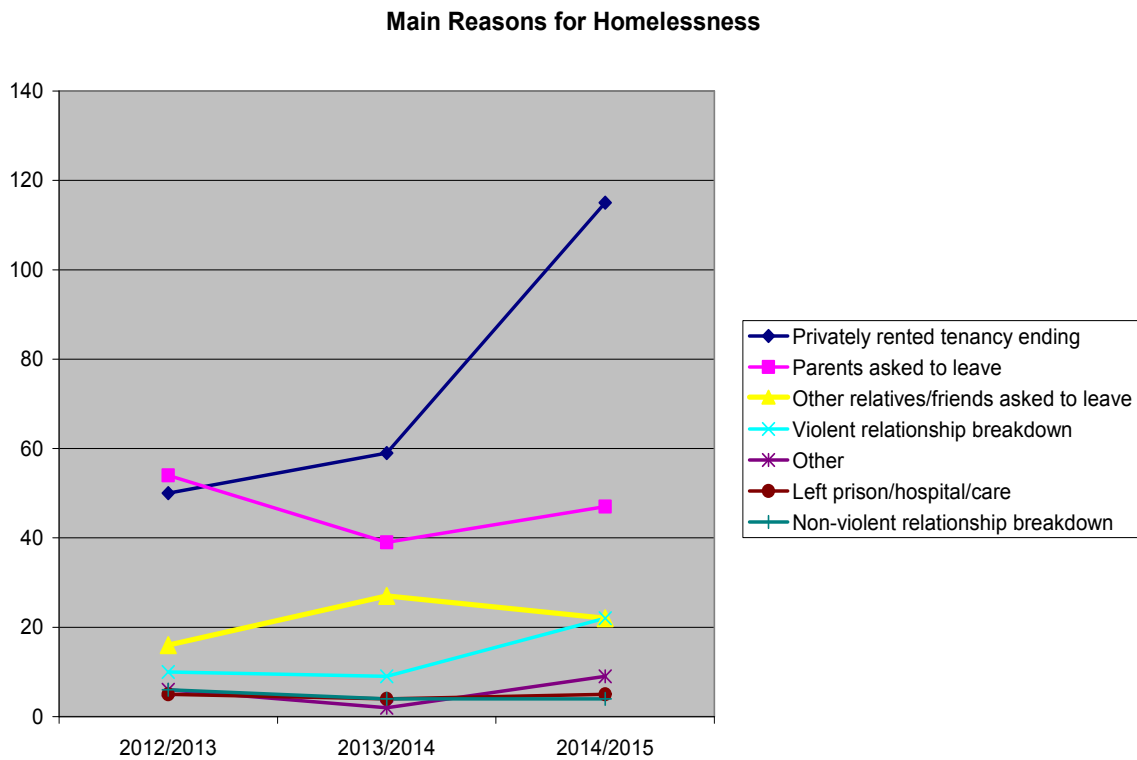
In terms of nightly-let accommodation, we currently have 56 units that are self-contained, of which 33 are outside of the Borough. There are 26 nightly-let units that have shared facilities, all of which are in the Borough.

There has been a reduction of 5 households placed out-of-borough from March 2015. The availability of emergency accommodation will be impacted by a number of factors, including: demand from other groups, events in the area and large scale events in North London; for instance events at Wembley Stadium, given easy access to London on public transport.

We are reviewing the approach to procuring temporary accommodation, in order to ensure value for money.

### 3.3 Homeless Demand

The number of households where a full homeless duty has been accepted increased to 230 in the financial year 2014/15 from 149 in 2013/14. This represents an increase of 81 or 54%. The chart below shows the reasons for homelessness over the last 3 financial years.



From 2012 – 2015 evictions from the private rented sector (PRS), as a cause of homelessness increased by 130%. As a cause of homelessness, PRS evictions now match all of the other causes of homelessness combined.

The default tenancy in the PRS is an Assured Short-hold Tenancy. The landlord does not need to provide any reason for bringing the tenancy to an end when seeking possession. As part of the standard process we ask landlords why they are evicting tenants. The reasons given include: the property is going to be sold; the landlord and his family are intending to move back to the property; and the landlord intends to renovate the property.

### 3.4 Private Sector Rents and Housing Benefit

We suspect that a further key factor leading to private sector evictions is that market rents significantly exceed the levels that housing benefit will cover. The Local Housing Allowance determines the maximum amount of Housing Benefit which is set, by what is called, the Broad Rental Market Areas (BRMA). For each bedroom size within a BRMA the DWP assesses the maximum amount of Housing Benefit that can be paid.

