



Private Rented Sector
(**PRS**) Access Schemes:

THE LANDSCAPE IN
SCOTLAND IN 2018



Together
we will end
homelessness

Crisis and the Private Rented Sector

Crisis has been supporting, advising and advocating for schemes which help people in need make a home in the Private Rented Sector (PRS) in Scotland since the 1990s.

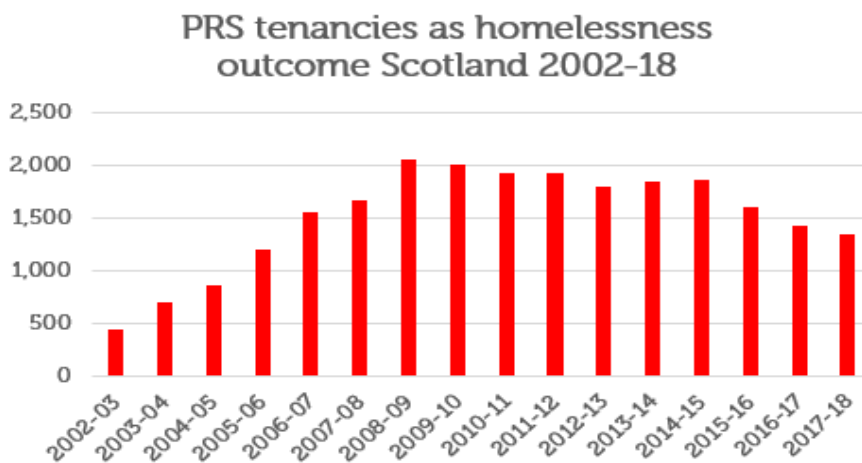
Crisis established the SmartMove deposit scheme model, replicated across Great Britain (GB), including in Scotland. We supported over 150 PRS access schemes in England from 2010-16 through the Westminster Government's programme and ran a national advisory service on private renting. We received Scottish Government funding from 2012-16 to set up a support and advisory service for PRS access across Scotland, and in 2017 were funded by the Welsh Government to provide training to all Welsh local authorities on using PRS as a housing option for homeless people.

In Scotland, we engage with third sector and local authority PRS access schemes in order to identify and share best practice. Online, we maintain a database of all PRS schemes in GB and a PRS forum, supporting new schemes to set up and existing schemes to improve. Through this work, we know the PRS can be a viable and sustainable housing option for some homeless people.

PRS and homelessness in Scotland

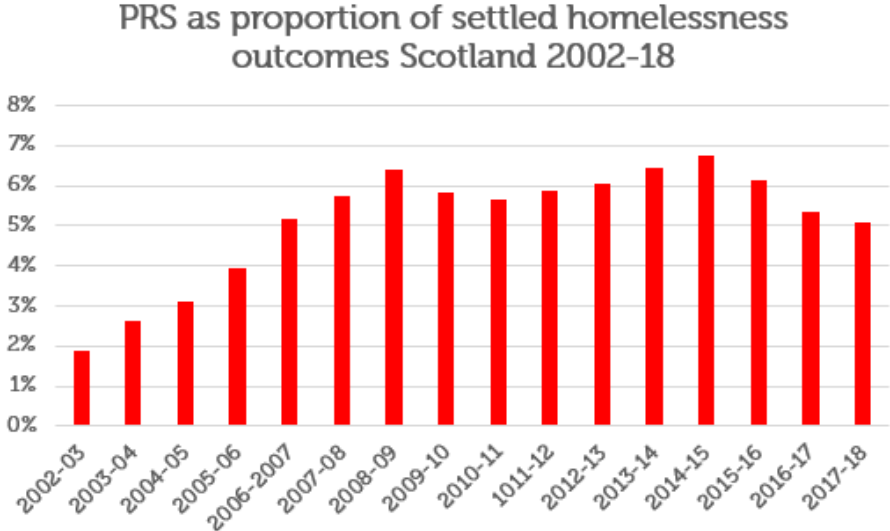
The PRS has never played a large role statistically in providing a settled housing outcome for statutorily homeless households in Scotland. Throughout the 2000s, local authorities were unable to discharge homelessness duties into the PRS unless an assured tenancy (AT) was provided. With abolition of priority need looming, in 2010, the Scottish Government amended regulations in the Homelessness etc (Scotland) Act 2003, enabling discharge of duty into short assured tenancies (SATs) in the PRS (known as Section 32a).

Despite this new legal framework, the number of statutorily homeless households who obtained a settled housing outcome in the PRS in Scotland declined from 2010¹, and has declined even more sharply in the past three years, as shown below.



¹ <https://www.gov.scot/publications/homelessness-scotland-2017-18/>

Private rented as a proportion, as opposed to a number, of homelessness outcomes rose slightly from 2010-15, but followed the same pattern as above in the past three years, with only 5% of households discharged into that tenure last year. The chart below is taken from Scottish Government HL1 statistics.



