

Guildhall

Residential Lettings

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30 October 2017



NORTHAMPTON
BOROUGH COUNCIL

What we will be focusing on

- **Northampton's lucrative private rented sector**
- **Key objectives of the social lettings agency**
- **How the social lettings agency will operate**
- **Who the social lettings agency can / can't help**
- **How you can help**



A lucrative private rented sector

- **18% of Northampton's households are living in private rented housing**
- **Demand exceeds supply**
- **Shortage of homes (and letting agents' behaviour) continues to inflate rents**
- **Problem compounded by local authorities' demand for out-of-borough homes**



A lucrative private rented sector

- **Management fee (to find tenants, collect the rent and manage the property)**
- **Letting fee (to find suitable tenants for the landlord)**
- **Administration fee**
- **Tenancy renewal fee**
- **Repairs / gas safety fee**
- **Tenant's reference fee**



An exclusive private rented sector

- **High rents**
- **Large, up-front payments** (fees, deposits, rent-in-advance)
- **Attitudes of letting agents (and landlords) to people in receipt of Housing Benefit**
- **Unemployment and/or a poor credit history**
- **The need for a guarantor**
- **Lack of confidence in PRS**



An exclusive private rented sector

Welfare reform makes it more difficult to access the PRS:

- Rent differentials between LHA and market rents
- Number of bedrooms allowed (size criteria)
- Benefit Cap (£384.62pw)
- Universal Credit (includes housing costs and is paid monthly in arrears)



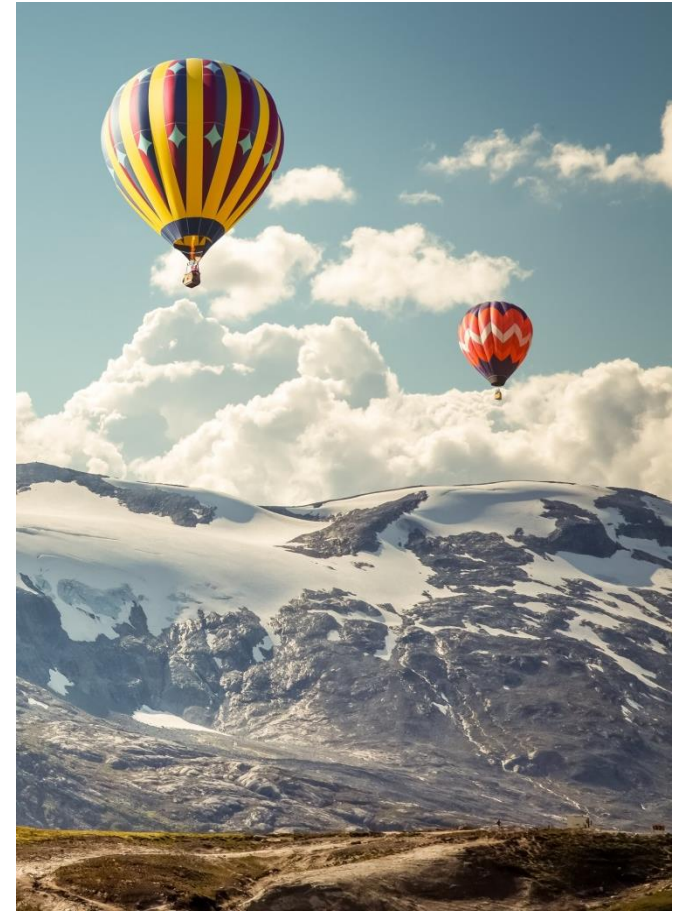
Key objectives of the agency

- **Improving standards in the private rented sector**
- **Bringing hundreds of empty homes into use**
- **Improving access to the private rented sector**
- **Preventing homelessness**
- **Reducing expenditure on temporary accommodation**



Focused on new horizons

- **Opportunity to invest income (civil penalties, rent repayment orders, fees and charges) to improve conditions in the private rented sector and meet housing need**
- **Opportunity to change local housing market**



