

## **Briefing on Cash Incentives Scheme for PRS Landlords- requested on 29 June 2015**

*“I request that the committee be provided with a briefing about the operation of the incentives scheme for private sector landlords over the lifetime of the scheme, including how much money has been paid to private sector landlords, how many landlords have been paid incentives and how often, how many properties have been involved in the scheme and what impact the scheme has had on the number of lettings over time”*

The following is an update of cash incentives that are offered to private sector landlords to let their properties to housing applicants. See additional briefing, attached, on grants that are offered to owners of empty properties that agree to let the property to housing applicants.

### **The operation of incentive schemes for private sector landlords (June 2015)**

The current Housing Options Service moved from Barnet Council to Barnet Homes in April 2012 and a successful rebranding and launch of let2barnet took place in October 2012. Following this, the let2barnet Team has performed strongly in 2013/14 and 2014/15 with 328 and 393 placement into the private rented sector (PRS) respectively. These are households that would otherwise have been placed in temporary accommodation.

#### **What we offer landlords**

One-off incentives are paid to landlords at the start of the tenancy. The current incentive guidance that Let2barnet Negotiators are able to offer is:

- 1 bed - £1,500
- 2 bed - £2,000
- 3 bed - £2,500
- 4 bed - £3,000

The PRS market remains very competitive and these incentives are kept under review to ensure we can continue to assist customers in accessing affordable accommodation.

#### **What we offer tenants**

Tenants sign a 12 month Assured Shorthold Tenancy (AST) at Local Housing Allowance (LHA) rate. As well as introducing potential tenants to landlords, households are encouraged to source their own accommodation. Around 30% of the placements made, are for households who have found their own PRS accommodation. With affordable supply in high demand, around 3 out of every 10 placements into the PRS are outside the borough of Barnet.

#### **The numbers**

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Year	No. of Direct Lets	No. of LLs/Agents	Total incentives paid
2014/15	393	262	£768,364.44
2013/14	328	224	£566,538.12
2012/13	175	50	£53,058.28
<b>Total</b>	<b>896</b>	<b>536</b>	<b>£1,387,960.84</b>

The last 2 years have seen an average of 1.5 direct lets for every agent/landlord that we use. Incentives have averaged £1,727.25 (2013/14) and £1,955.12 (2014/15).

### The cost of PRS versus Emergency Accommodation (ETA)

The cost of placing a household into the private sector is around £2,000. The net cost of placing a household in ETA is around £210 per month. Therefore the benefits of placing into the private sector are not realised in the first few months of a tenancy. If the tenant remains in the private sector, there will be no further cost to the Council, whilst with temporary accommodation costs will continue to be incurred month after month.

### Sustainability of lettings secured through our incentive scheme

Support provided to households when they are at a crisis point is often enough to get them back on their feet and into sustainable accommodation. A sample of 156 households placed into the PRS during 2013, shows that 18 months later half are still in their accommodation and **only 4% have required further assistance from Barnet Homes:**

- 84 (54%) – Still in property after 18 months
- 66 (42%) – Moved out in 2014 and have not re-approached Barnet
- 6 (4%) – Now in temporary accommodation

### Summary

The ability to be able to place households into the PRS is cost effective way for us to provide affordable housing to homeless households to whom we have statutory obligations. It is also a tool to help achieve our goal of reducing the number of households in temporary accommodation. Additionally this gives greater options and control over the type and location of the accommodation households choose to live in.