PRS access schemes in Scotland

PRS access schemes, mainly in the form of Rent Deposit Guarantee Schemes (RDGS), have operated in the majority of Scottish local authorities for many years. The Code of Guidance on Homelessness (2005) states every authority should ensure such a service is available in their area:

Rent deposit/guarantee schemes

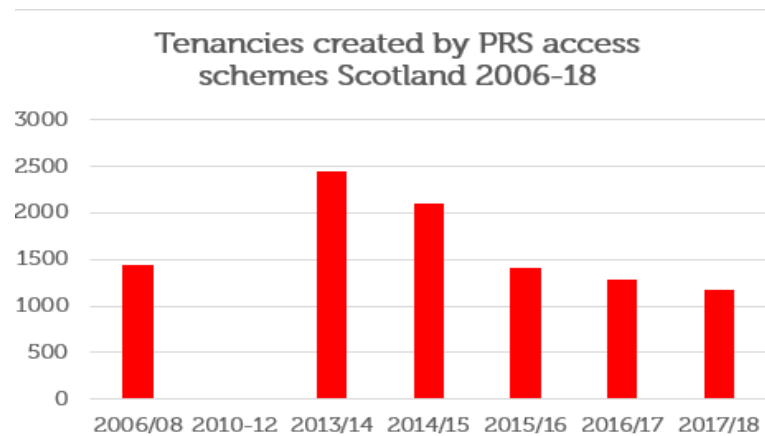
2.91 In order to maximise access to the private rented sector, every local authority should ensure that people at risk of homelessness or those resettling from homelessness can access a local rent guarantee/deposit scheme. Access to the scheme should be provided as early as possible and local authorities should consider marketing the scheme in such a way as to ensure that the potential for early involvement is maximised. Authorities should also

In most areas of Scotland, RDGS have historically been used as an option for people who did not have an entitlement to social housing, or who were at risk of homelessness but not yet homeless, in line with the legislation noted above.

HL1 statistics cannot be easily correlated with statistics for numbers of tenancies created by PRS access schemes in Scotland as some (and sometimes, most) of those tenancies are signed up to by people who are not statutorily homeless. Individuals using some schemes may have no local connection, be in housing need but not homeless, or be intentionally homeless. Tenancies created by PRS access schemes

internal to local authorities may be recorded within PREVENT1 instead of HL1 returns. But this data is not readily available as a discrete item.

What's clear is that the number of tenancies created by PRS access schemes in Scotland has markedly declined in the past five years. Figures collected by Crisis and portrayed in the graph below, show that, last year, schemes created less than half the tenancies they created four years ago.



PRS and HARSAG

The low proportion of statutorily homeless households housed in the PRS and the low take-up and tenancy creation rates of PRS access schemes in many local authority areas were factors highlighted in research undertaken by Indigo House² for the Homelessness and Rough Sleeping Action Group (HARSAG).

This called for: *“a renewed focus and much more work to provide support and incentives to facilitate access to the PRS. This includes a wider rollout of initiatives such as social letting agencies, Letting Agent Plus and Rent Deposit Guarantee Schemes”*

HARSAG subsequently made the following recommendation:

“Tenancy sustainment schemes tailored to the PRS, such as the scheme previously run by the UK Government’s Department for Communities and Local Government (DCLG) known as the PRS Access Development Scheme, which supports local ‘Help to Rent’ schemes to support homeless people and landlords and rent deposit bond schemes. Local Authorities have a duty to provide a rent deposit scheme within their area, but steps need to be taken to ensure these are fully accessible and comprehensive³”

² Scotland’s transition to rapid rehousing: Market area analysis, legislative and culture review. Indigo House. 2018

³ <https://www.gov.scot/publications/homelessness-and-rough-sleeping-action-group-interim-report/>

Crisis survey of PRS access schemes

Crisis conducted an online survey on PRS access across Scotland from October-November 2018 to better understand the landscape depicted in the above research and statistics.

The aims of the survey were to find out

- where PRS access services are provided in Scotland
- how services are staffed
- what features PRS schemes have
- which households are referred to PRS schemes
- the main barriers to making referrals, from a housing options perspective
- the main barriers to creating PRS tenancies, from options/scheme perspectives
- what would make the most difference to increasing PRS access locally
- whether Mid-Market Rent (MMR) is available and affordable locally, and whether there are pathways into this tenure for working homeless households
- whether authorities are discharging duties into Private Residential Tenancies (PRTs)
- what ideas and suggestions services have for change

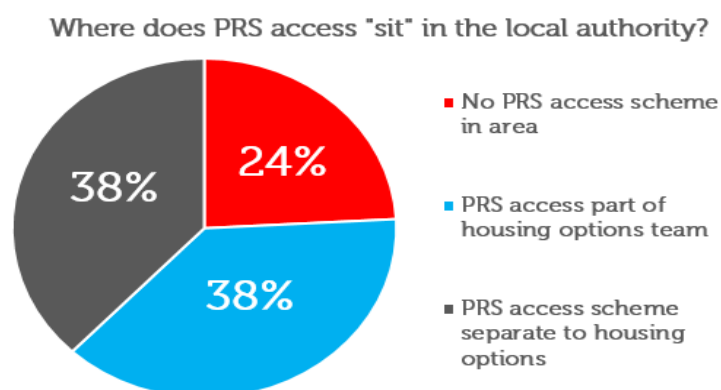
The survey was sent to

- all 32 local authority housing options teams
- 5 local authority PRS access services
- 10 third sector PRS access services

