

St Mungo's

Response to:

**The private rented sector: professionalism and quality –
The Government response to the Rugg Review Consultation**

**Mike McCall
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About St Mungo's

We are London's largest homelessness agency. We provide over 100 accommodation and support services day in and day out.

We run **emergency services** – including street outreach and emergency shelter. We support homeless people in their **recovery** – opening the door to safe housing, health care and work. We help more homeless people into lasting new homes, training and employment than any other charity.

We also **prevent homelessness** through our complex needs housing and support teams for people at real risk.

By opening our doors, and our support services, we enable 1,000s of homeless and vulnerable people to change their lives for good every year.

St Mungo's response

This response has been formulated after discussion with the following people:
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People

Introduction

These comments concentrate on those parts of the Government Response that touch on issues that affect vulnerable homeless people who are actually using private lets as a move-on option from hostels and supported houses. We also comment on housing benefit practice as it affects the viability of this option for homeless people. We have included preliminary findings from the For-Home Study, a national research project undertaken by Sheffield University and voluntary sector agencies, due to publish in 2010, on the experience of homeless people moving to self-contained accommodation, including private lets. We have not made detailed comments on the proposed national database and register of landlords, except to note that we are supportive of local authority private landlord accreditation schemes as offering some assurance to vulnerable residents moving to private lets.

Private lets as a move-on option for homeless people

St Mungo's provides supported housing in London for around 1400 homeless people every night. In the financial year 2008/9 St Mungo's helped 48 residents move to privately let flats. This represents 18% of all moves to self-contained accommodation (48 out of 268 moves) and is an increasing proportion of move-on provision, year-on-year. The majority of these residents moved to properties that were offered through a local authority scheme. A few residents made their own arrangements with a landlord, but without access to funds for a rent deposit, such moves are uncommon.

Many local authorities have begun to use private sector placements as the main move-on provision for single homeless people in hostels and supported housing. In addition, the Clearing House agency that allocate properties to former rough sleepers has begun to offer private lets as temporary, supported tenancies of two-year duration.

St Mungo's clients present with a variety of support needs. Some clients will need minimal support in their tenancies; others will find it difficult to cope with the challenge of securing a new tenancy when their private let tenancy ends. While we are enthusiastic about an increase in access to self-contained flats that the private sector promises to deliver, and of the potential for homeless people to have greater choice (particularly area-choice), we have genuine concerns about the level of insecurity that vulnerable people face in such tenancies. We believe that there are practical, and not necessarily expensive, ways to enhance the security of homeless people who move to a private let.

Local authority private lets schemes and housing strategies

The following comments relate to the question posed in the government's response to the Rugg Review: *"How best should local authorities be playing the private rented sector into their wider strategic housing and planning roles."*

Local authorities in London have been developing various schemes to exploit private lets and relieve their long housing waiting list. Although a resident in a hostel or supported house has theoretical access to a private let of their choosing, almost all residents lack the financial resources for a rent deposit. St Mungo's residents face the "choice" of a local authority private let scheme where a deposit (and a month's rent in advance and, perhaps an agency fee) is *not* required. Access to such schemes varies widely across the city, with limited or no access in some boroughs to very active schemes in others. For example, in the borough of Camden, all housing applicants below a certain points level are allocated a private let; applicants do not have a choice – if they apply to the local authority for housing they will be allocated a privately let flat, unless their waiting list points are sufficient, due to medical issues or other criteria, to be able to secure a "social let."

Brent Council have been operating a voluntary private let scheme for several years, and this year the borough has made clear its intention to offer only private lets to certain homeless applicants. In Kensington and Chelsea, the council's voluntary private let scheme was so successful, and the pressure on the housing waiting list so intense, that the scheme had to be suspended after it was over-subscribed. At present, there is no access to private lets to St Mungo's hostel and supported housing residents who live in K&C.

Lambeth has pioneered a private let scheme that addresses the particular needs of hostel residents who have substance use support needs. The Private Rented Access and Support (PRAAS) scheme makes direct offers of private sector accommodation to applicants, guaranteeing a tenancy of at least 18 months duration. Applicants' support needs, as well as their housing need, are assessed under the scheme and there is an emphasis on planning a tenancy sustainment strategy for each individual.

