



CABINET REPORT

Report Title

Establishment of a Social Lettings Agency

AGENDA STATUS:

PUBLIC

Cabinet Meeting Date:	11 January 2017
Key Decision:	Yes
Within Policy:	Yes
Policy Document:	No
Directorate:	Chief Executive's
Accountable Cabinet Member:	Councillor Stephen Hibbert
Ward(s)	All

1. Purpose

- 1.1 On 21 October 2015, Cabinet approved the principle of establishing an in-house social lettings agency that will let and manage private rented accommodation (on behalf of owners and in return for a management fee) in order to improve standards in the private rented sector, bring empty homes back into use, prevent homelessness and make it easier for people who are living and working in the borough to access good quality, well managed, affordable private rented housing.
- 1.2 Since that decision, Officers have developed an operating model that will not only meet the Council's strategic objectives but will also be cost-effective, sustainable and, over time, meet all or most of its operating costs from its fees and charges.
- 1.3 A comprehensive Business Case (Appendix A) has now been produced, explaining how the social lettings agency will operate and how it will be funded.
- 1.4 The purpose of the report is to seek Cabinet approval of the establishment of a social lettings agency – called 'Guildhall Residential Lettings' – in Northampton.

2. Recommendations

- 2.1 That Cabinet approves the establishment of Guildhall Residential Lettings (an in-house, not-for-profit social lettings agency that will let and manage private rented accommodation, on behalf of owners, in return for a management fee); and
- 2.2 That Cabinet approves the drawdown of reserves of £56k (from the 'Preventing Repossession reserve') in the current year 2016/17 in order to cover the cost of developing the Social Lettings Agency Business Case and employing a Social Lettings Agency Manager for Quarter 4 of 2016/17.
- 2.3 That Cabinet agrees that the resources identified in the table in Paragraph 4.2.1 of this report are reflected in the final budget for 2017/18 and the Medium Term Financial Plan due to go to Cabinet and Council in February 2017.

3. Issues and Choices

3.1 Report Background

- 3.1.1 In Northampton, the private rented sector has doubled in size during the past ten years and now amounts to around 16,000 (18%) of the homes in the borough. For the first time in decades, there are now more people living in Northampton's private rented sector than are living in social rented housing.
- 3.1.2 As well as having a growing University population, the town is attracting more people through the creation of extra jobs by the Northampton Alive projects and Enterprise Zone. Together with the difficulty that many people are still having in buying a home of their own, this is leading to more people wanting to rent a home in the borough.
- 3.1.3 Although the private rented sector plays a vital role in helping to meet the demand for housing in Northampton, the high demand has encouraged landlords and rental agents to ask for as much rent as tenants can afford.
- 3.1.4 In November 2014, the Council introduced an Additional HMO Licensing Scheme and issued an Article 4 Direction (removing permitted development rights) in parts of the town. Intelligence suggests that, 2 years on, a large number of licensable HMOs are operating without an HMO licence.
- 3.1.5 Northampton's intelligence-led, risk-based approach to tackling criminal, rogue and irresponsible landlords – underpinned by new Private Sector Housing policies in February 2016 – is helping the Council, Police and Trading Standards to identify offenders. However, the Council is currently not equipped to take over the management of unsafe or badly managed housing.
- 3.1.6 With so many tenants to choose from – and charging rents that are a lot higher than the Local Housing Allowance rates used to calculate Housing Benefit – none of the town's rental agents will now let to people who are reliant on Housing Benefit even if the Council offers a financial incentive.

- 3.1.7 During the past year, there has been a sharp rise in the number of households applying to the Council for assistance under the homelessness legislation. The loss of private rented accommodation – and the difficulty of accessing the private rented sector – is the main cause of homelessness in Northampton.
- 3.1.8 Of particular concern is the growing number of people in full-time employment who become homeless because they are unable to meet their needs in the private rented sector due to the high rents and the amount of competition from other homeseekers. This has not happened very much in the past.
- 3.1.9 The increase in homelessness applications, together with a corresponding fall in the number of social rented homes available for letting, has resulted in a sharp rise in the number of homeless households living in temporary accommodation, especially in expensive B&B accommodation.
- 3.1.10 At a time when the demand for housing is so high, it is known (from council tax records) that more than 1,200 privately owned homes are currently empty in Northampton and that a quarter of these have been empty for at least 2 years.
- 3.1.11 Although the Private Sector Housing Team regularly receives reports about empty homes, it only has the capacity to deal with the most problematic.
- 3.1.12 Northampton Partnership Homes is currently managing 28 flats and apartments that were created by converting surplus or redundant office space and commercial premises into affordable housing. The scheme – involving government funding and the Council leasing the homes for 6 years – was set up by the Homes & Communities Agency and the Regeneration Team.