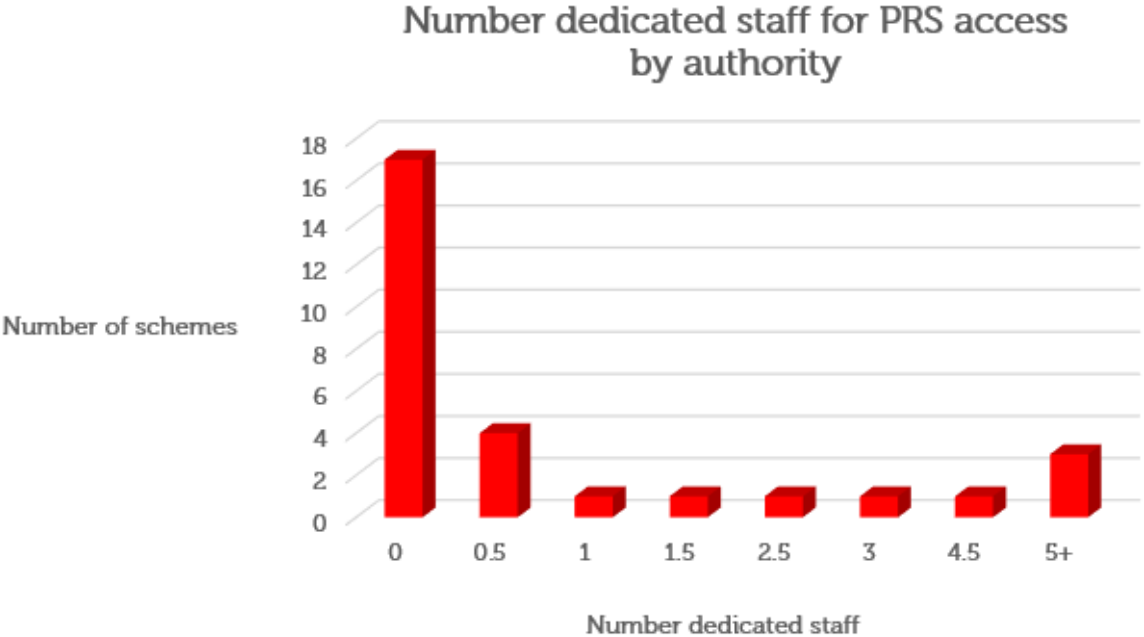
The survey had a response rate of **88%** for local authority options teams, **80%** for local authority PRS access services and **100%** for commissioned third sector PRS access projects.

Scheme location and staffing

Just under a quarter of authorities have no specific scheme, either in-house or commissioned, to assist households who are homeless or at risk into the PRS (**24%**). Of the remainder, PRS access is equally split between authorities with a distinct service, either internal or third sector, to which Housing Officers refer, and authorities where options staff have PRS access as an element of their wider role.



17 authorities (59%) reported that there was no dedicated staff member undertaking PRS access work in their area (either in-house or commissioned), and an additional four services (14%) had just 0.5 staff dedicated to this work. Other single schemes had one, 1.5, 2.5, three and 4.5 members of staff respectively, whereas a notable three services had five or more staff dedicated to PRS access work.



Scheme features

25 PRS access services, including a small number of non-commissioned services, answered survey questions on the features of their schemes.

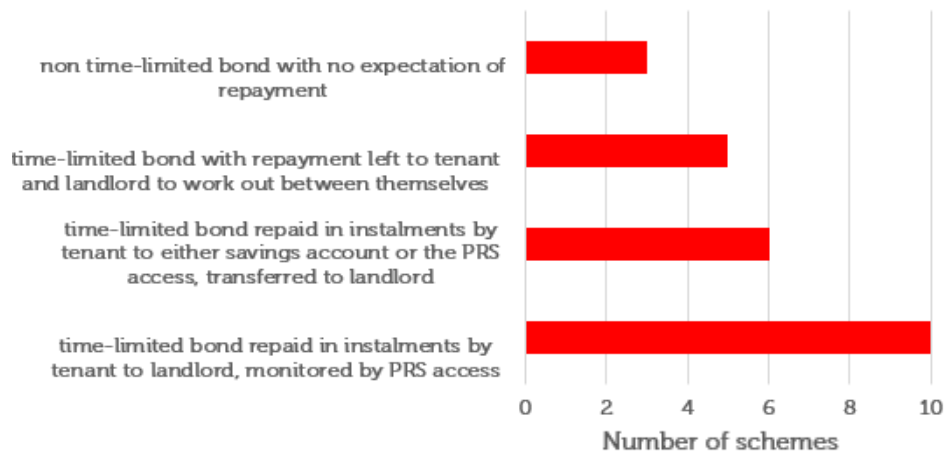
Bonds

Though a small number of schemes (15%) offered a non-time-limited bond, a time-limited equivalent was by far the most common vehicle schemes used to address the deposit requirement for clients accessing PRS (85%).

Of the latter, schemes used three main approaches for paying the deposit up over time. In roughly half of schemes, the tenant repaid the landlord direct by instalments, whilst the scheme monitored the payments. In just over a quarter of schemes, tenants paid instalments to the scheme or a savings account/credit union, which was then transferred to the landlord at the end of the bond period. A further quarter left the paying up of deposits to tenant and landlord to work out between themselves, taking no further role.

