

Housing & Community Services
Investing in communities to enable them to build their own resilience



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February 2016

**Monmouthshire's
Affordable Private Rented Accommodation
Lettings Scheme**

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Summary

This document provides an analysis of the need for the introduction of a Council operated social lettings agency in Monmouthshire. The following outlines the issues, the solutions and the desired outcome that underpin its introduction.

- **The Problem: A shortage of affordable rental properties**

There is not enough social housing or affordable private rented accommodation in which to discharge the Council's statutory duties (both preventative and homeless). Private market rents are high and typically above local housing allowance levels and the up-front costs are often a barrier. Landlords and high street letting agencies generally are reluctant to accommodate low income and/or vulnerable households. Although a much improved situation from a few years ago, the use of bed & breakfast is still necessary.

- **The Reason: 'It is too risky and comes with no support'**

The reason landlords are reluctant to let to vulnerable and/or low income households is because there is a perception that it poses a risk to their investment and they will be left with the consequences of a failing tenancy when things go wrong if support is not in place. Risk can be broken down into:

- Risk to income and
- Risk to the condition and security of the property.

- **The Solution: To mitigate against risk & offer support;**

To offer landlords a service that helps to mitigate against risk and provides support that is over and above that offered by typical high street letting agent. It is hoped that this added value along with other service activities, will act as an incentive for landlords to work with the Council.

- **The How: Through the introduction of a branded social lettings agency**

The introduction of a social lettings agency with the brand name of Monmouthshire Lettings Service (MLS) will be the umbrella under which all private sector housing activity will take place. This allows the new service to utilise existing experience of housing management. It is also the vehicle in which to introduce incentives to entice landlords into using our service rather than to self-manage or use high street agencies.

- **The Outcome: More affordable private rented accommodation**

The aim is for landlords to have confidence in letting to our client group hence more properties are available at an affordable rent. The Council, therefore, will be better able to discharge statutory homeless duties without a reduced need to use costly B & B accommodation.

1. Purpose of the Scheme

- 1.1. The purpose of this report is to propose the development of Monmouthshire Lettings. The intention is to develop a lettings service that puts the community at the centre of its core business of providing long-term affordable properties to rent, but delivered through a commercial approach that affords the opportunity to generate income to support long-term sustainability.
- 1.2. The service has been designed to encourage and attract private landlords to offer up their properties to let at affordable rents and to assist households (initially these will be households at risk of or actually homeless) to find suitable and affordable long term homes in the private rented sector.
- 1.3. The service has been developed to contribute to a number of key drivers including:
 - The Council meeting its statutory responsibilities relating to the Housing (Wales) Act 2014
 - The Council's Future Monmouthshire policy
 - The on-going aim to improve homeless prevention performance
 - Reduce the need to use Bed & breakfast
- 1.4. The proposal seeks to build on the existing and established approach and practice of the Council's Housing Options Team of working with private landlords. The proposal effectively brands and packages existing landlord services together with the provision of additional services.
- 1.5. Although the intention is for the proposed service to be initially offered free of charge, the medium term plan is to introduce a competitive charge.

2. Delivery Framework for Monmouthshire Lettings Service

2.1 The following provides a proposed delivery framework for Monmouthshire Lettings:

2.2 **Vision** – A viable, accessible and affordable private rented sector

Mission – To work with landlords to provide sustainable private rented accommodation

Strapline (for marketing purposes) – *‘looking after you and your property’*

Values:

- We listen to landlords
- Landlords are valued
- We want to work **with** landlords
- We’ll be honest and open

Aims

The key aims of MLS are:

- To provide sufficient affordable rented accommodation in Monmouthshire to those households who are unable to access the private rented housing sector through traditional high street letting agents.
- To increase housing options in Monmouthshire, particularly for single people.
- To effectively respond to the accommodation needs of household who approach the Council as homeless.
- To promote effective housing management.
- To offer landlords a worry free letting service.
- To provide a source of income generation.

Unique Selling Points of Monmouthshire Lettings

In developing Monmouthshire Lettings the following are key benefits that private landlords can benefit from:

- MLS is about sustaining tenancies
- Help always available during office hours
- Local authority based – strong links with other services
- No fees payable
- Responsive
- Intimate knowledge of the local housing market
- Will listen and consider bespoke ways to support landlords
- Free legal and tenancy advice