3.2 Issues

- 3.2.1 The main purpose of the social lettings agency is to help the Council to improve standards in Northampton's private rented sector, bring empty homes back into use and make it easier for people who are living and working in the borough to access good quality, well managed, affordable private rented accommodation.
- 3.2.2 It is intended, also, that the social lettings agency will prevent homelessness, reduce the Council's reliance on B&B and, in doing so, substantially reduce expenditure on temporary accommodation. The draft budget includes a budget pressure of £570k across the Housing & Wellbeing Service and Housing Benefits (reflecting the likely increase in temporary accommodation costs) which needs to be addressed.

Improving standards in the private rented sector

- 3.2.3 The Council is committed to dealing robustly with criminal, rogue and irresponsible landlords – including the owners and managers of unlicensed HMOs – and to making full and effective use of its enforcement powers and the provisions of the Housing & Planning Act 2016.
- 3.2.4 Northampton's intelligence-led, risk-based, 'offender pays' approach is set out in its Private Sector Housing Enforcement Policy and Fees & Charges Policy which encourage and reward good and responsible behaviour and impose penalties and sanctions for bad and irresponsible behaviour.

- 3.2.5 Although the Council has a duty (under Part 4 of the Housing Act 2004) to make an Interim Management Order to take over the control and management of property for a period of up to 12 months in relation to licensable HMOs, and a power to take such action for non-licensable HMOs, in order to protect the health, safety or welfare of the occupants and people living within the vicinity, this is not a course of action that the Council has had to take to date.
- 3.2.6 The duty to take over the control and management of an HMO presents a number of challenges for the Council because, in common with many other local authorities, it is currently not equipped to deal with such a situation. As the Private Sector Housing Team's intelligence-led approach has identified a significant number of HMOs that are operating without a licence, there is a strong likelihood that the Council will need to take over the control and management of some HMOs in the future.
- 3.2.7 If a social lettings agency is established in Northampton, the Private Sector Housing Team will be in a much better position to make an Interim Management Order (lasting up to 12 months) and then a Final Management Order. A Special Interim Management Order may be applied for (to remove or significantly reduce an anti-social behaviour problem) when a landlord is failing to take action to address a problem in private rented accommodation.
- 3.2.8 The Housing & Planning Act 2016 strengthens local authority powers to tackle criminal, rogue and irresponsible landlords with the introduction of Banning Orders, a tougher 'fit and proper person' test and Civil Penalties of up to £30,000, together with changes to Rent Repayment Orders.
- 3.2.9 As the introduction of Banning Orders and a tougher 'fit and proper person' test is likely to increase the number of licensable HMOs that are not licensed and are unlikely to be licensed in the near future (see Paragraph 3.2.6, above), the social lettings agency will play a vital role in helping the Council to meet its statutory obligations in relation to Interim and Final Management Orders.
- 3.2.10 The introduction of Civil Penalties (which can be imposed as an alternative to prosecution) and the extension of Rent Repayment Orders (to cover a range of offences, not just licensing) is extremely important to the Council because all of the monies due to the Council will remain with the Council (to spend on housing related activity) rather than, as at present, being passed on to the Treasury.
- 3.2.11 Where a landlord is unable to manage their property themselves, the social lettings agency will offer them a solution. Better outcomes will be achieved, of course, if the social lettings agency takes on the management of such properties, especially if there are tenants in occupation.
- 3.2.12 It is hoped that the social lettings agency's ethical practice - including the transparency, fairness and simplicity of its system of fees and charges - will set a new benchmark for rental agents and encourage good practice.

