

Appendix 1 Accommodation Procurement Policy for Homeless Households

Section 1: Introduction and Scope

1. This policy sets out:
 - Challenges facing the council in procuring accommodation for homeless households, both for temporary accommodation and for private rented sector offers (“PRSOs”) to discharge the council’s homelessness duties (see below for a detailed explanation of the differences between them).
 - The general principles that will be followed when procuring private accommodation for homeless households.
 - An estimate of the number of properties that are needed for these purposes and an action plan for meeting these needs.
 - An action plan for procuring properties for homeless households.
2. This policy will be monitored and formally reviewed after it has been in operation for 12 months and annually thereafter.
3. Temporary Accommodation comprises two forms of accommodation. First, emergency accommodation (called stage 1), for use during the relief stage of homelessness and provided to a household with apparent priority need whilst a household’s their homeless application is being assessed. Secondly, there is longer-term, (stage 2) accommodation. This accommodation is for households where the council has accepted a housing duty to them and is provided until suitable longer longer-term accommodation is available.
4. Stage 1 accommodation is generally ‘nightly-booked’ as it is only intended to be for short periods of time and is more expensive than longer term Stage 2 accommodation. In addition to this, the council has 69 reception centre spaces for general needs homeless households, which is cost neutral to the council.
5. The council has arrangements with local landlords and also a small number of registered providers (housing associations) to provide Stage 2 accommodation. In addition to these leased forms of accommodation, the council uses its own vacant stock which is decanted and planned for regeneration.
6. Private rented sector offers (“PRSOs”). These are offers made by the council to homeless households under either:
 - the prevention duty;
 - the relief duty; or
 - the full re-housing duty.

The offer made is of private rented accommodation on the basis of a fixed term Assured Shorthold Tenancy. The council has decided to make these offers to provide people with sustainable, affordable and more settled accommodation as an alternative to a long wait in temporary accommodation for social housing.

Section 2: Procurement challenges

7. There are severe constraints on the amount of temporary accommodation that can be procured from registered providers or by direct purchase. While the council will continue to pursue such opportunities where they are available, a key component in the council's procurement strategy is accommodation sourced from the private sector.

Accommodation Procurement Policy for Homeless Households:

8. The council aims to procure as much private accommodation for homeless households in Islington - or as close to it as practicable – as it can. This is the best way of helping households to remain in their communities and to enable the council to meet its legal duty to house homeless households in Islington wherever “reasonably practicable”.
9. However all local authorities are finding temporary accommodation increasingly difficult to procure to meet increasing demand, as the private sector rents increase and the number of landlords willing to let to households on benefits is reducing.
10. Securing private rented properties which are affordable to homeless households in Islington is extremely (and increasingly) challenging. Private rents here are amongst some of the most expensive in London (and, indeed, the United Kingdom as a whole) and the majority of homeless households have low incomes. Currently around 90% of the 930 households in temporary accommodation are in receipt of either Housing Benefit or Universal Credit.
11. Table 1 shows the difference between allowable temporary accommodation Local Housing Allowance (LHA) rates and average rents from the Government own data in Islington as at the 31st March 2023. The gap in the weekly rates is most pronounced for larger bedroom properties.

Table1:

Average Market Rent per month	LHA rates per month
Studio £940	£668
1 bedroom £1,450	£1,280
2 bedroom £1,880	£1,586
3 bedroom £2,100	£1,915
4 bedroom £3,250	£2,573

12. For vulnerable households struggling to pay their rent, initiatives such as assuring private tenants' rent may help to retain their tenancies and avoid homelessness. In exchange, the households must show the council that they have taken steps to increase or maximise their incomes, including by embarking on training programmes or engaging with the council's IMAX team.

