

Briefing on setting up a not-for profit lettings agency requested at the Housing Committee on the 20th October 2016

Background

On the 20th October 2016 the Housing Committee agreed to receive a report on the feasibility and benefits of setting up a **not-for profit lettings agency**. A substantive report on the setting up of a **for-profit lettings agency** (taking in to consideration the not-for profit option) was agreed at the Policy & Resources Committee on the 5th September 2017. Subsequently this note provides a summary position on the matter.

Summary

Barnet is already the most populous London Borough and is set to see more growth, with a projected population increase of 83,000 over the next 30 years. Home ownership has fallen whilst private renting has increased as more people have found it difficult to buy their own home due to higher prices and reduced availability of mortgages.

Private renting is expected to continue to increase and means that within 10 years half the properties in the borough are likely to be rented and therefore demand for private lettings and management services in Barnet and north London will also continue to grow. Provision of a private rented lettings and management service will help cater for this growing market.

Context

The Barnet Group (TBG) currently provides a lettings and management service for private landlords with properties achieving lower quartile market rents through its successful subsidiary let2barnet brand. By utilising this experience TBG aims to gain a foothold in the private rented lettings and management market, TBG proposes to introduce a new for-profit private lettings and management service. This will enable them to cater for all sections of the private market, including key-worker housing.

Not-for-profit lettings agency

There are a number of benefits that would be delivered through a not-for-profit lettings agency including:

- Offering applicants not eligible for housing assistance an affordable housing option
- Fee free lettings for tenants

- An opportunity to improve standards in the private sector

However, TBGs learning from the experiences of some other local authorities who have sought to develop not-for-profit social lettings agencies has shown that some of these ventures have failed to make the required impact to ensure sustainable long-term delivery of the services.

They contacted several other local authorities to gain an insight to the delivery of not-for-profit agencies elsewhere in London. Learning from the experiences of two other London boroughs is provided below.

Borough 1

- Negative publicity from local agents citing that they are public sector organisations who will place tenants claiming benefits in their properties
- Difficult to obtain a market share as retention rates are high

Borough 2

- Did not make clear from the outset the purpose of the agency was for PRS tenants and promoted the service as a means to help reduce homelessness costs. Landlords considered this to be a PRS access scheme for homeless applicants

Whilst some feedback related to the business planning and strategies deployed by the local authorities, there was consistent feedback in relation to image and landlord perception of the client group.

TBG believes that it is in a prime position to capture many of the benefits derived through the delivery of a not-for-profit lettings agency and build upon this through the delivery of a for-profit lettings company. Creation of a for-profit lettings agency with a clear distinction and company image as a separate entity will enable TBG to take forward learning from other boroughs.

A business case for the establishment of a letting agency model was agreed at the Policy & Resources Committee on 5th September 2017. The business case proposes the delivery of a full letting agency model on an online basis within the next six months.