

Purchase of Further Temporary Accommodation Unit

Summary:	This report recommends purchase of a further property which the Council will use to temporarily accommodate homeless households.
Options considered:	Do not use the allocated budget to purchase property and place households in expensive and inferior bed and breakfast style accommodation.
Conclusions:	The Council has a duty to provide temporary accommodation for homeless households. The Council purchases much of this accommodation from the private sector with a significant net cost to the Council. The council has identified an annual capital budget of £250k per annum (2022/23-2025/26) to purchase further properties to provide better quality and better value for money options for homeless households needing temporary accommodation. This report recommends purchase of a 2-bedroom flat in Mundesley
Recommendations:	That Cabinet note the purchase
Reasons for Recommendations:	Expenditure over £100,000.

LIST OF BACKGROUND PAPERS AS REQUIRED BY LAW

(Papers relied on to write the report, which do not contain exempt information and which are not published elsewhere)

Purchase of two properties for use as Temporary Accommodation for homeless households – Cabinet, 2 March 2020 Purchase of further property for use as Temporary Accommodation for homeless households - Cabinet 18 May 2020 and Cabinet 7 July 2020 Purchase of four units of Temporary / Move-on accommodation for Rough Sleepers – Purchase recommendations - Cabinet 7 December 2020 Use of Underspends to fund further TA purchase - Cabinet 15 March 2021 Purchase of Temporary Accommodation Unit - Cabinet 6 September 2022
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Cabinet Member(s) Cllr Wendy Fredericks	Ward(s) affected: Mundesley
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1. Background - The case for additional Temporary Accommodation

- 1.1 The Council has a legal duty to provide Temporary Accommodation (TA) to homeless households under the Homeless Reduction Act 2017; both at Relief

stage (whilst investigations are carried out) and where a full duty is owed (ahead of securing more permanent accommodation). The number of households requiring TA has increased in recent years and remains high - currently there are 51 households in TA. During the Covid19 pandemic and the government's "Everyone In" initiative (which aimed to ensure vulnerable rough sleepers were accommodated during the pandemic) the majority of those accommodated were single people. However, more recently with the ending of the ban on private rent evictions, the profile of homeless households needing TA has changed. 20 of those currently accommodated are single persons/couples, the remaining 31 are families. Therefore the priority for additional council owned properties is for two or more bedroom homes that can be used flexibly (for sharing singles or for families).

- 1.2 There is not just a human cost to homelessness and the need to use TA, there is also a financial cost to the Council. The Council is only able to recover (in Housing Benefit) an amount based on 90% of the relevant government set Local Housing Allowance (LHA) level from 2011 against the cost of TA. Typical rates for bed and breakfast are £290 per week, whereas 90% of the 2011 LHA rate would be £88.27 per week for a 1-bed and £109.04 for a 2-bed – with NNDC covering the shortfall. The net cost of external TA to NNDC in 2021/22 was £368,754.
- 1.3 These issues have been the driver for NNDC investing in TA. NNDC has held one unit of TA since early 2017, four more (originally to be from the new development at Laundry Loke) were purchased in 2020, together with bringing back into use two empty homes compulsory purchased. A successful bid for Government grant helped us to purchase four 1-bed units and to convert storage space above public toilets to provide a total of five move-on homes for ex-rough sleepers. Disabled Facilities Grant funding has been used to purchase two accessible homes for use as TA and other homelessness and housing funding in reserves was released to purchase two further homes. An annual budget of £250k was provided for 2022/23-2025/26 which has enabled us to purchase a further property – bringing the current total of NNDC owned units to 17 units. Details of these 17 TA/move-on properties are set out in the table below:

NNDC Temporary Accommodation		
Location	Property Type	Purchase date
Holt	2 bed bungalow	31-Mar-17
Sculthorpe	3 bed house	27-Jun-18
Sculthorpe	3 bed house	27-Jun-18
North Walsham	2 bed bungalow	23-Mar-20
Hempton	1 bed house	27-Apr-20
North Walsham	2 bed flat	04-Jun-20
North Walsham	2 bed house	04-Aug-20
North Walsham	1 bed flat	31-Mar-21
North Walsham	1 bed flat	31-Mar-21
Fakenham	1 bed flat	13-Apr-21
Melton Constable	1 bed flat	30-Jun-21
Ludham	2 bed bungalow	07-Jun-21
North Wlsham	3 bed bungalow	21-Dec-21
Sheringham	1 bed flat	30-Apr-22

Holt	4 bed house	10-Nov-21
Hoveton	3 bed house	17-Dec-21
Sheringham	2 bed house	23 Sept 22

2. Further purchase – 2 bed flat in Mundesley

- 2.1 As can be seen from the table above, as a result of availability and cost, much of the current TA is in North Walsham. Therefore the priority for the next purchase was a family home in a town with good facilities/transport links, but preferably in the coastal area of the district to provide a better geographical spread of TA options.
- 2.2 An offer has now been made and accepted on a 2-bed flat in Mundesley which will bring the council's stock up to 18 units. The flat is in good condition so needs limited works to bring it up to lettable standards. The purchase price is £103,500 and this, together with associated legal costs (including stamp duty) will mean a total forecast cost of £115k, which will expend the remainder of year's existing TA capital budget. As is the case with all TA purchases, this home will be subject to an independent valuation to ensure it represents a good investment.

3. Corporate Plan Objectives

This proposal helps deliver the Corporate Plan objective "Local Homes for Local Need" and specifically the action 1.5.1b.2 The Council will explore options to provide better forms of temporary accommodation, including further direct delivery of temporary housing.

4. Medium Term Financial Strategy

Use of NNDC owned TA helps to deliver savings compared to more costly (and poorer quality) alternative such as bed and breakfast, and will help reduce the net spend on TA.

5. Financial and Resource Implications

The Council has a budget for the purchase of TA. Council owned TA units can deliver savings compared to other forms of TA. The table below illustrates an example viability assessment of purchasing a property for £115k to be used for TA compared to relying on purchasing B&B accommodation.

Option	Income per annum		Expenditure per annum		Net Cost/ Income to Council
	Interest	90% of LHA*	B&B Cost **	Manage- ment & maintenance	
Invest £115k @ 3.3%	£3,795	£5,670	-£15,132	0	-£5,667
Buy 2-bed property for £115k and let for TA	£0	£5,670	0	-£2,300	£3,370

*The cost the council can recoup from government at £109.04p.w.

**Typical costs for 2-bedroom household in B&B at £291p.w.

As the table shows, investing capital but having to pay for B&B represents a net annual cost of £5,667 to NNDC, compared to a net income of £3,370 from purchasing and letting a home for TA.

6. Legal Implications

The council is able to hold in the General Fund, and let on license, homes to be used for TA for homeless households. Legal input will be required to ensure effective conveyancing and to identify any legal constraints on properties that are considered for purchase.

7. Risks

The key risks and mitigations associated with purchase of this property for TA is:

- The property is a poor investment – mitigated by purchases being subject to an independent valuation
- The property has unforeseen major investment needs – mitigated by purchases being subject to a full survey
- The property is not required for TA in the future – mitigated by future sale of the asset

8. Sustainability

Homes purchased for use as TA will achieve good energy standards and improvements to heating and insulation will be undertaken where required to ensure this. However, as they will still have a negative impact on the Council's net zero strategy. This property has a current Energy Performance Certificate rating of 67 (D band) but could achieve 71 (C band).

9. Equality and Diversity

No direct implications in this report

10. Section 17 Crime and Disorder considerations

No direct implications in this report

11. Conclusion and Recommendations

The Council has a duty to provide temporary accommodation for homeless households. The Council purchases much of this accommodation from the private sector with a significant net cost to the Council. The council has identified an annual capital budget of £250k per annum (2022/23-2025/26) to purchase further properties to provide better quality and better value for money options for homeless households needing temporary accommodation. Purchase of this 2-bedroom flat in Mundesley is recommended.