

Title of meeting: Housing Cabinet

Date of meeting: 12th March 2019

Subject: Purchasing property for homeless accommodation

Report by: Director of Housing, Neighbourhood and Building Services

Wards affected: All

Key decision: Yes

Full Council decision: No

1. Purpose of report

- 1.1 To seek approval from the Cabinet Member for Housing to instruct the purchase a £1m portfolio of properties providing a portfolio of temporary homeless accommodation.

2. Recommendations

- 2.1 **That the Cabinet Member for Housing approves a Capital Expenditure of £1m provided by Portsmouth City Council to enable the delivery of a portfolio of properties to address homelessness, which will be held within the Housing Revenue Account.**
- 2.2 **That the Cabinet Member for Housing delegates authority to the Director of Housing, Neighbourhood and Building Services in consultation with the Director of Finance & S151 Officer to decide the composition of the portfolio.**
- 2.3 **That the Cabinet Member for Housing delegates the Director of Housing, Neighbourhood and Building to apply for any available grant funding to support the scheme.**

3. Background

3.1 Our duty to the Homeless

Portsmouth City Council has a duty to support those who present as homeless as per the updated Housing Allocations policy, which was presented for approval on 29th January. These are the key elements from that policy which relate to homelessness

The Homelessness Reduction Act 2017 places a duty on local authorities to intervene at earlier stages to prevent homelessness in their area. It also requires housing authorities to provide services to all those affected, not just those who have a priority need under the primary legislation - that is, Part 7 of the Housing Act 1996.

There is an enhanced prevention duty, meaning the council is required to work with people to prevent homelessness at an earlier stage, and there is a duty for those who are already homeless for the council to support households, for 56 days, to relieve their homelessness by helping them to secure accommodation.

If homelessness is not prevented or relieved, a main housing duty is owed to households who are eligible, have a priority need, and are not homeless intentionally.

The Housing Act 1996, Part 7, as amended by the Homeless Act 2002 provides the statutory guidelines for assessing whether a housing authority has a main housing duty to homeless households.

Where a main housing duty is owed, this authority will discharge its duty by either:

- An offer of a private sector tenancy, or
- An offer of a tenancy via the Allocation Scheme, or
- An offer of temporary accommodation until a settled home is available
- There will be no choice as to tenure type offered; it will be purely subject to availability, suitability and affordability.

Preference for specific areas will be taken into consideration, where possible, but cannot be guaranteed.

Homeless people whom the Housing Authority has no statutory duties to house are provided for within the banding scheme.

3.2 What is the current level of demand?

Rough sleepers within the city are supported to access emergency hostel bed spaces, where their needs are assessed and support is available. Currently we know of approximately 60 individuals sleeping rough in the city and, of those, approximately 45 use the night beds service. For full details of the assistance available for rough sleepers refer to the Street Homeless and Rough Sleeping Partnership Strategy. It should be recognised that the provision to have dogs within some of the accommodation is essential to this cohort of people.

Currently the Council has approximately 100 households per week in temporary accommodation, awaiting either assessment for a duty, or having been assessed as in need of a property and awaiting a suitable home.

The Housing waiting list currently holds approximately 2,000 households (families, couples and single people) who are waiting for a new home. 42% are current PCC tenants. 47% of all applications are due to overcrowding in their property, and 32% are requesting a property as a result of medical reasons. All applicants are placed into four bandings (low, medium, high and exceptional) as per the Allocations Policy. For more details on how the housing allocates social housing, see the allocations policy.

The demand for temporary accommodation currently outstrips supply with more people coming into the service than those that leave it. There is currently a 'backlog' of households waiting in temporary accommodation.

Working under the assumption that short term (crisis) temporary accommodation will always be needed our aim would be for this type of accommodation to be used as an exception and for PCC to have access to enough medium term or longer term accommodation with appropriate levels of support, to be able to operate within the agreed budget.

To be sustainable, the rate of people leaving temporary accommodation and moving into a permanent property needs to be equal to/greater than the rate of people coming into temporary accommodation.