A small number of schemes were more flexible, offering two or all three of these approaches, based on what the landlord or the tenant wanted or preferred.

Approach to replacing the bond



Cash deposits

Only a minority of schemes (just over 20%) offered cash deposits. Five schemes offered a cash deposit, with expectation tenant repays the scheme or authority and one scheme offered this with no expectation of repayment. Four schemes provided the flexibility of a cash deposit where a bond was not acceptable to the landlord.

Rent in advance

Fewer schemes still offered rent in advance. Two schemes provided this with an expectation of repayment, whilst one offered this with no expectation of repayment.

Landlord incentives and management functions

Only one scheme had the ability to offer incentives to landlords in return for a property being offered to a person supported by the authority or service. Three schemes perform some management functions on behalf of PRS landlords, such as arranging repairs, rent collection etc, though no service guarantees rent.

Advice and support to landlords and tenants

Most schemes (80%) offer advice and support to both tenants (with benefit claims, budgeting, housing support for example) and landlords (on tenancy agreements, safety, legal compliance for example).

Advertising of PRS properties

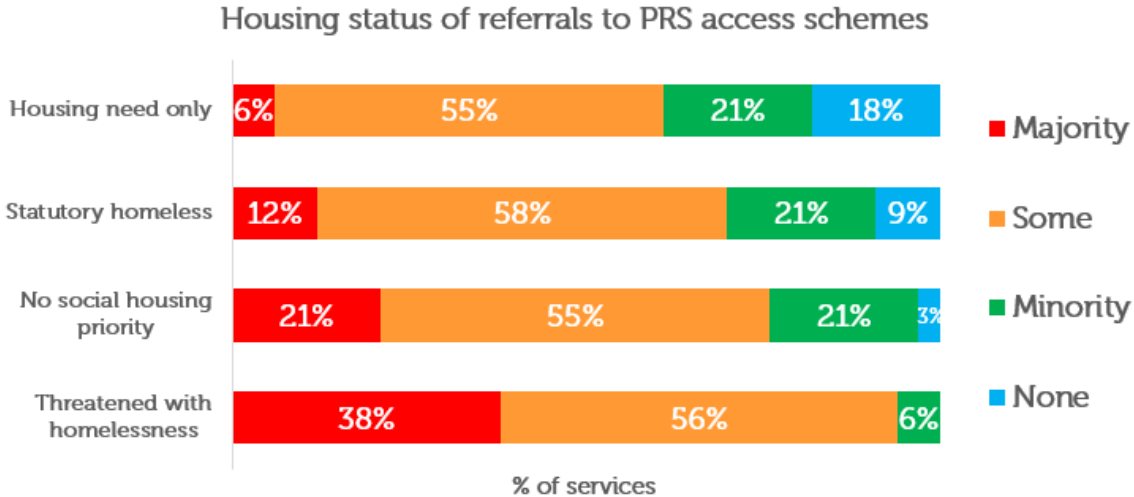
Eight schemes advertise PRS properties online or in the paper on behalf of PRS landlords, representing just over a quarter of all schemes surveyed.

Which households are referred to PRS access schemes?

Housing status

PRS and options staff were asked to estimate the proportion of referrals, by housing status, that they made or received. 'Housing status' included individuals threatened with homelessness, but who had not been assessed as homeless; clients for whom the homeless duty had been discharged (as intentionally homeless, no local connection, refused offer(s) of social housing); statutory homeless households who had chosen PRS; and those who were housed, but experiencing some level of housing need (neighbour issues, property condition problems, unsuitable area etc).

Respondents were asked to state whether they made or received the majority, some, a minority or no referrals for each group above.



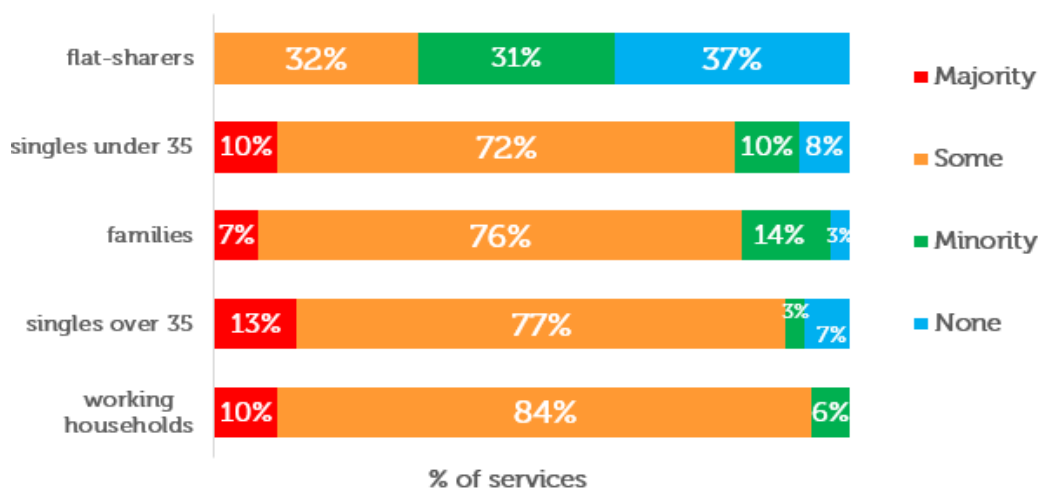
The majority of services responded that all of the four groups formed some part of their referrals. However the distribution of referrals above shows households threatened with homelessness are the most likely to form the majority (38% of services) or some (56%) referrals in nearly all schemes, with no service reporting they made or received no referrals for this group. Those with no social housing priority are the next most prevalent group, though 21% of services stated these formed a minority and 3% no referrals for this group.