3.0 Local Context and Background.

- 3.1 Housing & Communities and the Council will be subject to a number of challenges over the next few years. For the Council in general, there is the challenge of future funding whilst still needing to maintain valuable services to the people of Monmouthshire. To meet the challenge the Council has developed Future Monmouthshire, which is about enabling the Council and Monmouthshire to thrive. It's about identifying the challenges facing the County, and working together to find ways to make change happen. This includes short term solutions to keep going, whilst developing longer term plans to generate growth. This proposal is considered to provide both a short-term solution and long-term development option.
- 3.2 For Housing & Communities, the challenge is not only to contribute to the 'Future Monmouthshire' plan but also to manage the ever increasing demand from households who are homeless or threatened with homelessness. The enactment in April 2015 of the Housing (Wales) Act 2014 (**See Appendix**) has further increased demand and pressure on the Council through the new statutory duties introduced to prevent homelessness, in particular:
- The prevention duty - (S66) whereby the Council "must help to secure that suitable accommodation does not cease to be available for occupation..."
 - The relief duty - (S73) whereby the Council must help to secure accommodation
 - The full duty – (S75) whereby the Council must secure accommodation for applicants in priority need when the duty under S73 comes to an end.
 - The Housing (Wales) Act 2014 also gave Councils the power to discharge homeless duties into the PRS with or without household consent, but subject to its suitability. This has increased the importance and relevance of private sector housing.
- 3.3 These new duties along with the power has made the PRS even more relevant because limited access to the private rented sector increases the likelihood of the Council having to use bed & breakfast accommodation in order for it to meet its statutory duty of providing temporary emergency accommodation. This not only places a high financial burden on the Council but also cuts across the Welsh Government's pledge to reduce the use of bed & breakfast accommodation.
- 3.4 It is against this background that the private rented sector can play a vital role in supporting the Council to meet these challenges. However, this can be realised only if there are sufficient properties within the private rented sector available at affordable rents.
- 3.5 The growth in Monmouthshire of the PRS – Up from 6.6% to 10.8% of the housing stock means that around 4000 households now live in sector (2001 and 2011 census figures).
- 3.6 However, this growth has to be put into context and, in analysis carried out by 'Hometrack' Housing Intelligence, Monmouthshire is still seen as having a

predominately 'inactive' rental market. This means a small market with poor coverage and low turnover. ('Hometrack' is a privately owned company specialising in housing analytical data).

3.7 This again provides a challenge for the Council. Other issues that need to be overcome include:

- Many households are often prevented from accessing the PRS because they might be in receipt of benefits which the typical high street letting agents have traditionally avoided,
- Many households cannot afford to meet upfront payments and fees associated with securing a tenancy, such as high value rent in advance (increasingly equating to six weeks), high value deposits (also increasingly equating to six weeks rent) and administrative and tenancy renewal fees.
- High market rents that landlords can achieve, can also make private renting a non-viable option for many households. This is due to the large discrepancy between market rent and local housing allowance rate (see table 1 below) which will give the landlord a better return for the investment.
- In addition there continues to be a strong aspiration to acquire social housing in Monmouthshire, however for many applicants registered with Homesearch (the Council's housing register) will never be allocated a property due to insufficient stock and vacancies.

3.8 Table 1 below, shows the local housing allowance and median rent for the four major towns in Monmouthshire during a twelve month period in 2013*.

Table 1 – Local Housing Allowance Rates & Median Rents

| Area | Number of bedrooms | LHA Rate | Median Rent |
|-------------|--------------------|----------|-------------|
| Abergavenny | 1 Bed | £390.00 | £460 |
| | 2 Bed | £499.98 | £535 |
| | 3 Bed | £592.75 | £650 |
| | 4+ Bed | £750.01 | N/A |
| Chepstow | 1 Bed | £390.00 | £450 |
| | 2 Bed | £499.98 | £550 |
| | 3 Bed | £592.75 | £650 |
| | 4+ Bed | £750.01 | N/A |
| Monmouth | 1 Bed | £390.00 | £520 |
| | 2 Bed | £499.98 | £575 |
| | 3 Bed | £592.75 | £622 |
| | 4+ Bed | £750.01 | N/A |

| | | | |
|----------|--------|---------|------|
| Caldicot | 1 Bed | £390.00 | £450 |
| | 2 Bed | £499.98 | £537 |
| | 3 Bed | £592.75 | £625 |
| | 4+ Bed | £750.01 | N/A |

*Hometrack

- 3.9 Another challenge for the Council is the need to alleviate the fear that many landlords perceive as being very real, that letting their properties to a Homeless / vulnerable household increases the risk of their property being damaged and a loss of rental income due to arrears. Landlords have often been critical of local authorities for ‘dumping’ households in the private rented sector without any on-going support being offered to the landlord. A common request from private landlords is that they would like to see the same support mechanisms offered to them as those afforded to landlords in the social rented sector.
- 3.10 The paragraphs above highlight the potentially conflicting interests of Council with those of the landlord and it is within this context that requires the Council to find innovative solutions to engage with the PRS. The introduction of a Council run lettings service can help to provide the structure in which to create and expand these solutions.

4. Private Rented & Landlord Services Currently Provided

4.1 The Council already has significant experience of working with private sector landlords. The Council, through the Housing Options Team, has gained considerable experience through working with private landlords for a number of years to accommodate homeless households and prevent homelessness. This has included previously running a private leasing scheme (currently managed by Melin Homes) and the current Shared Housing schemes highlighted in 4.3 below.

4.2 These schemes and other activity currently undertaken within the private rented sector is managed by Housing Options staff and comprises:

- A manager (0.6),
- A Private Landlord Liaison Officer
- An Accommodation Assistant Officer.
- Wider support is co-opted from other officers within the Options Team and wider Housing & Communities teams eg Housing Support
- Further support is acquired through liaison with wider services in the Council eg Housing Benefit; Environmental Health

4.3 The Team currently manages in-house private sector accommodation that provides accommodation for households experiencing or in danger of becoming homelessness. This accommodation is also being used to support the Council's participation in Afghan and Syrian household re-location. The team is also able, to access a Private Leasing Scheme operated and managed by Melin Homes. The table below show the breakdown of all accommodation PRS accommodation available to the Team:

| Scheme | Units |
|-------------------------|-------|
| MCC Shared Housing | 58 |
| MCC Private Leasing | 1 |
| Private Leasing - Melin | 72 |

4.4 The Housing Options Team currently offers (further detail can be found in **Table 4, Section 6**) landlords the following support services:

- Advice and Assistance
- Find a Tenant / Tenant Introduction
- Housing Benefit Support
- Tenant Related Support
- Property Management Services
- Landlord Related Services

4.5 It has previously been highlighted that the service has a number of unique selling points (USP's) that cannot be provided by traditional high street letting agents. This uniqueness is not only based on the knowledge and experience of its staff and their close working relationships with internal and external partners such as the housing

benefit team, housing support services and environmental health. These USP's are something the Council can take advantage of.

- 4.6 One dimension of the current service that needs to be further developed is landlord engagement through better marketplace communication. Currently, marketing needs to be more routinely undertaken in order to better inform landlords of services and what can offered.
- 4.7 The new service will place a greater emphasis on marketing and will approach it in a manner similar to private commercial enterprises, in order to increase its visibility and raise awareness. It is hoped that a more commercial approach to marketing would increase the number of private landlords who are prepared to work with the Council.
- 4.8 However, it is recognised that this unique service and applying a more commercial approach to marketing, may still not be sufficient to attract landlords into using Monmouthshire Lettings Service in the numbers required to overcome the challenges identified above. It is, therefore, considered important that MLS incentivises landlords to use Monmouthshire Lettings Service as an alternative option to self-managing or using a typical high street letting agents.

5. What is Monmouthshire Lettings Service (MLS)?

- 5.1 As stated above a Council operated lettings service can be the vehicle in which innovative solutions can be found to address those challenges highlighted.
- 5.2 The introduction of Monmouthshire Lettings Service will be the umbrella under which the service currently offered by the Housing Option Team and all activity concerned with working in the private rented sector will be delivered in the future.
- 5.3 It is proposed that MLS should have its own distinct identity which will feature on stationary products, flyers, posters, web page and social media applications. This will place the service as more of a commercial enterprise and approach to marketing. It will also help to make the service more visible.
- 5.4 It is recognised, however, that the USP's of the service alongside a more commercial approach to marketing may not be sufficient to attract landlords into using a council run letting service in the numbers required to overcome those challenges identified above. It is, therefore, considered that the Council will need to develop a service that incentivises landlords to use a Council run letting agents rather than to self-manage or go to those agents on the high street. **Table 3, 5.10** below gives examples of the type of service activities that can be offered to landlords to act as an incentive for them to offer up their properties.
- 5.5 Monmouthshire Lettings Service (MLS) will have two distinct elements:
- I. A traditional lettings service similar to services offered by high street lettings agents that potentially could attract a fee once the service has fully developed and a reputation established. Fee levels would depend upon the package the landlord chooses to use with packages varying from something as simple as 'find a tenant' to something more involved as a 'full management service'. **See Table 4, 5.15** below for an outline of the type of services that could be bundled into packages.
 - II. A leasing service (eg Shared Housing scheme) that will provide accommodation for households accessing the Council's services for assistance with homelessness prevention, see paragraph 5.15 for an outline of the leasing service. This will include the Shared Housing service. Leasing will be subject to financial viability and future delivery may be dependent on the availability and extent of subsidy support.
- 5.6 To enable MLS to be flexible in its approach to recruiting landlords and meeting the challenges of service demand, both elements (Leasing and Letting) will be available from the commencement of the service
- 5.7 MLS staff in response to service requirements will determine which element of the lettings service (leasing or letting) landlords will be able to access, which will be linked to the needs of the service and homeless and prevention demand. All individual MLS services, therefore, will be subject to availability.
- 5.8 MLS Letting Service**
- 5.9 The service will initially be offered free of charge, but the aim is to work towards operating on a fee charging basis, the fees of which help to reduce operational

running costs and reinvested back into the service.

- 5.10 The aim will be for income to be eventually generated from the introduction of landlord packages which can be purchased by the landlord depending upon the level of service they require. These packages would range from a basic tenant introduction to a full property management scheme that would attract a management fee.
- 5.11 However the service has to have a degree of flexibility in order to meet both the fluctuations of demand and the requirements of the landlord. It is therefore proposed that landlords will be able to choose a bespoke service around those type activities highlighted in **Table 3** below, (that high street agencies can typically provide), although these will be subject to service demand and as stated earlier will be free initially. The Table also highlights the indicative costs to the landlord of the individual service activities that can be charged by high street lettings agents and their potential cost savings of using Monmouthshire Lettings Service while they remain free.

Table 3 – Indicative Costs & Potential Landlord Savings of Using MLS

| Service Activity | Indicative Cost (Financial Value) to Landlord |
|--|--|
| Setting Up Fee , Includes the following costs: <ul style="list-style-type: none"> • Marketing; • Legislation Advice • Accompanied viewing • Tenancy Agreement Drafting | £300 + VAT |
| Total | £300 + VAT |
| Additional associated costs: <ul style="list-style-type: none"> • Gas safety Certificate • Electrical safety • EPC • Deposit registration • Tenancy renewal (from the 2nd year) • Legionella Risk Assessment | £60 + VAT £60 + VAT £60 + VAT £30 + VAT £60 + VAT £130 + VAT |
| Total | £400 + VAT |
| Recommended Services (optional): <ul style="list-style-type: none"> • Inventory • Condition Survey (In) • Condition Survey (Out) • Rent Monitoring • Rent Collection • Full Tenant Profile plus Right to Rent Check • Full Tenant Profile Only • Referencing Only <ul style="list-style-type: none"> ○ Instant ID and Credit Check Only | £40 - £80 + VAT (depending on size of property) £40 - £80 +VAT (depending on size of property) £40 - £80 + VAT (depending on size of property) Usually within the management fee Usually within the management fee £25 + VAT £20 + VAT £15 + VAT £10 + VAT |
| Total | £200 - £280 + VAT |
| Full Management Service Initial start-up fee of £300 (see above) plus 10% - 12.5% of monthly rent per month | |

| | |
|--|--|
| <p>Includes the following services:</p> <ul style="list-style-type: none"> • Rent Collection • Rent Monitoring and Rent Arrears advice • 2 annual property inspections • Arrange routine repairs and instruct approved contractors (providing two quotes). • Deposit Registration Fee: | |
|--|--|

5.12 The rationale of offering the service for free initially is based upon the belief that landlords who will use Monmouthshire Lettings, are more likely to take a reduction in their rental return than they would have done if they had chosen to use a traditional lettings agency or to self-manage.

5.13 However when it is favourable to do so the service will move to a fee paying one, based around service packages and will mirror those of high street lettings agencies with corresponding fees. The fees will be set at a level sufficient to continue to attract landlords to use Monmouthshire Lettings Service. This is something that will be developed and costed at a later date.

5.14 As a comparator high street lettings agents typically charge a management fee of between 8% - 12%, although at the higher end of the scale the full management service which can include a rent guarantee.

5.15 The Focus & Requirements of the Lettings Service

5.16 The following provides an outline of how the lettings service will be provided:

- The service will be looking for properties with rent levels at or about Local Housing Allowance (LHA) rates,
- The service will require properties to be available initially on a 6 month assured short-hold tenancy agreements with the option to extend.
- A tenancy support service would be provided for each new tenant and would continue for as long as the support is needed to ensure the tenancy is sustainable.
- Tenants will not be charged administration fees or for tenancy agreements renewals. This will help to offset preventative expenditure, often necessary to prevent an applicant becoming homeless through securing private sector accommodation.
- Landlords with properties managed by MLS will not be required to become licenced landlords and will therefore not be expected to sit the training courses required to become a licensed landlord. Monmouthshire Lettings Service will be the licensed Agency as required by the Housing (Wales) Bill 2015.
- The Service will operate in compliance with the Equalities Act 2010 and guidance to ensure that any practices currently observed in the PRS that may be unfair and discriminatory towards tenants do not prevail.

- In order for a landlord to access the benefits of MLS, landlords will need to be accommodating a client of the Council.

5.17 **Table 4** below details the services that MLS will provide from the outset and services that are proposed to be developed. Services will be offered free initially to the landlord as an incentive for them to use MLS and offer their property at local housing allowance rates. It should be noted that any spend from the budget should be regarded as contributing to a successful homeless prevention outcome and as supporting the Council to avoid the need of using B & B establishments. The aim is to introduce new landlord services to make MLS as attractive as possible. These will be developed over the coming year in tangent with monitoring progress and considering landlord feedback and introduced incrementally.

Table 4 – Overview of MLS Service Availability

| Service Activity / incentive | Details | Currently Available | When will this be available? | Delivery Method & Key Actions |
|--|---|--|-------------------------------|--|
| Advice & Assistance Service | This will particularly include Landlord Tenancy Law and Regulatory information (plus Landlord Welcome Pack) | Yes | From the start of the service | Staff Develop Landlord Welcome Pack |
| Marketing the property | Advertising through Homesearch / Social media / Landlord Hub, etc | Yes but not implemented as tenants have been found for landlords | From the start of the service | Staff |
| Tenant Verification Service | <i>Full Tenant Profile & Immigration Checks to</i> <ul style="list-style-type: none"> ▪ ID check ▪ Visa & passport verification ▪ Linked address search ▪ Credit check report ▪ Court & Insolvency Checks ▪ Salary/income verification ▪ Bank account validation ▪ Landlord references | In part | From the start of the service | Staff & buy in |
| | Tenant Training | No | To be developed | To be determined |
| Inventory & Property Checks & Safety Check Service | Written & photographic Inventory | Yes | From the start of the service | Staff |
| | Tenant Sign-Up/Check In (plus tenant information pack) | Yes | From the start of the service | Staff Tenant information pack to be developed |