Bringing empty homes back into use

- 3.2.13 At present, around 1,200 privately owned homes are empty in Northampton and, of these, one in four has been empty for at least 2 years.
- 3.2.14 Although many of these homes will not stay empty – because they are on the market, are in the process of being re-let or are being renovated – empty homes can blight neighbourhoods and attract squatters, crime, anti-social behaviour and vermin. They also add to the pressure on housing supply.
- 3.2.15 Dealing with these problems (including flytipping, vandalism and arson), and boarding up empty homes to make them secure, places a significant burden on public services. Bringing these homes back into use, therefore, will help meet housing need, improve the look and feel of local neighbourhoods, reduce crime and anti-social behaviour, and relieve some of the pressure on public services.
- 3.2.16 Experience in other parts of the country has shown that the employment of an innovative, persuasive and tenacious Empty Homes Officer can make a huge difference in bringing empty homes back into use and reducing the number of homes left empty for more than 6 months.
- 3.2.17 Section 85 of the Local Government Act 2003 authorises the sharing of council tax data for the purpose of helping to bring empty homes back into use. Arrangements are now in place for the Private Sector Housing Team to receive automated monthly reports of all listed empty homes in the borough. As the empty homes situation is constantly changing, this arrangement will ensure that Officers can access the most up-to-date data when tackling empty homes.
- 3.2.18 In order to achieve its objective of bringing empty homes back into use – and to encourage the owners of empty homes to either lease their properties to the Council (for use as temporary accommodation) or employ the social lettings agency to let and manage them on their behalf – it is proposed that an Empty Homes Officer is appointed and embedded within the social lettings agency.
- 3.2.19 The Empty Homes Officer will contact the owners of all privately owned empty homes in the borough to inform them of their full range of options (including letting and leasing) and explain what help is available from the Council and the social lettings agency to enable them to bring their empty homes back into use.
- 3.2.20 Often, it will take just a letter or conversation to prompt an owner to sell or let their empty home. Sometimes, it will require an inspection, a schedule of works, advice on how to secure the services of reliable contractors and/or the offer of a property management service, a leasing arrangement or help with repairs. Occasionally, it will require an enforced sale or compulsory purchase.
- 3.2.21 Some of the empty homes – including those that have been empty for a long time or are especially problematic – may require repairs and improvements to bring them up to the agreed lettable standard. It is proposed that, where an owner is willing to lease their empty property to the Council for 5 - 7 years, the Council will offer them an interest-free loan of up to £10,000 to pay for essential works and then recover this loan through deductions from the lease payments.

3.2.22 If the works are organised by the Council, a charge of 15% will be made. The rate at which the loan is repaid will depend on the amount borrowed, the length of the lease, the size of the lease payments and the owner's circumstances.

3.2.23 Although it is expected that the Council's private sector leasing scheme will be of interest to many of the owners of empty homes – because the Council is hoping to lease 40 family homes, as quickly as possible, to provide temporary accommodation for homeless households that would otherwise be living in expensive B&B – it is also expected that the owners will be interested in the whole range of letting and management services offered by the social lettings agency.

Improving access to private rented accommodation

3.2.24 In common with many other parts of the country, the high demand for private rented accommodation in Northampton exceeds supply, is pushing up rents and making it extremely difficult for people to access the private rented sector.

3.2.25 With so many tenants to choose from, none of the town's rental agents will now let to people who are reliant on Housing Benefit and, even though the Council's rental deposit scheme is still in operation, take-up is extremely low and landlords are no longer interested in the financial incentives offered.

3.2.26 During the past year, there has been a sharp rise in the number of households applying to the Council for assistance under the homelessness legislation. The loss of private rented accommodation – and the difficulty of accessing the private rented sector – is the main cause of homelessness in Northampton.

3.2.27 What is especially worrying is the growing number of people in full-time employment who are unable to access private rented accommodation due to the intense competition from other homeseekers, their inability to provide a guarantor and/or a difficulty in meeting agents' fees and charges.

3.2.28 Although the social lettings agency will need to be satisfied that prospective tenants are able to afford the rent and are capable of sustaining the tenancy, it will not normally require a guarantor, it will consider people who are reliant on Housing Benefit and it will accept the Council's rental deposit scheme.