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Residential Lettings

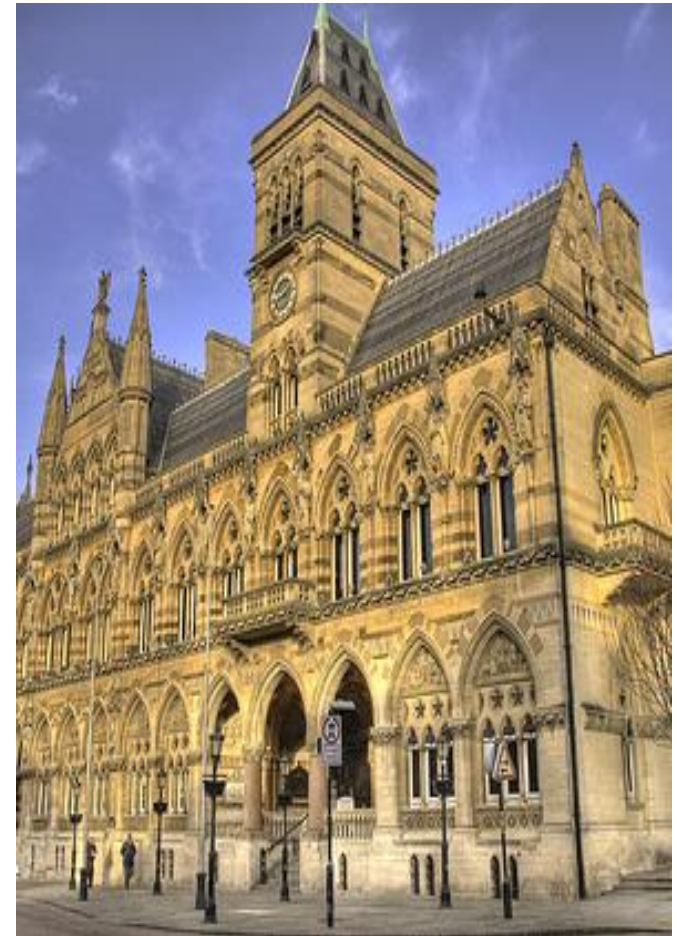
for tenants, for landlords



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Guildhall Residential Lettings

- **Lettings Manager**
 - **Empty Homes Officer**
 - **Lettings Negotiator**
 - **Housing Management & Lettings Officer (x 2)**
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- **Supported by self-service, mobile technology and market leading software**



Guildhall Residential Lettings

- **Website / microsite**
- **Property management software (inventories, inspections, lettings, voids, gas safety, rent collection, letters, etc)**
- **Online diagnosis and reporting of repairs**
- **Full mobile working**



Guildhall Residential Lettings

- **Private sector leasing**
 - **Management Orders (First Tier Land Tribunal)**
 - **Property management**
 - **Tenant finder**
-
- **Temporary accommodation**
 - **Empty / substandard homes**
 - **Improving access to PRS**



Private sector leasing

- **Lease of 3, 5 or 7 years**
- **Owner receives PSL rent (76% of market rent)**
- **Unaffected by voids, rent collection rates and council tax, etc**
- **Interest-free loan to fund essential repairs**
- **Property handed back in good condition**



Landlords' fees and charges

- **One-off set up costs £500 (covering inventory, inspection, admin, etc)**
- **Management fee of 12% of monthly rent (more if rent guaranteed)**
- **Tenant finder 50% of first month's rent**



Social Lettings Agency rents

- **There is a big difference between market rents and the Local Housing Allowance (LHA) rates**
- **If we charge the market rent, there is a danger we will encourage rents to rise**
- **If we charge LHA rates, we won't attract landlords**
- **SLA rents will be up to 95% of the market value**



Social Lettings Agency rents

- The Lettings Negotiator will provide a market valuation and establish the landlord's motivation and requirements

How much rent do you want?



£510 a month

How long do you want to let for?



24 months

- In order to make the home more affordable for a wider range of people, the landlord will be encouraged to accept a lower rent
- The rental figure quoted to the landlord will be net of the Social Lettings Agency fee



Illustrative weekly rents

One-bedroom home

- Market rent: £110 - £175
- SLA rate (95%): £105 - £166
- LHA rate: £100.05
- Weekly HB shortfall: £5 +

Two-bedroom home

- Market rent: £133 - £208
- SLA rate (95%): £126 - £197
- LHA rate: £126.31
- Weekly HB shortfall: £0 +



Illustrative weekly rents

Three-bedroom home

- Market rent: £167 - £276
- **SLA rate (95%): £158 - £262**
- **LHA rate: £139.84**
- Weekly HB shortfall: £18 +