| | | | | |
|--------------------------|--|------------------------------|-------------------------------|---|
| | Final Inspection/Check Out | Yes | From the start of the service | Staff |
| | Electrical Safety Checks | Yes | From the start of the service | Reimburse landlord |
| | Gas Safety Certificate & Breakdown Cover | Yes | From the start of the service | Reimburse landlord |
| | EPC | Yes | From the start of the service | Reimburse landlord |
| | Legionella Check | Yes | From the start of the service | |
| | Periodic inspections/Interval Checks | Yes | From the start of the service | Staff |
| Landlord Support Service | Rent Collection | No | From the start of the service | Staff utilising in-house system |
| | Rent Monitoring | No | To be developed | Staff Specification to be agreed and to be risk assessed |
| | Limited & Defined Rent Guarantee | Yes but hasn't been utilised | From the start of the service | Staff |
| | Rent Guarantee | No | To be developed | Staff Report to Cabinet |
| | Tenant Advice (during office hours) | Yes | From the start the service | Staff |
| | 24 Repair Emergency Call Out Service | No | To be developed | Buy in Specification to be agreed and to be risk assessed |
| | Tenancy Agreement Drafting Service | Yes | From the start of the service | Staff |
| | Discounted Loan Services | Yes | From the start of the service | Staff Loan service to support purchase properties currently in development through Capital Working Group |
| | Cash or Paper Bond | Yes | From the start of the service | Staff and Charter Options |
| | Rent in Advance | Yes | From the start of the service | Staff |
| | Rent Smart Wales Fees | No | From the start of the service | Staff |
| | Income Maximising / Debt management | Yes | From the start of the service | Staff |

| | | | | |
|-------------------------|---|-----|-------------------------------|--|
| Tenancy Support Service | Housing Benefit Support | Yes | From the start of the service | Housing Benefit Team |
| | Referrals from landlords to support tenants if a problem eg arrears | Yes | From the start of the service | Staff (Housing Support Gateway) NB Tenants have to be agreeable to receiving service. |
| Full Management Service | To be developed | No | To be developed | To be determine |

5.18 **MLS Leasing Service**

5.19 The availability of this service will be subject to financial feasibility. Until March 2017, the service has been supported through Department of Work & Pensions Subsidy arrangements through Housing Benefit. Changes relating to the regulations as part of Welfare Reform will bring this subsidy arrangement to an end in March 2017. From April 17, this will be replaced by Welsh Government Grant. The level of grant may restrict and limit the extent of any leasing that can be provided

5.20 Any service that will be financially feasible, will build on the current single private leased property by Monmouthshire Lettings Service by looking to lease further properties from property owners.

5.21 The following provides a broad overview of the provision and availability:

- Monmouthshire Lettings Service will lease rooms and/or properties from property owners and manage them on their behalf.
- Properties will be let to households who approach the Council as potentially homeless.
- The number of properties taken on by the scheme will be determined by the available temporary accommodation funding available through the Council's RSG funding stream. (£148,000 for 17/18). This will be a core factor with regards to the ability to lease accommodation.
- The property owner is guaranteed rental income and security against damage for the term of the lease, regardless of whether the property is occupied or not. The level of rent will be depend upon the type of property being offered.
- Regular inspections and tenancy management.
- Support property owner and tenant with repair and maintenance issues.
- Landlords will be required to have annual gas safety check and electrical checks in place
- Make good any damage caused by occupants.

- The property is returned to the owner at the of the lease in a similar condition as at the start of the lease (less fair wear and tear and excluding carpets, curtains and built in appliances).
- Tenants will be referred for Housing Support

The detail of the above will be defined within lease agreements

5.22 A further key action within the on-going development of the leasing scheme is the current arrangements the Council has with Melin Homes, who provide the existing leasing scheme on behalf of the Council. The current arrangement ends in June 2018. The Council will need to understand the associated implications (eg property condition and rent arrear liabilities) of whether to absorb all or some of the properties currently leased by Melin or to end leases and hand the properties back to the owners.

5.23 Suitability of Property and Location

5.24 The Council and Monmouthshire Lettings Service has particular demand for certain types of property and locations and will decide whether the property being proposed is suitable for the scheme.

5.25 In general, there is a need for houses and flats with up to 3 bedrooms in the following main areas:

- Abergavenny
- Llanfoist, Gilwern & Govilon
- Monmouth
- Caldicot
- Magor
- Rogiet
- Portskewett
- Chepstow

5.26 Village properties, larger houses, basement flats and second floor flats are in much less demand and are less likely to be suitable for this scheme. However each property will be considered on its merits taking into account the criteria in Table 5

Table 5: Property Requirements

| | |
|------------|--|
| Size | The size of the property must be consistent with established demand conditions and LHA benefit requirements. |
| Condition: | The property must be in good and safe repair and free from category 1 hazards and meet the Housing Condition Standards of: <ul style="list-style-type: none"> • being in a reasonable state of repair; • having reasonably modern facilities and services; • Provides reasonable degree of thermal comfort. |

| | |
|---------------------------|---|
| | |
| Mortgage approval granted | If the property is mortgaged approval must be provided from the mortgagee. |
| Insurance | Valid building insurance must be in place. |
| Financial viability | There is an ongoing need to systematically understand and assess financial viability in order to minimise and ideally eliminate the financial risk to the Council. This will be considered in the context of opportunities for MLS to provide cost benefits in relation to other types of accommodation eg B & B. |

5.27 MLS Marketing & Landlord Engagement

5.28 The Housing Options Teams has been supported by the Council's Communications Team and the following approach has been developed which will be the basis for engaging with private landlords:

- **Aim of Marketing Approach:**
To promote and position the housing team as a premium housing service.
- **Business challenge:**
To overcome any negative barriers landlords may have with regards to letting their properties out to housing service clients.
- **Objectives:**
 - *To increase the availability of shared housing rooms through reassuring landlords that there will be no hold ups with housing benefit payments.*
 - *To expand private leasing (subject to funding)*
 - *To increase the general availability of private sector housing for rental, particularly for Housing Solutions applicants but also Housing Register applicants*
- **Target audience:**
Private landlords
- **How do we want this group to think, feel and do:**
 - **Think** – *I can trust MCC tenants with my property and I'll save myself money as MSL offer competitive rates (eg currently non-chargable) and excellent service.*
 - **Feel** – *Confident that my investment is safe.*
 - **Do** – *I can visit the website or call the team.*
- **Proposition:**
Premium property management service with the competitive fees (eventually) on the market.
- **Reasons to believe:**

- **The service**

- *Will offer reliable property management from friendly, helpful and experienced staff.*
- *Will provide an alternative option to a high street agency*
- *Will not charge tenants admin, resigning or inventory fees that are typical of high street estate agencies.*
- *Has great internal local authority contacts in MCC*
- *Can offer additional services beyond a high street estate agent eg housing support, financial inclusion.*
- *Can provide bespoke options tailored to needs of landlord*

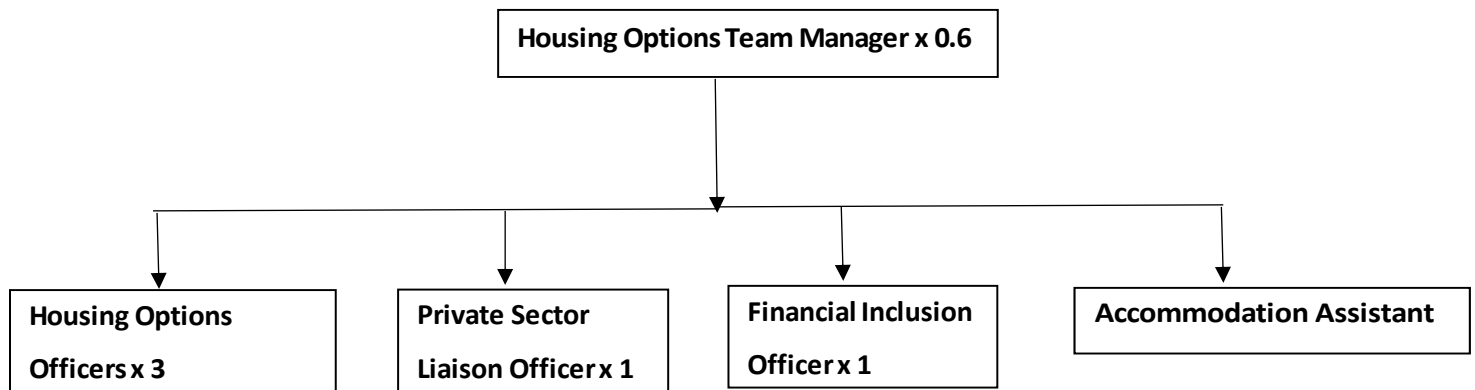
5.29 Marketing activity to positively engage with landlords and identify potential properties will be undertaken on at least a weekly basis. The following are the types of marketing that will be undertaken with support from the Council's Housing & Communities Team:

- MCC website
- Promoting our USP's eg
 - LA based; Friendly; Experienced; Free of Charge; Wider portfolio of services; no hidden fees
- Producing flyers, posters etc
- Contacting landlords on data-base
- Periodic press releases
- Facebook
- Twitter
- Attendance at Landlords Forum
- Attendance at events
- Capturing client testimonials
- Special offers
- Targeted mail/leaflet-drops
- Link with town and community Council's
- Adverts/editorials in parish magazines
- Promotional aides eg uniform, pop-ups, free-bees,
- Roadshows
- Promote internally eg payslips/intranet
- Systematically contact landlords on database

6. Capacity & Resources

6.1 It is proposed that the Monmouthshire Letting Service will be resourced through the existing budget and staffing structure for the existing Housing Options Team. This is on the basis that although it is proposed to introduce new services, it is anticipated that take-up of the new services will be low. Therefore, in the short-term, the focus of day to day activity will largely continue to be the current activities associated with discharging homelessness and prevention related duties. The intention, however, is that through increased and regular marketing and landlord engagement, there will be a gradual take-up of the proposed new services.

6.2 The current Housing Options Team structure is outlined below:



6.3 There will be a need to monitor demand on an on-going basis. The demand will be analysed to fully understand the impact on the existing staffing structure to determine and conclude whether any staffing changes would need to be made to deliver the new services. The aim will be to do this within the first six months.

6.4 With regards to financial resources, the Options Team has a budget to prevent homelessness. This budget will be utilised to fund the new services that will be available through Monmouthshire Lettings. Services provided by Monmouthshire Lettings need to be considered as preventative activity and an alternative option for securing accommodation for applicants. Monmouthshire Letting Service activity will also help to offset Bed & Breakfast expenditure.

6.5 It is recognised that there will be a training need for staff to help and support to staff to help deliver Monmouthshire Lettings and work in a more commercial way and adopting a more sales and marketing based approach. Again, the proposal is to deliver this through existing resources and through working closely with the Council's Communications Team.

6.6 Set-Up Requirements

6.7 Although the delivery of MLS is largely based on building on the current practice, there will be some initial set up requirements which will incur some short-term additional costs. These additional costs can be funded from the existing budget. The following are the short-term set-up requirements:

- Finalising the branding and identity of MLS. This is close to completion
- Continuing to develop a marketing programme with the Council's Communication Team. This has started, including relevant staff attending marketing training in January 17.

- Acquiring Rent Smart Wales Licencing
- Rent Smart Wales agency training. This has started and needs to be completed

7 Risk Register

7.1 Table 6 provides an overview of risks and level of risk identified and the mitigating actions:

Table 6: Risk Register

| Risk Register | | | | | |
|---|--------|------------|----------|---|---|
| Risk Description | Risk | | | Risk Mitigation Actions | Comment |
| | Impact | Likelihood | Priority | | |
| For leased properties the pending change in temporary accommodation management subsidy impacts detrimentally on the viability of the shared housing scheme and private leasing. This could reduce the income to the Council | High | High | High | <ul style="list-style-type: none"> Request that the Council ring-fences the pending grant to the service. Look to remodel the service on lower rents Liaise with Melin Homes | |
| Not enough landlords willing to offer their properties to the Monmouthshire Lettings Service | High | High | high | <ul style="list-style-type: none"> To promote the scheme comprehensively through press releases; web page; social media and hub meetings. To incentivise landlords through attractive bespoke service packages Keep rent payment to landlords as close to Local Housing Allowance as possible. | The Service will operate a flexible approach that will be guided by the requirement of individual landlords and the services they require to let their properties through the Service at LHA rent levels. |
| Too much reliance on incentives both financial and support to attract landlords, potentially creating budget over-spends | Medium | Medium | High | <ul style="list-style-type: none"> To review periodically incentives offered. To limit the number of properties taken on. To be flexible with alternative options, such as 'find a | Too much reliance on incentives could lead to the scheme becoming unsustainable both financially and through staff resources. However the offer |

| | | | | | |
|---|------|--------|------|--|--|
| | | | | tenant' and / or limited management services <ul style="list-style-type: none"> • To introduce a management fee • All subject to withdrawal | of incentives is considered necessary at least in the short-term to attract landlords to the scheme. |
| Too many landlords will be interested at first. | High | Low | High | <ul style="list-style-type: none"> • Ensure that budgets and capacity are clearly planned and allow for set numbers of properties being taken on initially. • Establish a waiting list • Consider introducing a property management fee at an earlier stage. • Just say no thank you | This could stretch capacity from the very start of the scheme. |
| Higher than anticipated level of voids (Leased Properties only) | High | low | High | <ul style="list-style-type: none"> • Ensure that re-let times are kept to a minimum by having: a pool of available tenants: • Prompt cleaning and repair service and effective housing management • Lease break clauses | Has the potential to be financially costly to the Council |
| Higher than anticipated level of repairs (Leased Properties only) | High | low | high | <ul style="list-style-type: none"> • Ensure that enough support is in place to minimise the risk of damage. • Ensure that leases limit the Council's repairing obligations to just tenant damage, voids and handback costs • Regular inspections | Has the potential to be financially costly to the Council. |
| Lower than anticipated rent income | High | Medium | High | <ul style="list-style-type: none"> • Ensure that there is sufficient focus on rent collection and | Has the potential to be financially costly to the Council. |