The Local Housing Allowance (LHA) level was based on an assessment of market rents in an area. Originally the LHA was based on the mid-point of this range; this was reduced to the 30<sup>th</sup> percentile from April 2011. From April 2014 the calculation of the LHA was based on a 1% increase on the previous rate or the 30<sup>th</sup> percentile - whichever was the lower. In April 2015 the LHA rate, that were most out of step with market rents, were increased by 4%. In Watford most LHA levels have been increased by 4%, although the LHA for the shared room rent has been frozen at the previous year's level.

In London and the South-East, in particular, the increase in private sector rent levels has substantially exceeded both commonly used measures of inflation: CPI (Consumer Price Index) or RPI (Retail Price Index). This no doubt reflects the substantial imbalance between the supply and demand for housing across all tenures. The changes that have been made to the system of supporting households with housing costs no longer follow the market.

We carry out regular assessments of market rents and compare this to the amount that will be met through the housing benefit system: this analysis is set out in the table below.

Bedroom size	Local Housing Allowance April 2015 (Monthly)	Market Median Monthly*	LHA rates Minus Market Rents
Shared Room Rate	340	525	-185
1 Bed	676	825	-149
2 Bed	853	1,095	-242
3 Bed	1,040	1,250	-210
4 Bed	1,555	1,550	5

\* Analysis of market rents in Watford July 2015

Although the median rent level falls below the LHA level for a 4 bedroom property, it should be noted that: firstly the sample of this bedsize was small, and that the application of the Overall Benefit Cap (OBC), will mean that the accommodation is not

affordable to households that are not working and in receipt of working tax credit.

Our HomeLet scheme assists families facing homelessness, find homes in the private rented sector through the provision of rent deposits (in the form of a bond) and provides landlord incentives. In 2013/14 35 units were procured through HomeLet, in 2014/15 18 units were procured.

We are currently conducting a complete review of HomeLet with a view to relaunching the scheme before the end of this year.

### 3.5 Comparison with other Boroughs

Members have asked for some comparisons with other Boroughs with respect to homelessness. More detailed work is required in this area, however the chart below provides some initial analysis. The table below is taken from statutory returns collected by DCLG regarding various aspects of homelessness.

Quarterly Homeless Acceptances in the County

	April – June 2014	January – March 2015	Change	% Change
Broxbourne	10	10	0	0%
Dacorum	30	50	20	67%
East Hertfordshire	7	13	6	86%
Hertsmere	30	40	10	33%
North Hertfordshire	20	30	10	50%
St Albans	40	30	-10	-25%
Stevenage	10	40	30	300%
Three Rivers	40	20	-20	-50%
Watford	50	60	10	20%
Welwyn Hatfield	30	40	10	33%
<b>TOTAL</b>	<b>267</b>	<b>333</b>	<b>66</b>	<b>25%</b>

Local Authorities are starting from different positions and over the period have experienced different levels of change. However the overall trend has been upwards, with an increase in acceptances in the County of 25% over the two quarters.

### 3.6 Rough Sleeping<sup>1</sup>

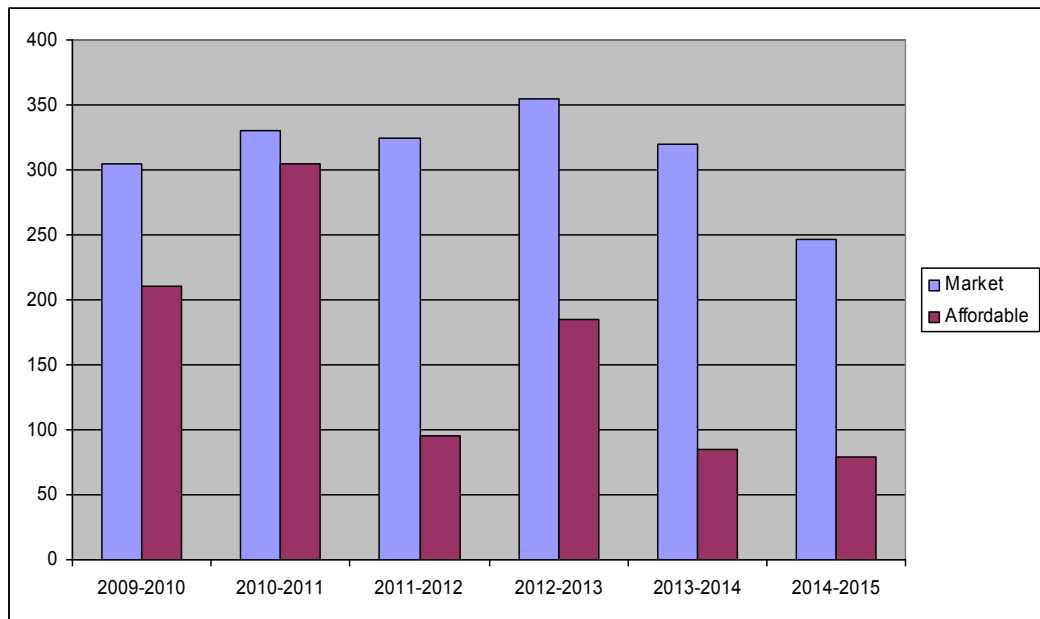
The Council works very closely with New Hope, one of the largest providers of homelessness services in the Home Counties, and commissions them to undertake Outreach work to rough sleepers to help them back on their feet again. The Council

<sup>1</sup> Members should note that the method of recording rough sleeping has changed, which makes historical comparisons difficult. Before 2012 a count was taken on a single night of all rough sleepers, since that time the lead agency, in our case New Hope, can augment that count with intelligence from other sources (e.g. police, community support officers, park rangers, voluntary sector etc.).