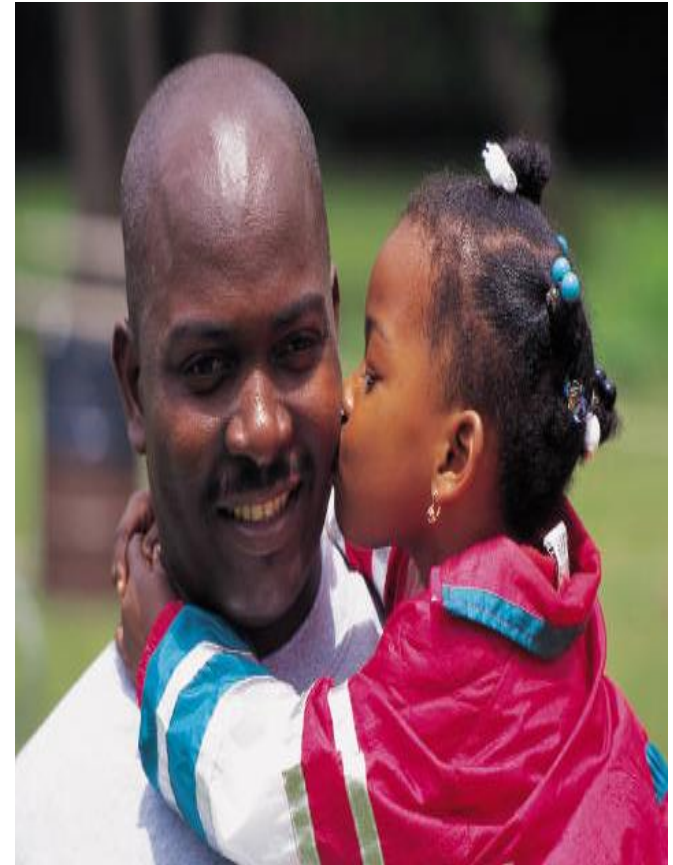
Four-bedroom home

- Market rent: £230 - £415
- **SLA rate (95%): £218 - £394**
- **LHA rate: £187.14**
- Weekly HB shortfall: £31 +



Tenants' fees and charges

- **Government intends to stop letting agents charging tenants fees**
- **All tenants must pay a deposit equivalent to two months' rent**
- **May be asked to meet the referencing costs**



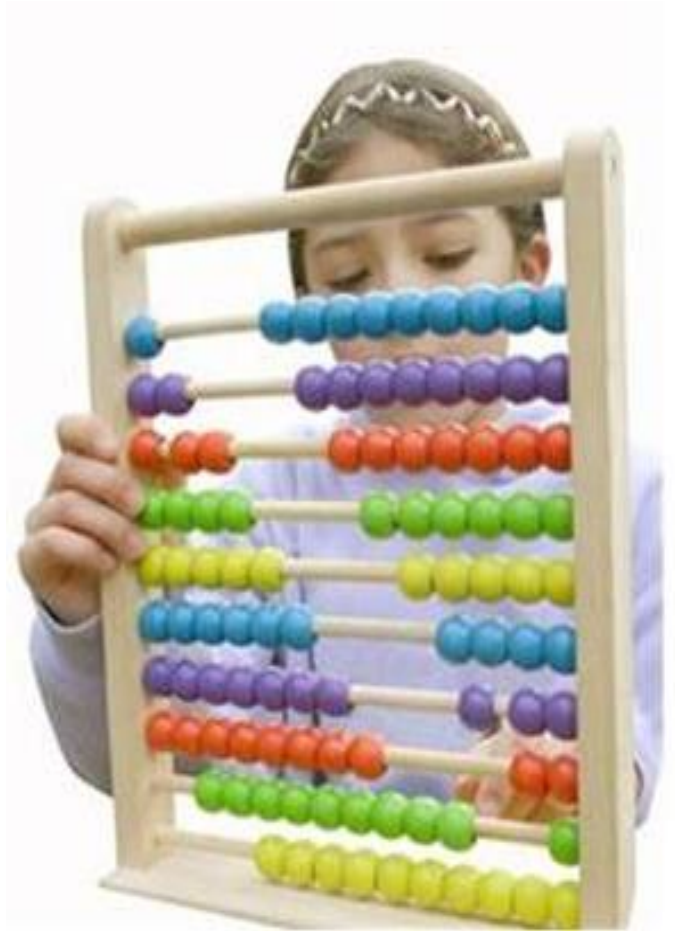
‘Sponsored’ tenants

- **Any fees and charges**
 - **Deposit or guarantee (2 months’ rent)**
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- **In some instances, a rent ‘top up’ may be provided instead of a deposit**
 - **Eventually, such aid will be funded from civil penalties and rent repayment orders**