Statutorily homeless households, though for 30% of services forming the minority or none of the referrals, still formed some or a majority of referrals for over two thirds. Those in housing need only were the least likely group to feature strongly in referrals, but still featured to some extent in 82% services.

Household type

Households referred to PRS access schemes do not clearly fall into any majority group. Traditionally PRS access has been regarded as an option for single people (the group in the past most likely to be assessed as not in a priority need), and households claiming benefits. Following the extension of the Shared Accommodation Rate (SAR) to under 35s in 2012, some PRS access services introduced criteria to exclude SAR claimants. The survey results do not reflect this, showing very little difference in referrals for over and under 35s.

Household types referred to PRS access schemes



Working households make up some of the referrals in every service, and form the majority in 10%. Similarly, referrals for families are now represented in 97% of services. The only group markedly less represented are individuals seeking flat-shares, with roughly a third of services stating this formed a minority of referrals and another third making or taking no referrals for this cohort.

What are the main barriers to making referrals?

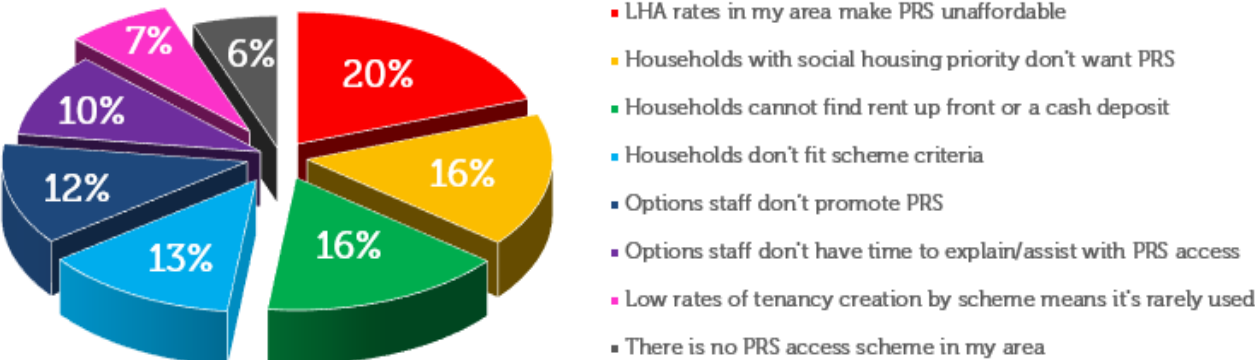
Options staff were asked to rate the main barriers to making referrals or promoting the PRS as a housing option to applicants.

The most significant barrier was Local Housing Allowance (LHA) rates. Households understood or expected that they would be unable to find PRS locally at a rent covered by LHA, so did not proceed with this option.

The second most significant barrier was household choice – as they were guaranteed social housing on account of their homelessness status, they did not wish to consider PRS.

The third largest barrier was applicants’ lack of ability to find a cash deposit or first month’s rent up front. An inference can be drawn that if a PRS access scheme operated in these areas, it was also unable to offer these features to applicants. Other barriers selected are noted below.

Main barriers to PRS referrals



What are the main barriers to creating PRS tenancies?