| | | | | | |
|--|--------|--------|--------|--|--|
| | | | | income maximisation. | |
| Rental income reduces due to the implementation of further benefit reforms (Leased Properties only) | High | High | High | <ul style="list-style-type: none"> • Understand how the subsidy arrangements will be dealt with following the rollout of Universal Credit. • Break clauses in the lease agreements will allow the Council to renegotiate or terminate existing agreements in a planned way. • Look to introduce other options / schemes that will provide alternative income. | |
| Accommodation becomes unaffordable for tenant | Low | low | low | <ul style="list-style-type: none"> • Ensure that robust move-on plans are in place to help tenants who are no longer able to afford their rent • Robust affordability / suitability assessments | |
| Reputational risk to the scheme | Medium | Low | High | <ul style="list-style-type: none"> • Ensure the development and delivery of an effective project plan and communication plan prior to the launch. • Operational activity and performance will be closely monitored to identify potential issues early. | Poor reputation would impact on the Scheme's ability to attract landlords. |
| Unmanageable demand on team due to increased capacity in the number of properties /Resourcing the scheme | Medium | medium | Medium | <ul style="list-style-type: none"> • A detailed business case will be fully costed, ensuring that Monmouthshire Lettings Service is adequately resourced and is sufficiently flexible to | |

| | | | | | |
|---|--------|--------|--------|--|---|
| | | | | <p>deal with any increase in work demand.</p> <ul style="list-style-type: none"> • Each property taken is subject to current staff capacity levels. • Looking to use income surplus to recruit additional staff • | |
| Staff are not able to deliver due to new working environment, ie, a more commercial approach. | High | Low | Medium | <ul style="list-style-type: none"> • Staff review processes • Ensure procedure manual reflects any change in approach and all new activities • Appropriate staff training | |
| A poor identity leads to poor reputation eg first impression | Medium | Medium | High | <ul style="list-style-type: none"> • Developing a professional brand • On-going training • Developing a communication protocol. | Leads to poor reputation and poor landlord recruitment. |

8. Next Steps

8.1 Table 7 provides an outline action plan for the introduction of MLS and its on-going development:

Table 7: Next steps

| MLS Development | | | |
|--|-----------------------------------|----------------------|---|
| Action | Responsibility | Timescale | Comments / Issues |
| Complete Rent Smart Wales licensing and set-up staff training | Steve Griffiths | May 2017 | |
| Review and identify staff training requirements | Karen Durrant | On-going | |
| Continue to develop marketing action plan in liaison with Communications Team, including landlord engagement | Lindsay Stewart | April 2017 | |
| Establish MLS web-pages | Ian Bakewell | May 2017 | |
| Finalise identity and branding and acquire marketing | Lindsay Stewart | May 2017 | |
| Continue to scope and introduce new landlord incentives and support services and introduce incrementally | Steve Griffiths & Lindsay Stewart | May 2018 | The introduction of new services will be subject to capacity and financial viability. |
| Re-model Shared Housing service in response to changes in temporary accommodation subsidy arrangements | Ian Bakewell | End of November 2016 | Includes close liaison with Melin Homes and Housing Benefit |
| Prepare for end of PLS contract with Melin Homes, including necessary due diligence | Karen Durrant & Lindsay Stewart | June 2018 | This preparatory work has commenced |

APPENDIX 1

Housing (Wales) Act 2014

S66 Duty to help to prevent an applicant from becoming homeless

(1) A local housing authority must help to secure that suitable accommodation does not cease to be available for occupation by an applicant if the authority is satisfied that the applicant is—

- (a) threatened with homelessness, and
- (b) eligible for help.

S73 Duty to help to secure accommodation for homeless applicants

(1) A local housing authority must help to secure that suitable accommodation is available for occupation by an applicant, if the authority is satisfied that the applicant is—

- (a) homeless, and
- (b) eligible for help.

S73

S75 Duty to secure accommodation for applicants in priority need when the duty in section 73 ends

(1) When the duty in section 73 (duty to help to secure accommodation for homeless applicants) comes to an end in respect of an applicant in the circumstances mentioned in subsection (2) or (3) of section 74, the local housing authority must secure that suitable accommodation is available for occupation by the applicant if subsection (2) or (3) (of this section) applies.

S76 Circumstances in which the duty in section S75 ends

- (2) The circumstances are that the applicant accepts—
 - (b) an offer of suitable accommodation under an assured tenancy (including an assured shorthold tenancy).
- (3) The circumstances are that the applicant, having been given notice in writing of the possible consequence of refusal or acceptance of the offer, refuses—
 - (b) a private rented sector offer, which the authority is satisfied is suitable for the applicant.
- (4) For the purposes of this section an offer is a private rented sector offer if—
 - (a) it is an offer of an assured shorthold tenancy made by a private landlord to the applicant in relation to any accommodation which is available for the applicant's occupation,
 - (b) it is made, with the approval of the authority, in pursuance of arrangements made by the authority with the landlord with a view to bringing the authority's duty under section 75 to an end, and
 - (c) the tenancy being offered is a fixed term tenancy for a period of at least 6 months.