

MAIDSTONE BOROUGH COUNCIL

RECORD OF DECISION OF THE EXECUTIVE

Decision Made: 22 March 2023

Temporary Accommodation Acquisition (Phase 6) and the Local Authority Housing Fund

Issue for Decision

There is £32m allocated within the capital programme agreed by Council on 22 February 2023 for a further (6th) phase of investment in purchase and repair properties for use as Temporary Accommodation to help alleviate homelessness. This paper sets out the number and type of accommodation to be acquired.

The £32m budget for Temporary Accommodation is profiled over three years in the programme, agreed by Council last week - £12 million in 2023/24, £12 million in 2024/25 and £8 million in 2025/26. There is also an underspend within the capital programme for Temporary Accommodation of £3.8m, which equals a budget for 2023/24 of £15.8m.

The report also details the Local Authority Housing Fund (LAHF) that makes £2.5m of grant funding available to the Council by the Department for Levelling Up, Housing, and Communities that can be used to supplement this overall program.

Decision Made

That

1. The Director of Regeneration and Place be given delegated authority, in consultation with the Lead Member for Housing and Health, to determine the exact size, quantum and type of temporary accommodation required; and
2. The Director of Finance, Resources and Business Improvement be given delegated authority, in consultation with the Lead Member for Housing and Health, to purchase properties as determined by the Director of Regeneration and Place in Recommendation 1, for use as temporary accommodation up to the total value of £15.8m in 2023/24; and
3. The Council participate in the Local Authority Housing Fund (LAHF) in accordance with its allocation set out in the report, and for the Director of Regeneration and Place to finalise the deployment of these monies in consultation with the portfolio holder for Housing; and
4. The Head of Mid Kent Legal Services be authorised to negotiate and complete all necessary legal documentation and formalities to give effect to these recommendations.

Reasons for Decision

1.1 The success achieved in providing Council owned temporary accommodation has been reported previously to the CHE Committee since starting the programme in 2017. The success of phases 1, 2, 3, 4 and 5 has increased the Council's portfolio by 50 units. These properties are used to provide temporary accommodation for homeless households and rough sleepers.

1.2 Properties purchased so far are:

No of Properties	No. of Beds
2	1
22	2
21	3
4	4
1	4 bed - HMO
Total 50	

1.3 The Purchase & Repair programme provides a more cost-effective solution for the Council than nightly paid accommodation. The average cost of nightly paid accommodation is:

No. of beds	Cost per night (£)
1	40
2	55
3	60
4	70+

1.4 Purchasing and maintaining the asset is more favourable to the Council to be able to sustain control over the stock, with the net rents chargeable largely covering the cost of financing the portfolio. It also provides better accommodation for applicants, as our temporary accommodation is of good quality, self-contained and located within our Borough boundary.

1.5 Rent charge for properties within the housing portfolio

No. of beds	LHA Rental income (£)
1	149.59
2	187.56
3	224.38
4	287.67

- 1.6 This report makes recommendations to source further properties for temporary accommodation to meet the additional demand, using the approved budget of £12m for 2023/24 plus the underspend of £3.8m brought forward from previous phases of the Purchase & Repair Programme. There are further amounts in the capital programme of £12m in 2024/25 and £8m in 2025/26 for temporary accommodation and member approval will be sought to release these amounts in due course.
- 1.7 Data suggests that accommodation ranging from 1 to 4-bedroom properties would best suit the Council's needs. It is therefore proposed that the budget of £15.8m is used to purchase approximately 80 more properties with a target unit mix of: 30% 1-bed, 10% 2-bed, 25% 3-bed and 35% 4-bed.
- 1.8 DMS & Clairglow will whenever possible, undertake the necessary safety checks, carry out any refurbishment, undertake the gas safety testing and any works to the heating systems on the properties purchased.
- 1.9 Furthermore, all Councils were awarded monies by Department of Levelling Up, Housing and Communities (DLUHC) in the form of Local Authority Housing Fund (LAHF) to provide homes for households from both Ukraine and Afghanistan. This is a nationwide £500m fund, but Maidstone's allocation for 22/23 and 23/24 totals £2,473,597 to provide 17 homes, which can be delivered through a wide variety of means. The objectives of this fund are as follows: -
- Ensure recent humanitarian schemes (Afghan and Ukraine schemes) which offer sanctuary, via an organised safe and legal entry route to those fleeing conflict, provide sufficient longer-term accommodation to those they support.
 - Support areas with housing pressures which have generously welcomed substantial numbers of Ukrainian refugees so that these areas are not disadvantaged by increased pressures from these arrivals on the existing housing and homelessness systems.
 - Mitigate the expected increased pressures on local authority homelessness and social housing resources which arise from the eligible cohort (as defined in the programme prospectus) as sponsorship/family placements/bridging accommodation arrangements come to an end by increasing the provision of affordable housing to those in the cohort who are homeless, at risk of homelessness, or in bridging accommodation;
 - Utilise accommodation solutions to enable effective resettlement and economic integration of the eligible cohort;
 - Reduce emergency, temporary and bridging accommodation costs;
 - Deliver accommodation that as far as possible allows for the future conversion of housing units to support wider local authority housing and homelessness responsibilities to UK nationals (i.e., after usage by this cohort ends);
 - Reduce impacts on the existing housing and homelessness systems and those waiting for social housing.