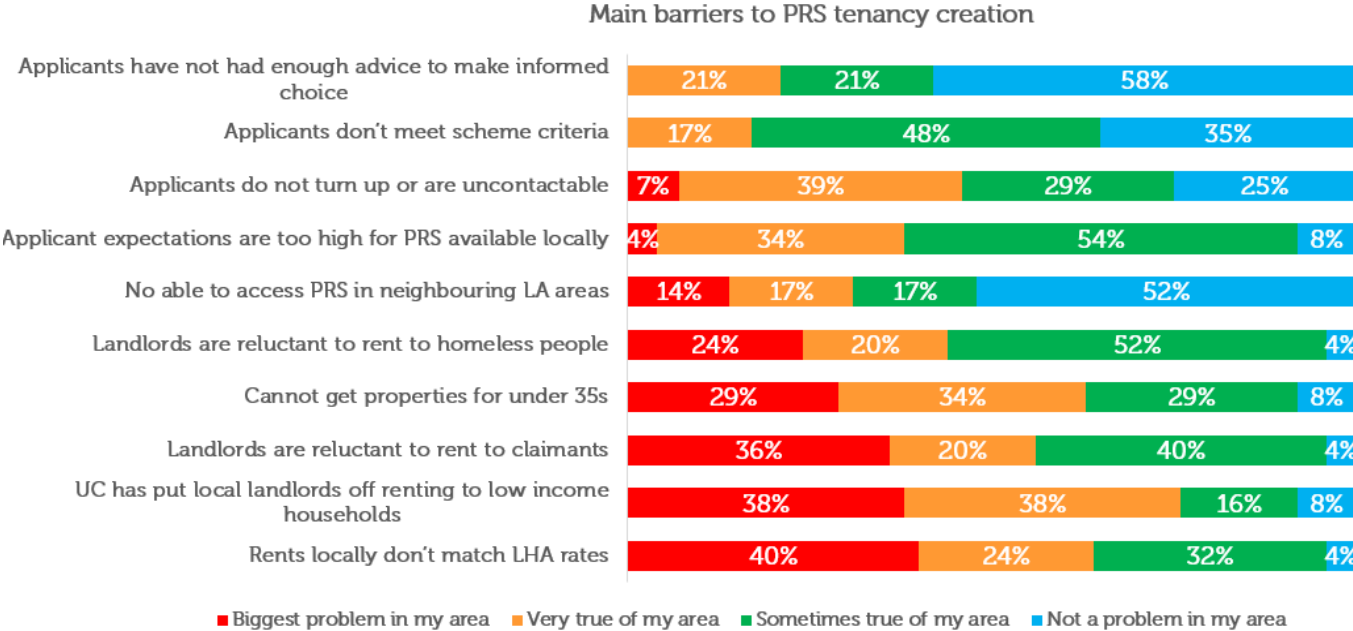
Moving from barriers at the point of referral to barriers relating to procurement of, and matching applicants with, PRS properties, factors attached to welfare reform again had the most significant negative impact. 76% of services stated Universal Credit (UC) putting PRS landlords off renting to low income households was either the biggest problem or ‘very true’ of their area, with LHA rates not meeting local rents affecting 64% of services in the same way.

Also linked to welfare reform, inability to access PRS for households under 35 was significant for 63% of services. Landlord reluctance to rent to benefit claimants, most likely exacerbated by welfare reform, was the third most significant factor, for 56% of services.

Other barriers which were only a little less prominent were: landlord reluctance to rent to homeless people (only 4% of services had no problem with this, and for almost half it was a significant barrier); applicant expectations being too high for what was available locally in the PRS (only 8% of services had no problem with this)

and applicants not turning up or being contactable by PRS access services (only 25% of services had no problem with this).

A third of schemes cited inability to procure PRS in neighbouring authority areas as a very significant barrier, whilst half of schemes stated no problem with this. It is likely that the local housing market and geography of the authority informs this to some extent.



What would it take for PRS schemes to increase tenancy creation?

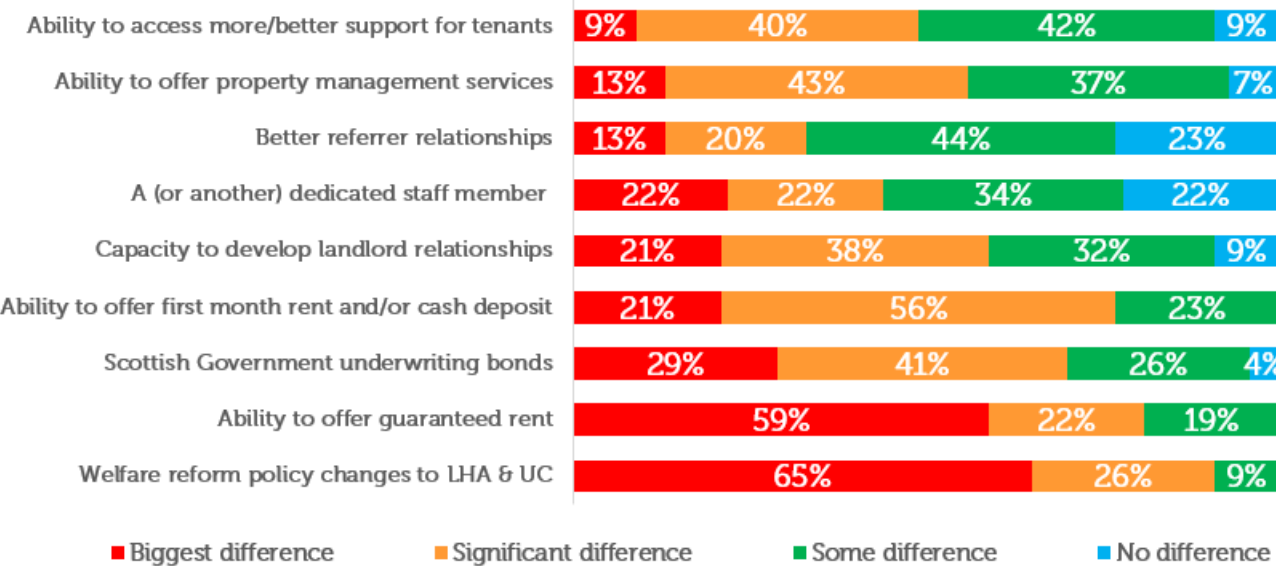
Most respondents selected welfare reform policy change (to LHA and UC) as the action which would make the most difference in enabling more households who are homeless or at risk to access PRS: 65% of services cited this as making the biggest difference and a further 26% felt the difference this would make would be significant.

