



# LEASING SCHEMES:



## A MODEL TO FACILITATE PRS INVOLVEMENT WITH HOUSING FIRST

There are a variety of different models for engaging with landlords, but in this document we focus on the potential for utilising private rented sector (PRS) leasing schemes.

We believe that leasing schemes have the ability to increase access to the PRS for Housing First projects, while offering assurances to landlords about rental income and housing management. This document outlines a leasing scheme model that Cymorth Cymru, the Housing First Network Wales, and the National Residential Landlords Association have agreed would work well for all of the stakeholders involved in Housing First projects.

PRS landlords should also read the document 'A guide to Housing First for PRS landlords', which acts as a more basic guide, explaining how Housing First works and the **principles** involved.

### WHAT IS A PRIVATE RENTED SECTOR LEASING SCHEME?

A private rented sector leasing scheme often involves a local authority or housing association leasing a private rented sector property from a private landlord for a set period of time, such as 5 or 10 years.

The local authority or housing association manages the property on behalf of the private landlord, and in return, the landlord receives a guaranteed rental income. This is usually set at Local Housing Allowance (LHA) or a proportion of LHA, depending on the details of the scheme.



The local authority or housing association will often charge a management fee and in return all of the housing management responsibilities such as collecting rent and carrying out maintenance and repairs will be managed for the landlord.

The Welsh Government and local authorities have piloted this approach over the past few years, but a number of housing associations also have experience of delivering private sector leasing schemes. The Welsh Government [scheme](#) currently operates in parts of Wales, and the goal is for this trial to provide a scaleable model that leads to a national scheme.

We believe that leasing schemes could be used to increase access to the PRS for Housing First projects. For the purposes of the document, we have not specified a length of leasing scheme, but would encourage those that exist to aim for longer periods of time, in the order of five or ten years, so that people can benefit from the greater stability and security provided by longer-term tenancies.

Leasing schemes may well be open to all types of housing allocations, but Housing First clients should have priority access to the PRS accommodation in line with the Housing First principles of choice and control.

Landlords should check with their mortgage provider that they are able to rent through a leasing scheme.

## **THE LEASING SCHEME MODEL AND HOUSING FIRST**

We appreciate that Housing First is a fairly new approach to tackling homelessness in Wales; many private sector landlords may not be familiar with the model and will naturally have questions or even concerns. However, we believe that the use of a leasing scheme will help to alleviate concerns by giving greater certainty and security to landlords. We have outlined some key considerations below to help you understand the role of a private sector landlord within a Housing First context, if a leasing scheme is used.

### **1. LANDLORDS WILL BE GUARANTEED A RENTAL INCOME**

When leasing a property to a Housing First service, either with a housing association or a local authority, a rental income will be guaranteed for a set period of time - five years, for example. It is likely that this income will be at LHA levels. Some leasing schemes will also involve the provider absorbing maintenance and repair costs associated with the home, which may incur a management fee. However, there are no agency fees and no need to be licensed with Rent Smart Wales (though you will still need to be registered).

### **2. LANDLORDS WILL NOT BE INVOLVED IN HOUSING MANAGEMENT**

Under this model, landlords will lease their property to a local authority or a housing association for a set period of time, during which they would be guaranteed a monthly rental income. If this option is chosen, then landlords would not need to be involved in any aspect of the property above the normal legal obligations of a landlord who does not self-manage a property, which would of course still apply (as would the relevant legal rights). As such, this model would be very similar to letting a property through any high street lettings agency and appointing them to manage the property on a landlord's behalf. The model will also allow a landlord to spare themselves the costs and training that a Rent Smart Wales licence requires.

### 3. LANDLORDS WILL BE KEPT UPDATED

Landlords taking part in a leasing scheme should expect regular updates, at least every three months about any maintenance work undertaken on the property and any changes in tenancy. With the permission of the tenant, the support provider could also share positive changes that the tenant is seeing in their life as a result of having a safe and stable home. Where possible, landlords should know about the positive impact resulting from their involvement in Housing First, providing that tenants are happy to consent to this information being shared.

### 4. LANDLORDS WILL BENEFIT FROM THE EXPERTISE OF SOCIAL LANDLORDS

Local authorities and housing associations are experts in delivering social housing and support to vulnerable tenants. As such, both landlords and tenants involved in Housing First projects under a leasing scheme will benefit from this expertise. They have extremely good links with local multi-agency support services and providers of Housing First projects, and are very well placed to ensure that the tenant can access the support they need.

### 5. BONDS AND GUARANTORS SHOULD NOT BE REQUIRED

There is a strong case to be made that Housing First tenants should not be required to provide bonds or guarantors in any situation; they will be receiving intensive, 24/7 support from experienced organisations. Not only that, but if benefits are properly maximised (this is something that most Housing First providers will do as part of their support), the income that many Housing First clients receive can be substantial. Property owners coming on to the Housing First scheme will be guaranteed rent and the return of their property in a good state alleviating the need to require a bond or guarantor.

## CONCLUSION

The coronavirus pandemic has led to wide-ranging changes across society and landlords are now letting and managing their properties during a time of high uncertainty and rapidly changing health advice and restrictions. For many landlords, this is a time of significant unpredictability and we believe that Housing First leasing schemes present private sector landlords with a unique opportunity to have stable rental income as we move towards a post-COVID society.

Find out more on the Cymorth Cymru [website](#)  
Email: [HousingFirst@cymorthcymru.org.uk](mailto:HousingFirst@cymorthcymru.org.uk)