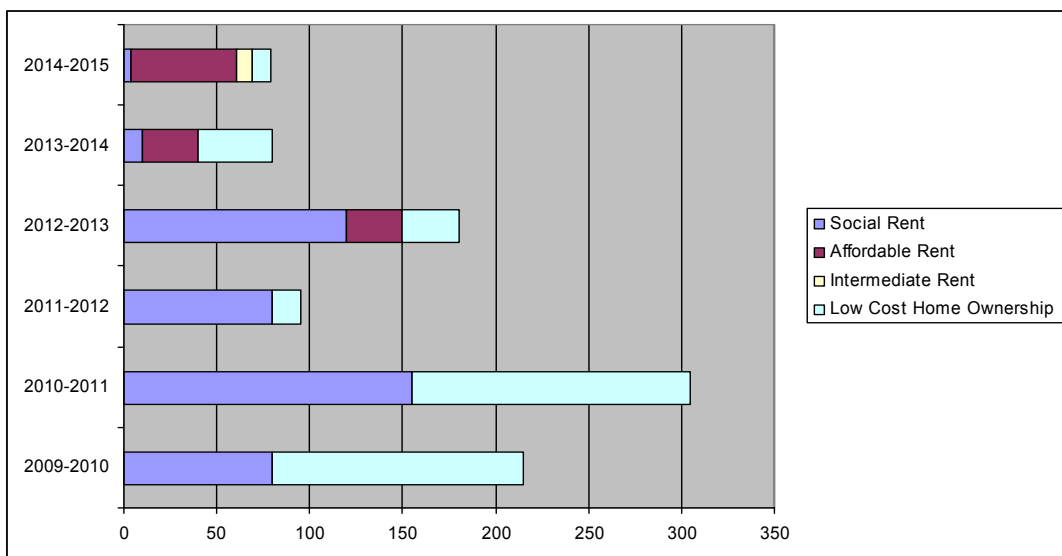
receives monthly updates on progress with these clients and other organisations involved as required. There has been an increase in the level of single people sleeping rough. This peaked at 35 people found to be rough sleeping in January. At the end of June 2015 the number sleeping rough reduced to 22, although this figure remains higher than we would like and this will be the focus of a refresh of the approach to managing single homeless people.

### 3.7 New Build

The chart below shows the number of properties built over the last 6 financial years.



The chart below shows the breakdown of those affordable housing units by type.



The 'affordable rent' model was introduced by the HCA through the 2011-2015 bidding round. The levels of capital funding provided for new housing was substantially reduced and instead Registered Providers were allowed to charge substantially higher rents.

Affordable rents can be charged at up to 80% of the market level. As can be seen from the analysis at point 3.4 market rents can be significantly higher than local housing allowance levels. In practice Registered Providers will set rents to ensure properties remain affordable within the Overall Benefit Cap: currently at £26,000 per annum.

The chart shows that a significant number of properties that were completed in 2012/13 were let at 'social rents'. This reflects the degree of lag in development programmes, which will be influenced by various factors. Most of these social rent properties would have been funded from the HCA scheme that preceded affordable rent.

The Council has been very pro-active in identifying and promoting potential sites for housing. Although the projection for the current year of affordable housing is for 44 units to be completed, there are more than 90 properties that are in the pipeline.

### **3.8 Emergency Budget July 2015**

The following changes were announced that will impact on Housing:

- The Overall Benefit cap will be reduced to £20,000 from £26,000 outside of London;
- Local Housing Allowance rates will be frozen for 4 years;
- The rents for Registered Providers will be reduced by 1% per annum over the next 4 years;
- Right-to-buy is to be extended to Housing Association tenants;
- The automatic right to Housing Benefit is to be withdrawn from under 21 year olds.
- Tax relief for buy-to-let Landlords is to be reduced.

We, and our partners, are analysing the impact of these changes and will put in place remedial action where possible.

3.9 In conclusion, these are times of increased pressure in many aspects of housing in Watford. The Council is aware of these pressures and is using both tried and tested and new arrangements / methods to try and address these.

### Background Papers

No papers were used in the preparation of this report

### File Reference

None