3.3 How the properties purchased for this portfolio will be allocated

The greatest benefit to the temporary accommodation pathway would be the capacity to manage the properties proposed to be purchased under this scheme flexibly and to be able to adapt to the demand by allocating the properties in any of the following ways:

- Rough sleeper and Homeless Strategy allocation
- Short term crisis accommodation as part of the temporary accommodation service.
- Medium term temporary accommodation

Our biggest challenge at the moment is undoubtedly the provision of medium term temporary accommodation and the need to use short term crisis accommodation for longer than we would want to. When this need changes holding a portfolio of available property means we can adapt and tailor their use to any of the way noted above.

3.4 What property will we buy?

There are a number of different types of properties which could be purchased and there are varying risks, benefits and costs for each of the different types of property.

A feasibility study, survey and financial appraisal will be undertaken for any building or property that we purchase and this should include:

- Assessing the condition and age of the building elements
- Identifying any building defects
- Assessing the suitability of the building layout to meet demand
- Establish a 30 year maintenance plan
- Ensuring through financial appraisal that the building is affordable against the upfront costs and long term rental yield.

4. Reasons for recommendations

- 4.1 The recommendations meet Portsmouth City Councils corporate priority 1 " Make Portsmouth a city that works together, enabling communities to thrive and people to live healthy, safe and independent lives".
- 4.2 The portfolio will increase the overall number of homes in the HRA and will improve its viability to allow for continued maintenance and tenant services to residents.
- 4.3 The portfolio will reduce the use of high cost crisis accommodation

5. Equality impact assessment

- 5.1 A Preliminary Equality Impact Assessment has been completed, a copy of which is attached as Appendix A, no adverse equality implications were identified.

6. Legal implications

- 6.1 There is a general power of competence that enables a Local Authority to deal with a scheme of this nature (Localism Act sec 10(1) in that the LA has the same power to act as an individual would).The decision is a key one as recognised by the report.

7. Director of Finance's comments

- 7.1 On the 12th February 2019 the Council approved in the Capital Programme an amount of £1m to acquire properties to help with accommodation needs of those who are currently homeless.
- 7.2 In order for the Council to finance this initiative it needs to be able to demonstrate that the rental income generated from these properties is sufficient to meet the cost of borrowing and maintenance of these properties, or that savings can be made elsewhere that could justify the use of borrowing and therefore could meet this cost.
- 7.3 The Council are currently housing clients in temporary Bed and Breakfast style accommodation if you take the average that it is costing for the Council to house a family in temporary accommodation the cost is around £490 per week the client is able to claim Housing benefit to contribute to the cost which is limited to the LHA rate of £103 per week, the Council is subsidising the rest of this cost using the Flexible Homeless Support Grant. The rental income from purchasing a property for this client group is sufficient to cover the cost of borrowing and maintenance of a property within the HRA and also provides a significant cost avoidance with the General Fund.
- 7.4 Those who are rough sleepers are currently not accessing services from the Council and therefore there is no current direct accommodation cost, therefore when considering the financial consequence of housing these clients we are unable to incorporate any savings into our viability calculation.

The nature of the rough sleeper clients that will be housed means that these properties could have a high turnover of tenants and therefore longer void periods where the Council are unable to collect rents, but the Council will still be required to service this borrowing.

- 7.5 The Council have considered many options given the varying level of needs and circumstances of those in need to temporary accommodation and a financial appraisal has been completed to look at all of following options.

Purchase a one bed unit for rough sleepers

Purchase a two bed unit for two rough sleepers to share

Purchase a two bed unit for two individuals to use as short term crisis temporary accommodation and an alternative to B&B

Purchase a two bedroom unit for a couple or single person with children to use as short term crisis temporary accommodation and an alternative to B&B

Purchase a two bedroom unit for a couple or single person with children to use as medium term temporary accommodation while they wait for a new home.

- 7.6 Not all options considered are financially viable alone, however in order to meet the needs of all client groups the Council will consider a portfolio approach to the acquisition of properties for the homeless whereby arrangements that generate income in excess of the cost of borrowing could subsidise those where financial viability cannot be achieved.

The options that tend to work financially are those who are currently accessing temporary accommodation that is funded from the flexible homeless support grant.

As part of this initiative the Council are also considering the option to involve the third sector who can offer additional support for clients as well as accommodation.

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Signed by:

Director of Housing, Neighbourhood and Building Services

Appendices:

A - Preliminary Equality Impact Assessment

Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

| Title of document | Location |
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The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by on

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Signed by: