

# Property Procurement Strategy

ISSUE/ REVISION NO	DATE	STATUS/ AMENDM ENT	REVISED BY	APPROVED BY
1	10/12/14	DRAFT	DDBB	
2	16/12/14	DRAFT	DDBB	
3	06/05/15	DRAFT	DDBB	
4	15/05/15	DRAFT	DDBB	
5	02/12/15	FINAL		ME

## **Property Procurement Strategy**

### **Executive Summary**

The Property Procurement team in its current form started operating in March 2012. This was part of a first stage reorganisation which recognised both the fundamental importance of property procurement and the need to bring all property procurement functions under one section. The re-organisation recognised the important role of the Private Rented Sector (PRS) in helping Hammersmith & Fulham meeting its statutory duty to provide suitable temporary accommodation (TA) to homeless persons who are eligible and have a priority need for accommodation under part VII of the Housing Act 1996 (as amended by the Homelessness Act 2002). The provision of accommodation also supports Asylum households. This change pro-actively addressed the discretion and opportunities of the Localism Act 2011 which came into force in November 2012, namely to discharge the Council's statutory homelessness duty into the PRS.

### **Property Procurement function**

The key functions of the Property Procurement team include

- The procurement of properties through private portfolio landlords and managing agents to be used as temporary accommodation and to enable the discharge of duty into the private rented sector (PRS).
- Acquisition, handback and renewal of an in house Private Sector Leasing (PSL) scheme including dilapidation claims.
- Proactively working with the PRS to find suitable private rented accommodation as an alternative choice for households who present as homeless or as being threatened with homelessness.
- The procurement of suitable accommodation for single vulnerable households assisted through the PATHS team. Typically this is shared accommodation and self-contained studio and one bedroom properties for this client group within or as close as possible to the borough.
- For not in priority need singles, support to be provided to the PATHS team to procure suitable accommodation tapping into £150 voucher scheme in return for a minimum 6 months tenancy agreement.
- The procurement of suitable accommodation for Asylum households on behalf of Social Services.
- The procurement of Bed & Breakfast accommodation be used on an emergency basis when no other suitable accommodation is available.
- Ensuring that all accommodation procured meets Hammersmith & Fulham's agreed health & safety standards.

## External factors

As a backdrop to property procurement, there have been a number of key changes in recent years which have had an impact.

- April 2011: the Local Housing Allowance (LHA) capped by bedroom size with transitional protection ending between December 2011 and December 2012.
- October 2011: the LHA maximum set at the 30th percentile of market rents down from the median.
- January 2012: the Shared Accommodation Rate (SAR) previously applied to those up to 24 years old extended to those up to 35 years old albeit with some protection for the most vulnerable.
- November 2012: the Localism Act 2011 came into force allowing both the discretion and opportunity of local authorities to discharge homelessness duty into the PRS.
- April 2013: Introduction of the benefit cap £500 per week for single parents and couples with children £350 per week for single people
- April 2013: LHA uprated by 2%.
- January 2013: start of the decant of the mainly large 121 units at Hamlet Gardens due to completed in November 2015.
- October 2013: Introduction of Universal credit: one payment as an amalgamation of all means-tested benefits capped at £500 per week for single parents and couples with children and £350 per week for single people.
- April 2014: LHA uprated by 1%.
- April 2014: The Work and Pensions Select Committee's 2013-14 inquiry into *Support for Housing Costs in the reformed welfare system* (2 April 2014, HC 720, 2013-14, Summary) concluded:

'Reforms to Local Housing Allowance (LHA), paid to Housing Benefit claimants in the private rented sector, have led to a growing discrepancy between the average rents and the amount of LHA the households can claim. As a result there is evidence that private sector landlords are becoming increasingly reluctant to rent to LHA recipients and evictions and non-renewal are increasing, leading to an increased risk of homelessness among Housing Benefit recipients. Private sector properties which remain affordable to LHA recipients are increasingly of poor quality'.

- November 2014 - Repossessions: The Ministry of Justice statistics bulletin for England and Wales July to September 2014 shows that the number of landlord claims has been increasing since 2010 with 11,100 landlord repossessions by county court bailiffs between July and September 2014.
- March 2015: the P1E benchmarking tables for West London for quarter 3 headlines the following:
  1. An increase in the number of families with children for longer than 6 weeks albeit this does not include H&F as well as

Hounslow and RBK&C who remain at zero families over 6 weeks.

2. An increase in temporary accommodation numbers overall.
3. An increase in the number of households in out of borough temporary accommodation.
4. Leasing down in all boroughs albeit this does not include H&F as well as Hounslow and RBK&C.
5. Nightly paid annexes up albeit this does not include H&F as well as Brent and Hillingdon.

- April 2015: LHA uprated by 1%.

### **Current demand and how it is being met**

**Table showing demand**

<b>Year</b>	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>
<b>Enquiries</b>	<b>2612</b>	<b>2521</b>	<b>2223</b>	<b>1909</b>	<b>1562</b>	<b>1530</b>
<b>Acceptances</b>	<b>156</b>	<b>164</b>	<b>203</b>	<b>283</b>	<b>385</b>	<b>444</b>

The above table shows that whilst enquiries may be reducing the number of cases being accepted has risen putting a greater demand on Property Procurement to procure suitable alternative accommodation. At the end of the financial year 2014-15, the number of acceptances stood at 444. Given the striking trend from the above table it can fairly be anticipated that acceptances will exceed 450 in the financial year 2015-16.

Against this backdrop of increased demand, Property Procurement has acquired properties through the following means:

- Working in partnership with West London boroughs to procure privately managed accommodation both inside and outside of London from TA suppliers who were successful in tendering for this service.
- Working in partnership with nine other London boroughs to advertise locally and nationally in printed and online publications and websites such as The Estates Gazette, Letting Agent Today, Property Professional, Property Week and NAEA/ARLA.
- Working independently with individual suppliers to procure privately managed and leased accommodation achieving a total of 173 properties as TA at the end of the financial year 2014-15 compared with 110 for the previous financial year.
- Working with our in house PSL lease end landlords to renew properties through increased rental offers within subsidy and the judicious use of flexible incentives normally in the form of both cash payments and the carrying out of landlord works. To the end of the financial year 2014-15 34 lease end properties have been retained.

- Working with agents and individual landlords in the PRS using flexible incentives, and a rent deposit guarantee scheme. To the end of this financial year 159 PRS properties have been procured exceeding the target of 150 set.
- Working with hotel, HMO and B&B providers to ensure a supply of nightly accommodation within agreed rates where a household's accommodation need is not being otherwise met.
- Outreach through quarterly joint evening meetings with the NLA.
- Outreach through the Council's leaseholders evening meetings.
- Proactive procurement through landlord events, door knocking, advertising, cold calling and e-mail outreach to bring on new partners.
- Use of incentives; in an effort to avoid more costly alternatives of temporary accommodation and to retain accommodation within and as close as possible to the borough, the procurement team continues to use incentives in a 'spend to save' approach. To the end of the financial year 2014-15 approximately £560K was spent either to retain or procure 265 new properties.

The table below shows the breakdown of the 391 units procured or retained in this financial year.

Type of units	Number procured
Private agents (TA)	173
Direct letting	159
New PSL	25
Renewed PSL	34

### How Property Procurement will meet future demand

With the knowledge that demand for accommodation is likely to continue to exceed 450 units for this financial year and the trends confirming that future demand will be on the increase, Property Procurement will continue to or implement the following to meet the anticipated demand:

- Bringing on board new providers and suppliers to meet Hammersmith & Fulham's accommodation needs with an emphasis on accommodation that is either local or is within or reasonable travelling distance of the borough in line with the *Homeless Code of Guidance for Local Authorities (2006)* and the Homelessness (Suitability of Accommodation) (England) Order 2012.
- Continued working in partnership with nine London boroughs to compliment and replace existing tenders through a Dynamic Purchasing System tender process to procure suitable affordable family accommodation in locations preferably inside but also outside London with good access to local amenities, which would suit families of all sizes. Following the regime of a tendered process, these new tenders should be in place for July 2015.