- 1.10 The LAHF provides a lot of flexibility as to how these homes can be delivered, refurbishment of existing Council owned stock, purchase of second-hand stock, or purchase or development of new stock. The aim of the LAHF is to provide settled accommodation at below market rents (80% of market rent capped but capped at the Local Housing Allowance) to households displaced from those two countries, with the Council in control of the allocation process too. Should this specific need ever dissipate, the properties can be let to other households in housing need, or the properties sold, and the grant returned or recycled.
- 1.11 The grant rates are very attractive at 40% of total unit cost for 1,2 & 3 bed units and 50% for 4 bed units, plus an extra £20,000 for each unit too.
- 1.12 It is felt that the LAHF can be closely aligned to the Council's intended Purchase & Repair Programme which is aimed at providing Temporary Accommodation more generally, i.e. those households that will be assisted by the LAHF will already be experiencing (or about to be) a high level of housing need within the borough and so would likely be requiring housing support from the Council in one guise or another.
- 1.13 Therefore, the LAHF could take as much as 20% of the Purchase & Repair Program but will add a further c £2.5m to the £16.3m investment pot.
- 1.14 The Council is not obliged to accept these monies but the recommendation from Officers to the Cabinet to this point is that the Council should. Accordingly, the DLUHC Memorandum of Understanding has been entered into, but the Council can withdraw or reduce its level of participation at any stage.
- 1.15 The Council did not receive its indicative allocation until 9th Jan 2023 and the program was not signposted prior to this, and the proposed deadline of delivery of the units is 30 November 2023.
- 1.16 More generally, the Council has a very large capital program focused on housing development and acquisition (Temporary Accommodation, Affordable Accommodation and Private Rented Sector (PRS) Accommodation), so in theory the Council could allocate some existing TA and PRS accommodation already in our portfolio towards the LAHF, as it would evidently be "backfilling" the loss of these units through our current capital programs. There could be an opportunity here to bring any long-term void Council owned TA or PRS stock back into use.
- 1.17 Therefore, the case to participate is both compelling on financial grounds, given the attractive grant rates available, and that these are households that the Council would likely be assisting in one guise or another regardless of our participation.
- 1.18 The Communities Housing and Environment Committee considered this issue at their meeting on 14 March 2023 and considered the following:

"The Committee expressed support for the programme's continuation but felt that further oversight was needed from the Lead Member for Housing and Health on the types of properties to be purchased. To achieve this, it was recommended that the delegation to the Director of Regeneration and Place be given subject to the requirement for the Lead Member for Housing and Health to be consulted on the matter. In response to questions, the Lead Member for Housing and Health referenced the robust, open discussions they had with the Director of Regeneration and Place as part of their working relationship, and that they would like to purchase larger properties."

Their amendment to the recommendations was taken into account in the final decision.

Alternatives considered and why rejected

Option 1: Continue with the Purchase & Repair Program into phase 6, to increase the Council's portfolio of Temporary Accommodation properties with additional 1 - 4-bedroom units within the agreed budget of £15.8m.

Option 2: Continue with the Purchase & Repair Program into phase 6, to increase the Council's portfolio of Temporary Accommodation properties with additional 1 - 4-bedroom units within the agreed budget of £15.8m, and supplement this by participating in the LAHF too.

Option 3: Do nothing. Officers do not purchase any further properties, with an increased financial risk to the Council in providing nightly paid accommodation.

Background Papers

None

I have read and approved the above decision for the reasons (including possible alternative options rejected) as set out above.



Signed: _____

Leader of the Council

Full details of both the report for the decision taken above and any consideration by the relevant Policy Advisory Committee can be found at the following area of the [website](#)

Call-In: Should you be concerned about this decision and wish to call it in, please submit a call-in form signed by any three Members to the Proper Officer by: **5pm**

31 March 2023