

Committee: Housing Board

Agenda Item

Date: 28 September 2011

7

Title: Housing Options/Homelessness Update

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Item for information

Summary

1. This report is to inform members on the impact that the new local housing allowance rates within the district is having on the Housing Options service

Recommendations

2. That the Housing Board notes this report.

Financial Implications

3. The increase risk to the rental deposits guaranteed through the council's rent deposit scheme

Background Papers

None

Impact

- 4.

Communication/Consultation	N/A
Community Safety	N/A
Equalities	N/A
Health and Safety	N/A
Human Rights/Legal Implications	N/A
Sustainability	N/A
Ward-specific impacts	Affordability of privately renting within the Saffron Walden area
Workforce/Workplace	N/A

Situation

5. As members will be aware there have been changes made by central government to the local housing allowance (LHA) which is paid to tenants who are unable to afford to pay their rent in full.

Most of the Uttlesford district falls into two LHA areas, with Saffron Walden coming under the Cambridge rates and the south of the district falling under the Harlow rates.

We currently have the situation that the difference within these rates is approximately £200 per property. With the rate for a 3 bed property in Saffron Walden being £650 compared with a rate of £849.98 covering properties in the south. The rate for 2 beds is £574.99 compared with £694.98 and for 1 bed £524.98 against £549.99.

In the current climate the demand for privately rented properties is very high, many people who might in the past have become first time buyers are unable to raise the deposits that mortgage companies now require and are therefore entering the private rental market resulting in demand outstripping supply. This is causing rents to increase.

We now have the situation where there are few if any properties within the Saffron Walden area that fall with LHA rates.

Tenants who are currently in the nine month period where their rate has been protected will, when their claim is next reviewed, find that they may have a considerable shortfall between what they receive in LHA and their rent. The expectation is that these families should then try to negotiate their rent downwards or move to cheaper accommodation, something that in the current market are unlikely to be feasible options. They may then feel that their only affordable option will be social housing.

In the past the council's rent deposit scheme has been successful in helping clients to solve their housing problem by guaranteeing their deposit on private rental properties. It has been policy to tell clients that if they required the help of the scheme then they have to find a property within the LHA rates. This is becoming increasingly difficult. If we are to continue to help clients to rent privately then we are going to have to accept that they may have to meet shortfalls in rent from their wages or benefits, which may have implications over the sustainability of tenancies and the security of the deposits we have guaranteed.

Members should also be aware that from January 1 2012 single people up to the age of 35 will only be able to rent a room in a shared property if they require help from LHA, the age limit currently is 25. There is no period of protection for these clients who will find their LHA rate reduced immediately

and consequently may soon fall into arrears with their rents if they are unable to make up the shortfall.

With the pressure on social housing these changes in LHA are already having an effect on the housing options team's ability to encourage clients to look at the private sector as a solution to their housing problems