- Continued working with existing providers including registered providers to procure suitable affordable family accommodation.
- A more flexible PSL scheme using flexible incentives and allowing landlords to lease properties for as little as 18-24 months.
- Engaging with landlords willing to convert leased accommodation into AST accommodation.
- Engaging and supporting tenants who want to go from TA into AST accommodation of their choice.
- Continued engagement with the PRS using financial and other incentives with a spend to save approach and an emphasis on local accommodation. The aim is to bring on board or retain 478 properties making good use of an incentive fund of £600K. Incentives can be used in a variety of ways ie a cash lump sum, cover for rent shortfall, an introductory fee, a deposit under the tenancy deposit scheme which can be released to the tenant at the end of the tenancy to secure alternative accommodation and to ensure that our property standards are met ie we require an electrical safe certificate which is not required in the PRS.
- Flexible working with independent providers to retain and procure new temporary accommodation.
- Joint working on a local level with partners such as the National Landlords Association to engage with stakeholder landlords and agents closer to the borough, addressing concerns, educating them and challenging views about our client group so that they will work with H&F.
- Continued evening meetings with the NLA on a quarterly basis.
- Joint working with the Housing Benefit Assist team to engage with, to arm and to educate prospective tenants in relation to sourcing and sustaining a tenancy.
- A continued presence and outreach at the Landlord & Letting Show in London 2015
- A continued presence at the H&F council leaseholder evening meetings to increase the potential supply of local properties.
- A presence at the H&F council leaseholder forum on Saturday, 16<sup>th</sup> May 2015.
- Additional advertising in West London area in 2015 through the Trinity Southern Mirror Group publications.
- A presence on partner websites ie the NLA.
- Regularly reviewing and updating our attractive offers to landlords on the H&F website. Last update March 2015.
- Working with the Empty Homes team to ensure that empty properties in H&F which are undesirable, a wasted resource, a cost to the local economy in terms of being a target for petty crime, anti-social behaviour, squatting, vandalism and graffiti are brought back into use.
- Working in partnership with Private Housing Services colleagues to tap into better homes grants that both increase the supply of properties and ensure that they are of a suitable standard.
- Joint working with the H&F Home Buy team.

- Continued proactive outreach and engagement through cold calling potential partners, door knocking, Hammersmith & Fulham's website, external websites, in house and external forums with landlords, portfolio landlords and managing agents.
- Radial outreach from Hammersmith & Fulham to procure accommodation as locally as possible.
- Continued outreach through our own database of landlords and partners on a weekly monthly and ad hoc basis.
- Working in partnership with the successful tenderers for H&F's two in house tenders relating to the refurbishment, buying and lease back of accommodation.
- Ensuring that the provision of new units across the property types meets Hammersmith & Fulham's agreed standards for health & safety.
- In the next financial year, with the above new and continued initiatives, Property Procurement will strive deliver in excess of 478 units broken down as follows

Type of units	Number of units
Direct letting	200
New in house leases	30
Renewed	48
Independent partners (PLA)	100
Tendered partners (PSA/PMA)	100

## Landlord Communication

A central tenet of our procurement strategy in meeting current and future demand is landlord communication and outreach. Property Procurement is doing this and is going to do this using the following ways:

- Working in partnership with other local authorities capitalising on our collective buying power for a good standard of accommodation
- Advertising through the H&F website, through the local press and other printed and online property publications.
- Proactive outreach to landlords and agents using the internet as a research tool.
- A presence at in house forums which gives us an opportunity to meet existing and new local landlords e.g. the H&F leaseholder's forums and evening leaseholder meetings.

Date	Leasehold Forum
To be confirmed	South Fulham
To be confirmed	Hammersmith
To be confirmed	Fulham North

- Organising our own meetings with landlords to engage with landlords and providers. Property Procurement has already

instigated quarterly evening meetings inviting the National Landlord Association (NLA) as a partner and tapping into their landlord database as well as our own. The aim is to attract landlords with information and knowledge that both makes them better informed landlords and provides an opportunity to make them aware of our offers both through our leasing and private letting schemes.

- We will maintain our presence on the landlord arena by continuing to exhibit at the London Landlord & Lettings Show in the Barbican.
- Organise and facilitate an annual Landlord Forum with the first on Wednesday, 1<sup>st</sup> July 2015 as an outreach tool, providing a platform for networking, engaging with and educating new landlords and consolidating existing working relationships

### **How the success of Property Procurement meeting future demand will be measured**

The success of the Property Procurement team in procuring or retaining in excess of 478 to be measured through key performance indicators (KPIs) derived from the Corporate Strategy.

Property Procurement will know that success will be achieved when the KPIs related to the following have been met:

- 430 new properties across the different types procured to meet the growing demand with an emphasis on accommodation that is in or within reasonable travelling distance of the borough.
- Bringing on board new providers and suppliers to meet Hammersmith & Fulham's accommodation needs with an emphasis on accommodation that is either local or is within or reasonable travelling distance of the borough in line with the *Homeless Code of Guidance for Local Authorities (2006)* and the Homelessness (Suitability of Accommodation) (England) Order 2012.
- Ensuring that all accommodation, especially B&B, meets Hammersmith & Fulham's exacting health & safety standards so that we maintain a the quality of our procurement.  
The discontinued use of B&B accommodation for families.

### **The Vision of Property Procurement**

The vision of Property Procurement is to ensure an adequate supply of suitable, affordable, health & safety compliant and local accommodation to the different client groups to meet diverse housing need.