13. The overall benefit cap for non-working single people is £296.35 per week and £442.31 per week for couples and families in London. It can therefore, be seen from table 1 the challenges homeless households face with the low benefit cap thresholds in London.
14. Considerable work has been done to procure and to retain as much temporary accommodation within (or as close to it as practicable) to Islington as possible. Rising rents and a very competitive market locally and in London is making it harder to procure new properties here or nearby. Frequently, given the current demand for rented property, when current leases end in Islington landlords often move into new markets for which they can achieve higher rents. The result is that emergency nightly booked is being used for longer periods after a housing duty has been accepted; this is helping to drive up the cost of temporary accommodation.
15. Rising homelessness levels across London and the resulting growth in demand have led to an increasingly competitive temporary accommodation market in London and the South East. Most London boroughs face similar challenges and are finding few properties with rents that are near LHA rates more difficult to procure.
16. The reduction in the household benefit cap for non-working households (from £26k to £23k in London for families and couples and from £18k to £15.4k for single people) will make it harder for all boroughs to find affordable private rented accommodation for non-working households. 1,094 households claiming Universal Credit in Islington as at the end of March 2023 have been Benefit Capped.

Section 3: Procurement principles

17. The following principles will apply when procuring properties for both temporary accommodation and private rented sector offers:
 - The council will act to ensure it is compliant with all relevant legal obligations and have regard to all relevant legal guidance.
 - The properties need to be affordable and sustainable in the longer term to the households that occupy them so they are within benefit levels and temporary accommodation subsidy rates. This will give homeless households the best opportunity to settle in an area and the lowest likelihood of them having to move again.
 - The properties we offer to households will be suitable, compliant with health and safety specifications and be in a decent condition.
 - The council's first priority will be to secure accommodation in Islington, where it is not possible to secure good quality affordable accommodation in Islington the council will next look in surrounding boroughs, then in other London boroughs and then in other areas increasingly further afield. The council will also work to secure accommodation for those households who wish to live outside of this area.

- Regard will be had to the Pan London Agreement on Inter-Borough Accommodation. This aims to ensure that where a borough is placing a household in temporary accommodation they will not offer the landlord more than the receiving borough would.
- Landlords may on occasions be offered incentives above temporary accommodation subsidy rates or LHA levels in order to procure properties to prevent homelessness - and where the practice will help secure longer-term savings. Where these incentives are offered the council will not offer more than the host borough if the properties are outside Islington.
- The affordability of properties will be a key factor when procuring properties. Properties should be cost neutral to the council and within allowable subsidy rates or benefit levels in order to meet budgetary targets. Over the last financial year temporary accommodation gross cost to the council is over £12 million as it has not been possible to procure properties within the subsidy rate.
- Where the council is procuring properties outside Greater London it will, as far as possible, focus on more urban areas whose diversity so far as practicable reflects that of Islington and so are likely to have more facilities and support networks for people from Islington with particular protected characteristics. Evidence of the scope and range of employment opportunities will also be taken into account.

Section 4: Estimating and meeting need

18. Temporary accommodation demand and supply comes from new households that are accepted as homeless and households that need to move within temporary accommodation (because they are overcrowded, for example). Homeless demand in the longer term is difficult to predict as it is driven by a complex range of socio and economic factors, including changes to national legislation and policy. A national shortage of truly affordable housing and unaffordable rents in the private sector in and around Islington remains an important driver. These factors have led to a continued increase in homelessness applications shown in the following tables:

Homeless approaches

Financial Year	Number of homeless approaches
2018/2019	853
2019/2020	975
2020/2021	1167
2021/2022	
2022/2023	

Numbers of homeless households living in temporary accommodation

31 st March 2020	749
30 th May 2021	930
31 st March 2022	848

19. The council is rolling out a policy to offer homeless households private rented tenancies to discharge the council's main housing duty (Appendix 2). This is intended to contain temporary accommodation demand and costs and to help give homeless households more sustainable, long-term housing options and avoiding the uncertainty of long waits for social housing. The focus will always be on the prevention of homelessness and the use of this policy is to improve the well-being of our residents.