3.2.29 Although the Government has recently announced that it will prohibit letting agents from imposing fees and charges on tenants, it has not yet published details of its proposals or, indeed, its plans for consultation. Until tenants' fees and charges are outlawed, they will continue to be a significant barrier to people's access to decent, well managed private rented accommodation.

Preventing homelessness

3.2.30 The social lettings agency will manage a mixed portfolio of homes and let them to a broad range of tenants, including key workers, people with disabilities and people who are homeless or at risk of becoming homeless.

- 3.2.31 In 2014/15, the loss of private rented accommodation accounted for 123 (42%) of the homeless households for whom the Council accepted a housing duty. In 2015/16, it accounted for 149 (46%) of the acceptances and, during the first six months of 2016/17, the figure had already reached 135 (57% of acceptances).
- 3.2.32 Although the Council's Housing Options & Advice Team works hard to prevent homelessness wherever possible, it is especially difficult to negotiate with landlords or rental agents who are intent on obtaining vacant possession in order to sell the property or let it to someone else at a much higher rent.
- 3.2.33 The problem is compounded by the fact that, even when they have been an exemplary tenant, tenants often find it extremely difficult (for the reasons described in Paragraph 3.2.27, above) to secure suitable alternative private rented accommodation that they can afford.
- 3.2.34 The social lettings agency will play an active role in shaping the attitudes of the owners of the homes it is managing and, by putting in appropriate safeguards, it will encourage them to accept people who are reliant on Housing Benefit.
- 3.2.35 If tenants are unable to raise the two months' deposit, assistance may be given by the Council's rental deposit scheme on the condition that any deposit that is subsequently returned to the tenant (by their former landlord) will be paid to the Council to offset the rental deposit it has paid.
- 3.2.36 Although its capacity to prevent homelessness will be limited by the number of homes it is managing and the number of properties available to let, the social lettings agency will do everything it can to prevent private tenants from becoming homeless by offering them alternative private rented accommodation.
- 3.2.37 Depending on the number of properties available, it will also prevent other households from becoming homeless, wherever practicable.

Reducing the Council's reliance on B&B

- 3.2.38 Although the number of homeless households living in Bed & Breakfast accommodation – and, indeed, the overall number of homeless households living in temporary accommodation – increased gradually in 2015/16, the number has risen sharply since May 2016.
- 3.2.39 At the end of May 2016, there were 82 homeless households living in temporary accommodation, including 32 in B&B accommodation.
- 3.2.40 Between the end of May 2016 and the end of October 2016, the number of homelessness applications increased. As a result, the number of households living in temporary accommodation increased to 140 (a 71% increase) and the number of households living in B&B increased to 74 (an increase of 131%).
- 3.2.41 Although it is important that the social lettings agency does not become too reliant on private sector leasing to secure the properties it manages – because it needs to prove that it can successfully compete in the mainstream residential lettings market – its success in bringing empty homes back into use and helping the Council reduce its use of B&B is reliant on the existence of a successful private sector leasing scheme.

3.2.42 It is proposed, therefore, that the social lettings agency will lease a total of 40 family homes (as a replacement for B&B) as soon as practicable. Although other action will also be taken to reduce the Council's use of B&B, the private sector leasing scheme will help to reduce the Council's financial exposure.

Reducing expenditure on temporary accommodation

3.2.43 Although the private sector leasing scheme will substantially reduce the amount of money that the Council spends on B&B, it is hoped that the social lettings agency will also help the Council to prevent homelessness and, in doing so, further reduce the Council's expenditure on temporary accommodation.

3.2.44 By showing landlords that people who are receiving Housing Benefit are reliable and do comply with their tenancy conditions – and that there is a more ethical way of managing and letting properties – the social lettings agency will attract more business, manage a growing portfolio of properties and enable an increasing number of people to meet their needs in the private rented sector.

3.2.45 Increased landlord confidence in the social lettings agency and the Council's rental deposit scheme will help to maximise the number of tenants who are able to secure suitable, good quality accommodation through the social lettings agency's 'Tenant Finder' service.