None of the schemes can provide a satisfactory answer to the frequently asked question posed by St Mungo's residents: "What happens if the landlord asks me to leave?" Since most local authority schemes act as rent guarantors to landlords, with no deposit changing hands, private sector tenants do not have access to a deposit that can be transferred to a new tenancy. So unless the resident can return to the scheme which placed him or her in the first tenancy, they will face the prospect of homelessness and/or a return to temporary accommodation. Many of the people we are assisting in St Mungo's do not possess the personal and social resources to ensure that they can negotiate and secure ongoing accommodation, without support.

Private lets as experienced by vulnerable people with a history of homelessness

Quoting the Rugg Review, the Ministerial Forward makes this positive statement about privately let tenancies:

"The vast majority of [private let] tenancies begin and end in good faith with no issues for either party,"

While this assessment may be true of the private lettings sector overall, it does not necessarily reflect the insecurity experienced by vulnerable people living in homeless hostels and supported houses that subsequently move to a private let. In our experience, such tenants face varying degrees of insecurity and in some cases, this insecurity has led to a return to street homelessness. As private lets are offered to more and more people in this group, an increase in homeless cases arising from these tenancies is likely.

The Government response to the Rugg Review acknowledges the need for “an improved and more nuanced understanding of the sector.” Unfortunately, robust data on private lets and vulnerable tenants is scarce at the present time. However, St Mungo’s has been a participant in the For-Home Study, a three-year research project due to be published in 2010, which promises to provide useful data on private lets and other housing options. The Study has tracked 400 hostel and supported housing residents in London, Leeds, Nottingham and Sheffield who have moved to self-contained accommodation, including private lets. The Study’s preliminary findings reveal that a higher proportion of private lets tenants, when compared to “social housing” tenants, subsequently left their accommodation to either return to homelessness, or to alternative accommodation. (See Appendix I: *Preliminary findings on homeless clients allocated private let accommodation*).

The reality is that some vulnerable private let tenants will experience homelessness when their tenancies are brought to an end – especially if accessible and pro-active support is not available to arrange alternative accommodation. Furthermore, the inherent insecurity of private lets, as experienced by vulnerable tenants, may itself play a part in increasing the likelihood of abandonment, as the For-Home Study preliminary findings also seem to suggest.

Increasing security for vulnerable persons who move to private lets

St Mungo’s believes that local authorities need to form a clearer view on vulnerability and insecurity when it comes to using private lets as a means of housing homeless applicants. We would argue that local authority homeless strategies need to explicitly acknowledge that there will be a sub group of tenants who are especially vulnerable to exploitation, and to becoming homeless again, if placed in a privately let flat.

We do not expect that local authorities will be able to deliver complete security in the private sector, and we accept that many private lets will be able to “get on with their lives” once they secure a tenancy. But we do believe that, in consultation with the voluntary sector, local authorities could develop strategies that:

- Better define and monitor vulnerable individuals who may be placed in private lets
- Ensure that local authority-funded floating support agencies are aware of these tenants and are offering services that are responsive and suitable to their needs
- Explore strategies to assist private sector tenants to secure new tenancies including a “deposit voucher” system to secure a new tenancy from an accredited landlord
- Ensure that the local authority assess an applicant’s ability to secure ongoing accommodation, without assistance, when allocating a private let, and when awarding points in their allocation systems

In Britain, it has long been accepted that individuals who are past a certain age (usually in policy terms this is 60+) should not face the same housing insecurity that a younger person faces. Sheltered housing departments across the country provide security for hundreds of thousands of people in this age group – and a number of St Mungo’s residents are able to move to this provision each year. By extension, individuals who are vulnerable as the result of mental and physical health, or other support issues, should also be spared the insecurity of not knowing whether their current accommodation will be available to them in future, and the high probability that they will face a catastrophic breakdown in their circumstances, should this accommodation cease to be available to them.

