

Subject:	Supported Accommodation for Homeless Families	Status:	Publication
Report to:	Council	Date:	22 June 2022
Report of:	Strategic Housing Manager	Portfolio Holder:	Housing, Planning, Licensing and Enforcement
Key Decision:	<input checked="" type="checkbox"/> Forward Plan <input checked="" type="checkbox"/>	General Exception <input type="checkbox"/>	Special Urgency <input type="checkbox"/>
Equality Impact Assessment:	Required: No	Attached: No	No
Biodiversity Impact Assessment:	Required: No	Attached: No	No
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1. RECOMMENDATIONS

- 1.1. To approve the purchase of two residential properties to use for supported accommodation for homeless families within Rossendale utilising Section 106 commuted sums.
- 1.2. To delegate the purchase of the two houses to the Director of Economic Development in consultation with the portfolio holder.

2. EXECUTIVE SUMMARY

- The council is keen to better meet the needs of local people made homeless and enable them to be temporarily housed more locally
- The council has explored different options to meet the needs of homeless people
- The council is proposing to purchase two residential properties and manage these themselves as the most effective way of controlling the placement of homeless families and making best use of the assets
- The purchase of the properties can be achieved utilising Section 106 monies already held by the council and therefore not incur any capital expenditure for the council
- The day-to-day operating and repair costs for the properties can be achieved using a proportion of the rent/intensive housing management support received from each family occupying the properties

3. BACKGROUND

3.1 Rossendale currently has only one two-bed property within the borough to accommodate homeless families. As a result, these families are often placed in bed and breakfast accommodation outside of the borough often at a distance from employment, schools and their network of support exacerbating the distress of the situation and lengthening the potential circumstances of homelessness. In 2021/22, 10 families were placed in bed and breakfast accommodation compared to 8 in 2020/21. The average time spent in B&B has increased from 9 days to 77 days.

3.2 The Housing Act 1996, Homelessness Act 2002 and the Homelessness Reduction Act 2017 placed statutory duties on local housing authorities to prevent and relieve homelessness. A homelessness duty is owed where the authority is satisfied that the applicant falls within a

specified priority need group. These groups include households/families with dependent children. The Council has a duty to ensure suitable accommodation is available for a household/family.

- 3.3 The definition of suitable accommodation relates to how accommodation meets the needs of the household/family. Considerations such as the geographical location, the physical layout of the property, whether it is overcrowded or occupants are at risk. Recent case law in 2022 and 2021 has helped define that bed and breakfast accommodation may be acceptable for emergency accommodation for a household for the short-term but this is not to be relied upon. The fact that the strategy is to accommodate almost all families outside the Borough within bed and breakfast accommodation may put the council at risk in this regard.

4. PROPERTY PURCHASE PROPOSAL

- 4.1 Supported accommodation for families is usually provided in two ways. The first option is for the council to collaborate with a registered provider who will purchase a property and the council will utilise the property to accommodate the homeless families. The registered provider will receive the rent and the intensive housing management payment. The council will have to agree a contract or service level agreement with the registered provider to understand who will be liable for maintenance, utility payments etc.
- 4.2 With this approach the council does not own the asset and if the council can identify a registered provider to enter into an agreement to purchase properties and commit to an undertaking where the registered provider accept all liability then the council can discharge its household homelessness duties without liability other than agreeing inspections to ensure housing standards are maintained and agreed performance arrangements are adhered to.
- 4.3 However, the council do not own, control the asset and cannot control the placement of homeless people in the accommodation. The legal duty to accommodate the household remains with the council and the council would be reliant on the registered provider adhering to the conditions of any service contract of service level agreement. The council would also not have control of use of any rent or intensive housing payment. If the council owned the asset it would ensure the rent/intensive housing payment was used directly to manage the stock to ensure the council best met the needs of the homeless families in Rossendale. A registered provider would collect (and retain) the rent and intensive housing payment and could use that in any part of their housing stock in other boroughs.
- 4.4 The approach the council will therefore take it to purchase and manage its own properties. In the current financial climate, careful consideration must be given to any proposal to purchase assets. The council has £379,580 of commuted sums secured by Section 106 agreement for the provision of affordable housing in Rossendale. If these sums are not used by 2024 to increase the provision of affordable housing, the sums should be repaid to the developer.
- 4.5 It is proposed that the council use up to £150,000 to purchase each property (a two and a three bedroom) to provide suitable accommodation. Officers in the council's Property Team will undertake the process of acquisition, including identification, survey and technical support.
- 4.6 The advantage of this approach is that the council uses the s106 commuted sum to purchase an asset, which will likely appreciate. The Housing Options Team will have full control of the properties and they will manage the tenancies and the void periods. The team will be able to retain the rent and intensive housing rent generating a potential income of circa £23,000.
- 4.7 The Facilities Manager will commission repairs/maintenance and manage utilities and relevant payments from the income. Further precise finance considerations are set out later in the

report. Rent and intensive housing management is paid directly to the registered landlord. Households that are placed into the properties will be responsible for all utility bills and Council Tax.