3.2.46 It is hoped that, once established, the social lettings agency will be able to play an active role in helping the Council to successfully discharge its homelessness duty to homeless households with offers of suitable private rented housing.

Social lettings agency operating model

3.2.47 The social lettings agency will manage and let properties that are leased by the Council or owned by individuals and businesses. If landlords want to manage the property themselves, it will help them find suitable tenants.

3.2.48 Operating as a distinct business unit within the Private Sector Housing Team on the Second Floor of the Guildhall, the social lettings agency will employ 5 staff. Although the social lettings agency will not have a shopfront, it will have its own interactive website which will have the look and feel of a contemporary residential lettings agent.

3.2.49 During the first year, the social lettings agency will manage 100 homes:

- 40 family-sized homes that will be leased by the Council (under its private sector leasing scheme) for use as temporary accommodation;
- 28 flats and apartments that are already being leased by the Council (under an empty property / affordable housing scheme) but are currently being managed by Northampton Partnership Homes; and
- 32 flats and houses that will be let and managed by the social lettings agency, on behalf of owners, in return for a management fee.

- 3.2.50 Northampton's social lettings agency will be fundamentally different from other social lettings agencies because it is based on a private sector residential lettings model (rather than a local authority model), it is planning to use the software that the private sector uses (rather than the software that local authorities use) and it is being set up with the primary objective of improving standards in the private rented sector.
- 3.2.51 Furthermore, unlike other letting agents, the social lettings agency will be actively looking for opportunities to attract funding to improve the homes it is managing, for the benefit of tenants and landlords. An example of this might be where new boilers are being provided, free of charge, to improve the warmth and energy efficiency of homes occupied by people in receipt of a qualifying benefit.
- 3.2.52 In order to minimise staffing costs and compete successfully with other rental agents, the social lettings agency will encourage self-service and make optimum use of information technology and the industry's leading software.
- 3.2.53 It is hoped that, over the next 3 years, the social lettings agency will achieve steady, year-on-year growth from a portfolio of 100 homes in 2017/18 to a portfolio of at least 250 homes by the end of 2019/20.

3.3 Choices (Options)

- 3.3.1 Consideration was given to the merits of establishing the social lettings agency as a social enterprise, joint venture or wholly owned subsidiary. However, this option was rejected on the grounds that the agency needs to be up and running and sustainable before alternative delivery vehicles are considered.
- 3.3.2 As the purpose of the social lettings agency is to improve housing conditions, prevent homelessness, bring empty homes back into use, reduce the Council's reliance on bed and breakfast and make it easier for people to access the private rented sector, these objectives will still need to be met if the service is no longer delivered in-house.
- 3.3.3 Throughout the development of the social lettings agency's operating model, careful consideration has been given to a whole raft of options in relation to the size and composition of the team, the mix of property types and management arrangements, the amount of rent that will be charged, the size of the management fee and set-up fees, and how low income households can benefit from the social lettings agency.
- 3.3.4 Cabinet can choose to establish a social lettings agency in a different way, such as a social enterprise, joint venture or wholly owned subsidiary, etc.
- 3.3.5 Cabinet can choose to establish an in-house social lettings agency in the manner described in this report and set out in the Agency Business Case (see Appendix A).
- 3.3.6 Cabinet can choose to establish an in-house social lettings agency but vary the operating model from what is described in this report and the Business Case.
- 3.3.7 Cabinet can choose to do nothing.
- 3.3.8 For the reasons explained in this report, the social lettings agency will play a vital role in helping the Council to achieve its strategic objectives, prevent homelessness and reduce its use of Bed and Breakfast. Given the impact that the high cost of temporary accommodation is having on the Council's finances, doing nothing is not an option.

4. Implications (including financial implications)

4.1 Policy

4.1.1 The establishment of the social lettings agency is in line with Council policy and is contained within its key corporate priorities.

4.2 Resources and Risk

4.2.1 The financial details behind the proposal are contained within Section 8 of the Social Lettings Agency Business Case (attached as Appendix A) and the estimated net operating position is shown in the table below. There is a forecast reduction in net cost after Year 1 as the social lettings agency gets established and generates additional fee income. There will be a requirement for an increase in the Housing & Wellbeing budget, for Year 1, to fund the social lettings agency's net operating costs.