The housing benefit system: direct payments to tenants

The issue of housing benefit claimants and the private rented sector is raised briefly in Section 2: 3.

The numbers of housing benefit claimants in private lets is likely to rise in the coming years. Therefore, any policy adjustments that will help to ensure that vulnerable people are not made homeless as a result of administrative error or oversight, should be considered.

For vulnerable residents who move to a private let, the variation in practice among HB departments on the issue of direct payments to tenants is contributing to cases of tenancy breakdown and homelessness.

In our experience, some HB departments have been reluctant to accept that rents should be paid direct to private landlords where a person is considered incapable of managing the rent payments him or herself. We believe that the request that a resident opt out of direct payments is crucial to supporting vulnerable tenants who otherwise will experience catastrophic tenancy failure when they receive large payments themselves. We have experienced some resistance to these requests from some departments. HB departments which refuse to make direct payments to landlords, despite representations from agencies such as St Mungo’s, are making it more likely that such tenancies will end in failure. *In our view, a tenant should simply be able to opt for direct payment to the landlord, simply by ticking a box on a form, and not need an intermediary organisation to advocate for what is, essentially, an administrative arrangement.*

Comments on the regulatory framework – point 2:11

St Mungo’s recognises that residents who move to a private let are best served if the landlord has been vetted as meeting basic standards and we encourage our residents to confirm that a landlord is accredited by the local authority before signing a tenancy. We suggest that extending local authority accreditation schemes to cover all landlords in the authority’s jurisdiction would appear to be the most straightforward (and least expensive) way of ensuring that landlords meet minimum standards nationally.

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Appendix I

For-Home Study: Preliminary findings on homeless clients allocated private let accommodation

Submission to the Rugg Review from the FOR-HOME study

The effectiveness of privately-rented accommodation in resettling single homeless people

This note provides preliminary information from the FOR-HOME longitudinal study of the resettlement of single homeless people about the experiences of formerly homeless people who have been resettled into private-rented tenancies (in comparison to those settled in social housing tenures). The study has been in progress since 2007, and was designed by and is being conducted by a collaboration of researchers at the University of Sheffield and six service-provider organisations (Broadway, Centrepont, Framework, St Anne's, St Mungos and Thames Reach), and is funded by the ESRC (grant RES-062-23-0255).

The 400 participants (223 in London and 177 in Nottingham, Sheffield and Leeds) are representative of those who were resettled by the collaborating organisations during 2006. They were interviewed immediately prior to being resettled and 6 months later, and will be interviewed 18 months after resettlement. Coding of the six-month interviews was completed in late June 2009. Basic frequency tables are available but there has not yet been time to code the responses to the open-ended questions or to analyse all the relevant variables and associations. Fuller information will be available in early September, and by early 2010, tables of the outcomes over 18 months will have been produced.

Fifty-seven respondents were resettled in private-rented accommodation. Their experiences during the first six months varied. Some moved to accommodation in good condition with fully functioning utilities, but others reported faults, disrepairs, and difficulties in getting repairs done.

Some have had the Local Housing Allowance paid directly to them and have kept up with their rent, but others have already built up large rent arrears (a few have simply not paid the rent). The FOR-HOME dataset will enable the relationship between tenure and changes in the incidence and level of debt over the first six months to be analysed.

At the 6 month interviews, one-quarter of the respondents in the private-rented sector (PRS) said that they were 'definitely' settled in their accommodation, and another quarter responded to the question with 'I think so'. By contrast, 53 per cent of the respondents in local authority and housing association tenancies said that they were 'definitely' settled. The complement is that the PRS tenants were more likely to have reported being unsettled. Moreover, a higher proportion had either changed accommodation or become homeless again. Several had moved to cheaper private-accommodation that they had found themselves.

Some PRS tenants were not keen to get a job because their weekly rent

was more than £200 and they believed that if they took employment they would lose their (entire) entitlement to Housing Benefit. Many were also concerned that their tenancy agreement was for a limited time and that it might not be renewed.

Tony Warnes and Maureen Crane, University of Sheffield, for the FOR-HOME project partners
25 June 2009