4.8 The council will have full responsibility for the asset and responsibility for the maintenance and management. Housing staff are currently already dedicating resource to manage the placement of families in B&B accommodation. Any services can be covered by the rent/intensive housing management fees generated and payable to the council as landlord. On balance the proposed 'purchase and manage' model brings greater control, quality of provision, ensures compliance and provides financial benefit to the council.

5. RISK

All the issues raised and the recommendations in this report involve the following risk considerations:

- Housing temporary homeless households outside of borough may place the council at risk in respect of meeting its statutory homeless functions and that placing families already under considerable stress away from family, friends, work, school and medical care is increasing unnecessary levels of stress for those families.
- The current costs of placing families in B&B accommodation are unpredictable and can reach in excess of £80,000 a year. This figure could increase with increasing economic pressures on families and there is a cap in which the council can claim those costs back.
- The purchase of the two houses and their maintenance could introduce unpredictable costs. The Intensive Housing Management revenue will mitigate this risk and a reserve will be accumulated to meet this need. It is likely that the housing assets will also appreciate over time. The potential future disposal of these assets would help to offset risk.

6. FINANCE

6.1 There will be initial purchase costs for each of the properties of up to £150,000 and costs in relation to building surveys, fees etc. These costs will be met through the s106 budget. Future costs around maintaining the properties will be recovered through the weekly rental/intensive housing management charges.

As the properties are used as supported accommodation for homeless families and there is intensive housing management support; the properties are exempt from Universal Credit. This means that the rental costs are assessed and paid by Housing Benefit (HB) directly to the council.

No of beds	Core rent	SC Eligible for HB	SC Ineligible for HB	Total	100%	15% void	20% void
2 bed	£97.81	£130.75	£28.77	£257.33	£13,381.16	£11,635.79	£11,150.97
3 bed	£115.00	£130.75	£28.77	£274.52	£14,275.04	£12,413.08	£11,895.87
Income Amount				£531.85 per week	£27,656.20	£24,048.87	£23,046.83

6.3 Costs attributed to the maintenance, furnishing, decorating and cleaning on change of household will be met through the intensive housing management charge (Service Charge (SC) eligible for HB). The focus for the team will be to ensure that the void periods are kept to an absolute minimum through proactive support to move households on and through the identification of new households to occupy the properties.

As the council will be the registered provider for the properties purchased there is no risk to housing benefit subsidy, as the council will be able to receive 100% of the rental and the intensive housing management costs. Whilst using of bed and breakfast accommodation this results in lost subsidy. In order for the council to receive the intensive housing management costs we will be utilising the existing East Lancs Families contract with Calico to provide care and support to the households placed in these properties.

The contract is in place until 2023 at which point Lancashire County Council will be looking to re-commission the support contract. If the decision is taken to not re-commission then we have alternative care and support capacity through the Homeless Prevention Grant, the recent Rough Sleepers Initiative fund or by exploring further funding opportunities with DLUHC. This places no further risk on the initiative as funds are already available.

7. LEGAL

- 7.1 The commuted sums are required to be spent in connection with the provision of improvements to empty homes within the borough for the purposes of providing affordable housing to those in housing need. Supported accommodation meets this need but care must be had that it relates to empty homes to ensure compliance with one of the agreements.
- 7.2 Monies need to be spent in line with the relevant s106 agreements to avoid clawback. Satisfactory due diligence needs to be carried out with all necessary legal documentation being completed once approval has been received from Full Council.

8. POLICY AND EQUALITIES IMPLICATIONS

- 8.1 There are multiple acts to compel the council to meet the need of homeless families. The use of commuted sums to purchase affordable housing meets the requirements of the agreement.
- 8.2 An Equality Impact Assessment has identified there is potentially no detrimental impact on protected groups, as the proposal will increase temporary accommodation provision for some of the borough's most vulnerable households. Consideration to equalities will be undertaken for any significant changes to the delivery of the proposal and accessibility considerations will be factored into the procurement and refurbishment of the properties.
- 8.3 If the council maintains its strategy of housing families outside the borough in bed and breakfast accommodation it is likely, the council will breach its statutory duty to meet homelessness need for priority groups.

9. REASONS FOR DECISION

The council accepts the statutory duty to provide suitable supported accommodation for homeless households/families failing within one or more of the identified priority needs.

In evaluating how best to meet this need the council concludes that the purchase of two properties utilising received s106 money provides officers with an appropriate means of meeting the need of this priority group. The council will have full control of managing the resource and potentially are able to manage a source of income to ensure needs are met.

No background papers