SOCIAL LETTINGS AGENCY (including the PSL Scheme)	2017/18 £	2018/19 £	2019/20 £
Social Lettings Agency operating deficit (excluding Private Sector Leasing)	135,700 (60 homes)	82,000 (110 homes)	33,400 (160 homes)
Private Sector Leasing operating deficit	91,365 (40 homes @ £2,284)	91,365 40 homes @ £2,284)	91,365 (40 homes @ £2,284)
TOTAL	227,065	173,365	124,765

4.2.2 The increased number of households applying to the Council for assistance under the homelessness legislation, together with the Council's growing reliance on Bed and Breakfast to meet the demand for temporary accommodation, has substantially increased the amount of money that the Council spends on temporary accommodation. The draft budget and Medium Term Efficiency Plan includes a budget pressure of £570k across the Housing & Wellbeing Service and Housing Benefits for the anticipated increase in these temporary accommodation costs.

4.2.3 One of the key actions in the Efficiency Plan is to reduce the net cost of providing homeless households with temporary accommodation. By preventing homelessness, making it easier for families to access to the private rented sector and operating a private sector leasing scheme that costs substantially less than Bed and Breakfast, the social lettings agency is expected to play a key role in reducing the net cost of temporary accommodation and, in doing so, helping to implement the Efficiency Plan.

4.2.4 The table below shows the potential expenditure that the Council would incur in accommodating 40 families in Bed and Breakfast compared to what it would cost to accommodate those families through the private sector leasing scheme:

**COMPARISON OF USING PRIVATE SECTOR LEASING
INSTEAD OF BED AND BREAKFAST (40 FAMILIES)**

<u>PRIVATE SECTOR LEASING</u>	Total £
Annual rent paid to owner (based on 80% of the Social Lettings Agency Rate)	292,410
Net annual rental income (after making deductions for voids, repairs and bad debts)	(201,045)
PSL Net Annual Cost (Excluding Staff)	91,365
<u>BED & BREAKFAST ACCOMMODATION</u>	Total £
Annual equivalent of the weekly B&B charge	808,800
Net annual rental income (based on Housing Benefit of £103.85 per week)	(216,000)
B&B Net Annual Cost / (Saving) (Excluding Staff)	584,800
FORECAST REDUCTION IN COSTS USING PSL INSTEAD OF BED AND BREAKFAST	(493,435)

4.2.5 Although it will take a while to set up the private sector leasing scheme and procure the 40 leased properties, the table in Paragraph 4.2.4 illustrates the substantial savings that the Council could achieve, year on year, by operating a private sector leasing scheme and minimising the number of households living in Bed and Breakfast.

4.2.6 The main resource and business risks affecting the social lettings agency relate to the time it takes to build the customer base and to then develop that customer base as quickly as possible in order to benefit from the economies of scale.

4.2.7 The key risks and mitigation are described in the Business Case, but include:

- (a) Insufficient interest from owners / landlords who are willing to lease or let their homes to the council

Thorough research has been done on local market conditions and agents' fees and charges. The social lettings agency's offer to landlords is competitive. A detailed marketing and communications plan is being developed to promote and raise awareness of the social lettings agency.

- (b) Impact of welfare reform (Benefit Cap, LHA Rates and Universal Credit) on rent collection rates

Close links maintained with DWP to ensure that impact of welfare reform on tenants and prospective tenants is fully understood and that this is reflected in the way in which the social lettings agency lets and manages its properties. Emphasis on rent collection, income maximisation and budgeting

(c) Unmanageable demand on Legal Services in setting up the private sector leasing scheme and/or dealing with a higher than expected number of evictions

Additional staffing resources will be brought in if Legal Services is unable to meet the demand.

4.3 Legal

4.3.1 The Council has wide and extensive powers to implement the proposals contained in this report through the Power of General Competence in the Localism Act 2011.

4.3.2 The Homelessness Act 2002 introduced the requirement for housing authorities to take a preventative approach to homelessness.

4.3.3 The Localism Act 2011 Part 7, Chapter 1 contains the provision for a housing authority to discharge its homelessness duty into suitable private sector accommodation.