The ability to guarantee rent to landlords was not far behind welfare reform policy change as the feature most likely to facilitate increased PRS access. Though easier to implement for local authorities than UK-wide legislative change, guaranteed rent is not offered by any of the schemes surveyed in Scotland. All services felt this would make some difference; 81% assessed the amount of difference as significant.

Ability to offer first month’s rent and/or cash deposit, features offered in a tiny minority of Scottish schemes, was assessed by 77% of services as likely to make a significant difference. Every service said it would make at least some difference.

The Scottish Government underwriting bonds was regarded as a popular means of increasing PRS access, with over two thirds of services stating this would make a significant difference, and only 4% of services feeling it would make none. Other measures which could be taken at a national level were mentioned in comments at the end of the survey. Some of these are summarised at the end of this report.

What would make the biggest difference to increasing PRS access?



59% of services assessed capacity to develop stronger relationships with the landlord sector locally would make a significant difference. This is linked to staffing, which just under half of services stated would make the biggest or a significant difference to property procurement, though 22% of services felt in contrast that a dedicated or additional staff member would make no difference to this area of work.

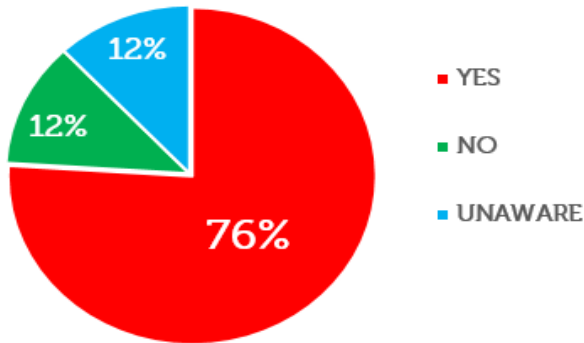
Ability to offer a property management service on behalf of landlords would make some difference according to 93% of services, though less of a difference than some of the other measures listed above.

Ability to offer more or better support to PRS tenants followed a similar pattern, with 91% of services stating this would make some difference, but only 9% citing the difference would be very significant.

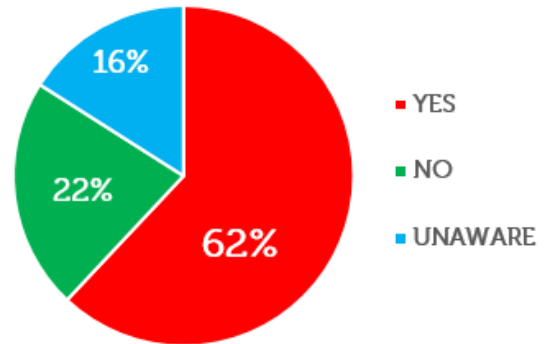
What role does Mid-Market Rent (MMR) play locally?

Over three quarters of respondents stated that MMR properties were available in their local area. Almost two thirds assessed that these properties may be affordable for some of the working households with whom their services were engaging.

MMR is available in my area

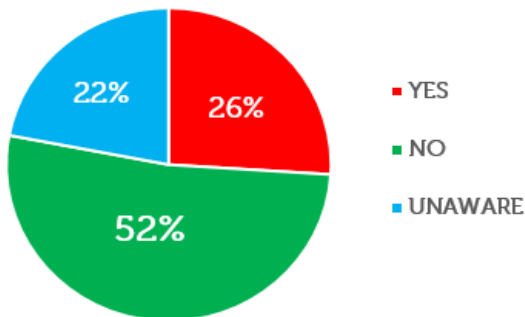


MMR is affordable to some households

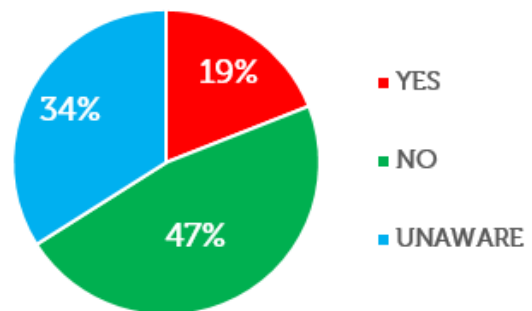


A smaller number of services offered tailored advice and information on the MMR tenure (26%), and this did not differ significantly by third sector or local authority response. Accordingly, an established pathway into MMR for working people who are homeless (resembling the 'PRS pathway' most services offered through access schemes), was only discernible in 19% of services.

