

Appendix C

Proposal for the Council to Invest in additional Housing to Provide Temporary Accommodation and increase our temporary accommodation provision utilising Local Authority Housing Fund 4 (LAHF4) Monies

1.0 Introduction

The Council continues to experience an increasing demand for temporary accommodation due to rising case numbers of households presenting as homeless or at risk of homelessness. This is due to a distinct lack of affordable homes, the impact of welfare reform, the cost of living crisis and on-going social and economic impacts.

Currently the situation stands as follows -

- 347 live homelessness cases in total
 - This includes households that we are working with to prevent homelessness as well as those that are classed as in the relief category who we are working with to relieve homelessness / typically in temporary accommodation
- Number of homeless households in temporary accommodation = 107 (4 of which are in self-contained lease accommodation & 15 in Council owned self-contained accommodation)
- Total of 266 individuals in temporary accommodation (families, children and singles)
- 60 Families with children in Temporary accommodation
 - Includes over 100 children

The Council has previously invested in the purchase of the properties to utilise as temporary accommodation and this has enabled the Council to reduce its reliance on B&B accommodation which is considered to be unsuitable for households with children. The social benefits of being in a position to provide self-contained accommodation, particularly to families with children, are considerable for those facing homelessness.

2.0 Proposal

A further distribution of Local Authority Housing Funding has become available and the Council has put in a bid and expects to be awarded an allocation. There is therefore an opportunity for the Council to purchase further properties to be utilised as temporary accommodation. Within the Little Glen Development on Cork Lane there are 6 plots available.

The properties are as follows:

- 4 x 3 bed semi detached
- 1 x 3 bed detached
- 1 x 4 bed detached

3.0 The Strategic Case

The proposal to invest in the units at the Little Glen Development, Cork Lane, contributes to and meets a number of the Council's strategic priorities:

- Blaby Plan – delivering affordable properties.
- Housing Strategy Priority 1 – increasing the number of affordable properties – as above.
- Outcome focussed solution – the current solution to provide accommodation for service users is either bed or breakfast or where possible self-contained accommodation. This solution is expensive, however it does not create the most stable living environment, especially for families. Having a further 6 properties added to our temporary accommodation provision and provides a more stable living environment within the district for service users.
- Effective, efficient solution – along with the cost of providing temporary accommodation the administrative burden for the Housing team is considerable in making the arrangements for the accommodation. Increasing properties that the Housing Team can use on a more permanent basis for temporary accommodation purposes reduces the administrative burden to the team and their efficiency.

Economic Case

As set out above and below the case for investing in further temporary accommodation is an effective use of Council resources in that:

- The solution is more cost effective than continuing to rent temporary accommodation for service users.
- The accommodation provides a more stable environment for service users.
- The Council retains an asset as part of the proposal

Commercial Case

The Council approved the Commercial Position Statement at its meeting of 20th September 2022, in which the Council laid out criteria for investment in property and regeneration.

The Council has received verbal notification of an allocation of funding totalling £807,250 through the Local Authority Housing Fund (LAHF4). This grant is made available to fund

up to 40 per cent of the purchase price plus £21,000 to be used at the Council's discretion but could cover refurbishment and legal fees. One unit is to be used for a household from the Resettlement Scheme and 50% of the median property price is included within the total grant.

Financial Case

Purchase of 6 Properties				
	3 bed semi detached	3 bed detached	4 bed detached	Total
No of bedrooms				
Number of houses	4	1	1	6
Average cost for BDC, based on property size (£)	311,995	484,995	399,995	2,132,970
Total (£)	1,247,980	484,995	399,995	2,132,970

Capital Expenditure & Financing 6 Properties

	£
Purchase price - 6 properties	2,132,970
Allowance for legal fees and refurbishment	126,000
Capital Expenditure	2,258,970
<u>Less:</u>	
LAHF4 funding for purchase	(681,250)
LAHF4 funding for legal/refurbishment	(126,000)
Borrowing Requirement	1,451,720

The total capital cost of £2.259m will be supported utilising £807.250 from LAHF4 funding, which the Council have received verbal confirmation.

This will leave a borrowing requirement of just under £1.452m on which revenue costs of borrowing: interest and MRP have been calculated.

Revenue Expenditure and Financing of 6 properties

All additional costs	76,704	
Minimum Revenue Provision	29,034	Note 1
Loan interest	86,523	Note 3
Total Revenue Expenditure	192,261	

Revenue income

LAHF4 Delivery Grant funding	(8,020)	
Gross rent income	(58,939)	
less voids @ 10%	5,894	
Net rent income	(61,065)	
Reduction in loss of housing subsidy	(13,014)	Note 2
Potential saving in B&B costs	(112,320)	Note 4
Total Income	(186,399)	

Net (Income)/Expenditure **5,862**

Notes

1. Based on straight line method over 50 years. NB: this is for indicative purposes only; the actual MRP charged will be calculated in accordance with the Council's approved MRP Policy on a weighted average annuity basis.

2. Indicative subsidy gain.

3. Based on PWLB rates in force on 20th January for a 50 year maturity loan. If worst case scenario used highest rate currently, additional cost of £3,484 would need to be included.

4. High level estimate based on weekly cost of B&Bs.

A deposit of £1,000 per property is due on signing of the contracts with an additional 10% due 8 weeks following, with the final payment on completions which is expected to be December 2026.

Management Case

The experience already gained from owning property utilised for temporary accommodation has reduced the risks of taking on further properties.

The Risks and mitigation is as follows:

Current Risk	Actions to reduce the risks
That the need for temporary accommodation reduces and the housing is not required by the Council for this purpose.	The temporary housing requirement is extremely high at the moment. Should the need for temporary accommodation reduce considerably, there is the ability to utilise these properties for longer term use as social housing provided by Blaby or an alternative registered provider.

Governance Arrangements

- The Project will be monitored through Programme Board and to Council through the Quarterly Capital Programme Monitoring Reports.

Recommendations

Given all aspects of the business case suggest that the investment in the 6 properties is a sound case both financially, strategically and of considerable social benefit to the service users it is recommended to go ahead with the investment and agreement is sought from those with delegated authority.