4.3.4 Although the Council must normally allocate housing accommodation in accordance with its housing allocations scheme, this only applies when it selects a person to be its own secure or introductory tenant, nominates a person to be a secure or introductory tenant elsewhere, or nominates a person to be an assured tenant of a registered provider. As the social lettings agency will only be granting non-secure tenancies (which are not affected by the housing allocations requirements), it may grant such tenancies to people outside of its allocations scheme.

4.3.5 Where the Council enters into a lease to provide temporary accommodation, it is permitted to grant a non-secure tenancy where the situation falls within one or more of the exemptions under schedule 1 of the Housing Act 1985. Paragraph 6 of schedule 1 is applicable, provided that:

- (i) the properties are to be leased to the council with vacant possession for use as temporary accommodation;
- (ii) the terms on which they are to be leased include provision for the lessor to obtain vacant possession from the Council on expiry of a specified period or when required by the lessor;
- (iii) the lessor is not a body which is capable of granting secure tenancies; and
- (iv) the Council will have no interest in the properties other than under the lease in question or as a mortgagee.

4.3.6 When drafting the lease, the Council must ensure that the requirements of Paragraph 6, schedule 1 applies and that the tenancy agreements the Council enters into with the occupiers make it clear they are subject to Paragraph 6, schedule 1 and are therefore excluded from secure tenancy status.

4.3.7 Although the social lettings agency will need to comply with all of the legislation and regulations that apply to the management and letting of private rented accommodation – including the Consumer Rights Act 2015 and, in due course, the landlord obligations proposed in the Immigration Act 2015 – the Housing and Wellbeing Service is working closely with Legal Services and Trading Standards to ensure the social lettings agency complies with the law.

4.4 Equality

4.4.1 A full Community Impact Assessment has been completed.

4.4.2 The establishment of a social lettings agency will contribute towards improving housing conditions and life chances of people with protected characteristics including homeless people, people with disabilities and families with children and will therefore, have a positive impact on Equality and Diversity.

4.4.3 The new scheme is part of the Borough Council's commitment to improving communities and our town as a place to live. During all stages of this project, the Council will have due regard to its Public Sector Duty and will continue to work to tackle discrimination and inequality and contribute to developing a fairer society.

4.5 Consultees (Internal and External)

4.5.1 Council Officers, the National Landlords Association, private landlords, rental agents and members of the Northampton Wellbeing Partnership.

4.5.2 Although some landlords have said they are unlikely to use the social lettings agency because they prefer to manage their properties themselves, most consultees have been very positive about the Council's plans to establish a social lettings agency.

4.6 How the Proposals deliver Priority Outcomes

4.6.1 The social lettings agency will help meet 3 priorities in the Corporate Plan:

- **Safer Communities:** The social lettings agency will improve the condition and management of private sector housing and, by providing healthier, safer homes, it will have a positive impact on people's lives.
- **Housing for Everyone:** The social lettings agency will increase the supply of, and access to, well managed affordable homes, and provide opportunity and choice to those whose housing choices are normally limited.
- **Working Hard and Spending your Money Wisely:** The social lettings agency will be developed, delivered and grown in the most cost-effective way to prevent homelessness, reduce the cost of temporary accommodation, improve access to the private rented sector and bring empty homes back into use.

4.6.2 The social lettings agency will also make a positive contribution to 2 of the 3 Business Development Priorities that support the Corporate Plan and help manage the Council's future financial challenges:

- **Empowering Communities:** The social lettings agency will encourage communities to become actively involved in mentoring tenants and helping to bring empty homes back into use in order to make everywhere in Northampton a great place to live, visit, work, study and invest.

- **Partnership Working:** The social lettings agency will actively promote collaborative multi agency working and, in doing so, it will help the Council to get the best from the resources available. As well as increasing efficiency and effectiveness, this will reduce duplication, deliver better outcomes and improve residents' housing, health and wellbeing.

Appendices

Appendix A – Social Lettings Agency Business Case, January 2017

Background Papers

Cabinet Report – 'Establishing a social lettings agency', 21 October 2015
Community Impact Assessment, December 2016

Phil Harris
Head of Housing and Wellbeing
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