We offer tailored advice on MMR

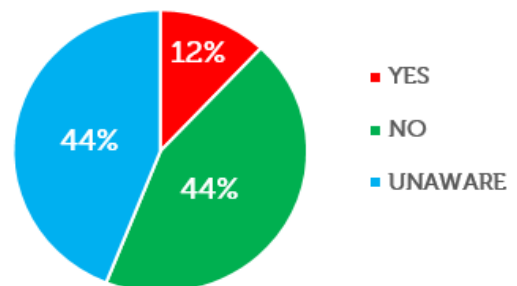


There is a 'MMR pathway' in my area



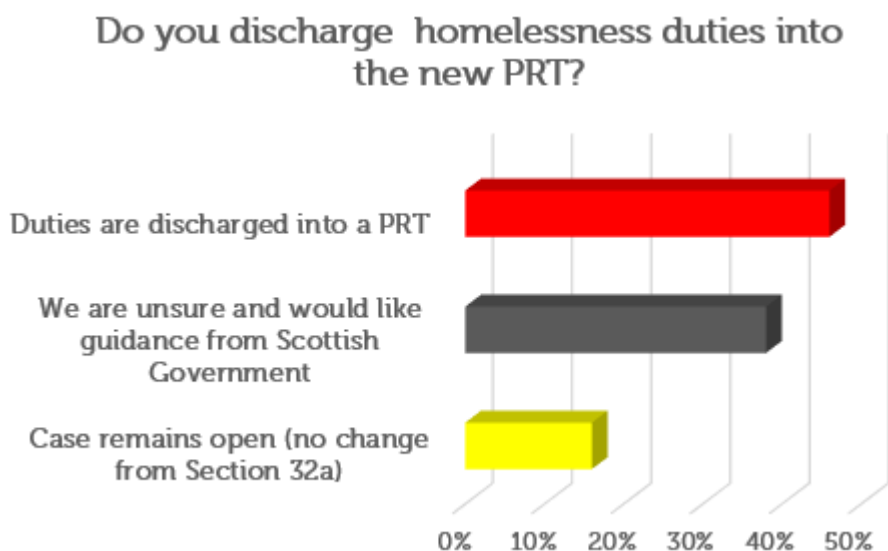
Lastly, nearly half of services did not know whether MMR providers would accept a bond instead of a cash deposit (44%). The same proportion said MMR providers would not accept this. Only 12% had made contact with MMR providers and had a favourable response.

MMR providers locally will accept a bond in lieu of a cash deposit



Are duties discharged into the PRS under the new tenancy?

Since the PRT came into being on 1 December 2017, some local authorities have changed their approach to discharging homeless duties and others have not. Over a third of authorities (38%) surveyed indicated that they were unclear on this question and wanted guidance from Scottish Government. Within comments, some of the other authorities who were discharging duty (46%) also stated they would like to have written guidance on this matter. A minority of authorities have taken the view that duties should not be discharged and are proceeding as under Section 32a (16%).



Ideas and solutions for improving PRS access

Respondents gave many ideas and suggestions for how PRS access for households who are homeless or at risk of homelessness might be improved in their areas. A flavour of these is provided below.

At national level

There should be a national unified scheme and we need to get together to set it up!

Provide investment and funding for schemes so they can invest in trying different approaches

Improve discrimination laws to include anti-discrimination against those in receipt of benefits

Relax the new income tax rules for rental income for landlords renting to households claiming LHA

Increase incentives for landlords to enter/stay in the market – such as tax incentives for landlords willing to take on tenants in receipt of benefits

Money matters

Offer rent guarantees

Guarantee that all rental payments through UC are paid directly to PRS landlords from first payment, with no exceptions

Allow UC to talk to support workers

More support from the Council on DHP payments

DWP being more supportive to landlords

Council Tax rebates for participating landlords

Find a way of providing cash deposits and rent in advance

Increase DHPs – ringfence them for this group of people

Find a way of paying cash deposits quickly so as not to disadvantage tenants in competitive markets

At local level

Increased publicity regarding the security of the sector now the regime has changed

Get better information over to landlords to dispel concerns/issues around 'DSS tenants'

Landlord Registration could promote the RDGS to every landlord registered locally

Consider ways of looking at properties available in a tenure neutral way - rather than focusing on PRS and social rented properties and treating them differently

Go beyond the rent bond model & try different things

We need to be able to market the scheme properly and have the staffing capacity and budget to do this

The local authority should offer a property management service to PRS

Make better efforts to build effective working relationships with letting agents and landlords - make them feel part of the solution to the housing crisis. Emphasise the social good!

Summary of findings

- the PRS access survey and accompanying national conference received a very **high level of interest and engagement** from services across Scotland. This suggests the time is ripe to re-galvanise and invest in PRS access work both nationally and locally
- the majority (just under two thirds) of local authorities either have **no PRS access scheme** or a scheme with **no dedicated staff member**; in contrast, a minority of authorities have services with a whole team of dedicated staff
- Scottish PRS access services overwhelmingly use the **deposit bond model** without the ability to offer cash deposits (**20%** of services), rent in advance (**12%**) or landlord incentives (**4%**). No service guarantees rent
- a **range of household types** use PRS access services, in terms of housing status, household composition and income source. Thus, PRS access services can no longer be regarded as principally for single people claiming benefits with no priority for social housing
- the **main barriers** to property procurement identified by schemes cluster around the topic of welfare reform, particularly Universal Credit, Local Housing Allowance rates and the Shared Accommodation Rate, and the combined impact of these on landlord engagement and attitudes
- services assess that welfare reform policy change; ability to offer guaranteed rent, cash deposits and rent in advance and the Scottish Government underwriting bond liabilities are the actions likely to make the **biggest difference** to increasing PRS access for this group of people
- though **Mid-Market Rent** properties are available and often affordable for at least some working people referred to PRS access services, there is often no clear pathway into this tenure for this group
- local authorities are responding to the question of **discharging duties into PRS** under the new tenancy regime in different ways. Guidance from Scottish Government would assist in bringing clarity and consistency to this area