Extra help for tenants

- **A smaller deposit may be accepted if a tenant is due to receive funds from their former home after they have moved**
- **Tenants will be given budgeting advice, join a Credit Union and be offered a Tenant Mentor**



Pre-approved home seekers

- **The Social Lettings Agency will maintain a register of home seekers whose circumstances have been checked and verified and who have a satisfactory reference**
- **These households will be considered for vacancies**



Tenants normally considered

- **People in priority need who are homeless or at risk of becoming homeless through no fault of their own**
- **People who are in need of sub-market rented housing and have enough income to meet the rent in full**



Tenants not normally considered

- **People who have no local connection with Northampton, or are intentionally homeless**
- **People who have a history of ASB or rent arrears, or have breached their tenancy conditions**
- **People whose income is too low to meet their rent**



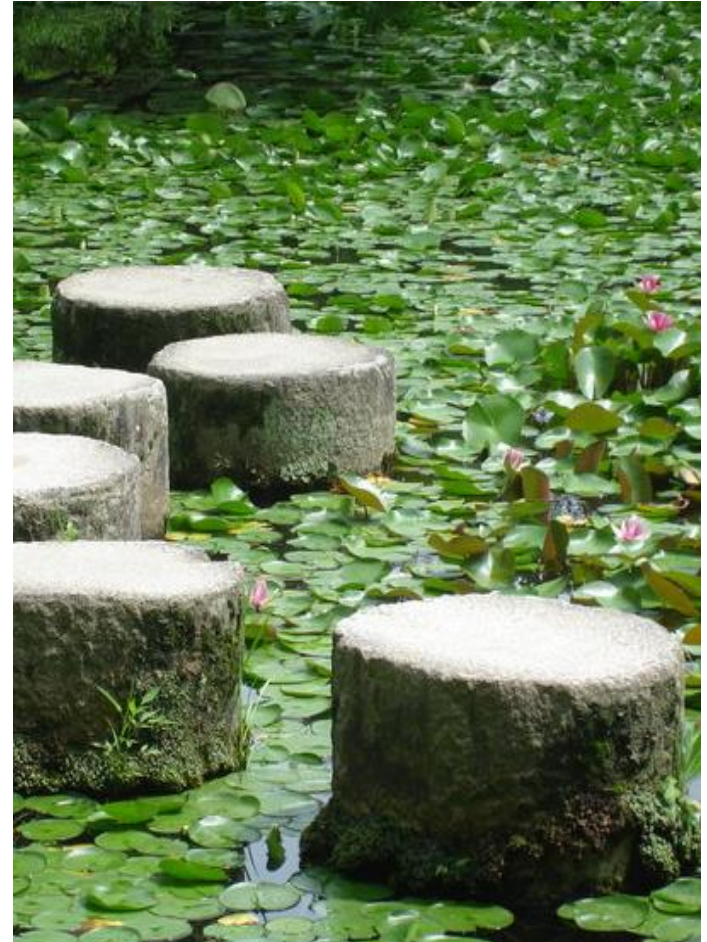
The story so far

- **Social Lettings Agency Manager** (improved and streamlined the temporary accommodation processes)
- **Empty Homes Officer** (has focused on bringing empty homes back into use)
- **Housing Management & Lettings Officer** (improved rent collection / management of voids in temporary accom)



The story so far

- **Lettings Negotiator (started 23 Oct 2017)**
- **Private sector lease approved and available**
- **Software purchased and training arranged**
- **Website being finalised**
- **NPH to start phased handover of 36 homes**
- **Advertising to begin in November 2017**



Potential opportunities

- **Loss of tenants' fees may lead to rent increases that do not benefit landlords**
- **University's relocation and the drop in student intake may help supply**
- **Social Lettings Agency offers a range of options for tackling empty homes**
- **Community involvement**



How you can help

- **Raise awareness of Guildhall Residential Lettings as an ethical lettings agency**
- **Actively encourage landlords and property owners to lease and let their properties to the Social Lettings Agency**





For more information, please contact:

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