

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

Timetable	
Meeting	Date
Communities, Housing & Environment Policy Advisory Committee	14 March 2023
Executive	22 March 2023

Will this be a Key Decision?	Yes
Urgency	Not Applicable
Final Decision-Maker	EXECUTIVE
Lead Head of Service	William Cornall, Director of Regeneration and Place
Lead Officer and Report Author	Alison Elliott, Development Project Manager
Classification	Public
Wards affected	ALL

Executive Summary

There is £32m allocated within the capital programme agreed by Council on 22nd 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.

Purpose of Report

Decision

This report makes the following recommendations to the Executive:

1. That the Director of Regeneration and Place be given delegated authority to determine the exact size, quantum and type of temporary accommodation required; and
2. That 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. That 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. That 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.

Purchase & Repair, Temporary Accommodation Acquisition (phase 6)

1. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	Accepting the recommendations will materially improve the Council's ability to achieve the corporate objectives around Homes & Communities. We set out the reasons other choices will be less effective in section 3.	Head of New Business & Development
Cross Cutting Objectives	By supporting those who are homeless and vulnerable to have access to appropriate accommodation, which is of a decent standard the report addresses the issues of deprivation and social mobility.	Head of New Business & Development
Risk Management	Already covered in the risk section.	Head of New Business & Development
Financial	The proposals set out in the recommendation are all within already approved budgetary headings within the capital programme and so there is no need for new/additional funding for implementation of this project. The financial saving from investment in acquiring properties, in terms of reduced spend on nightly paid accommodation, means that borrowing for this purpose is sustainable.	Senior Finance Manager (Client Accountancy)
Staffing	<p>The work towards completing any property purchases will be established using existing staff resources within the New Business & Development Team and Mid-Kent Legal Services.</p> <p>External on-costs will be incurred in respect of delivering the program – consultants appointed for the property identification, valuation, survey.</p>	Head of New Business & Development
Legal	Accepting the recommendations will fulfil the Council's duties under the Housing Act 1996 and the Homelessness Act 2002. Failure to accept the recommendations without agreeing suitable alternatives may place the Council in breach of these Acts.	Team Leader, Contracts and Commissioning

	<p>The Council has a general power of competence under section 1 of the Localism Act 2011 to do anything an individual can do provided it is not prohibited by other legislation.</p> <p>Section 20(1)(2) of the Local Government Act 1972 enables the Council to acquire land to be used for the benefit, improvement or development of their area; or for the purpose of discharging the Council's functions.</p> <p>Acting on the recommendations is within the Council's powers as set out in the Constitution and the statutory provisions referred to above.</p>	
Information Governance	The recommendations do not impact personal information (as defined in UK GDPR and Data Protection Act 2018) the Council Processes.	Information Governance Team
Equalities	We recognise the recommendations may have varying impacts on different communities within Maidstone.	Policy & Information Manager
Public Health	We recognise that the recommendations will have a positive impact on population health or that of individuals.	Public Health Officer
Crime and Disorder	The recommendation will have no impact on Crime and Disorder. The Community Protection Team have been consulted and mitigation has been proposed	Head of Service or Manager
Procurement	Officers have contracts in place for external consultants to assist with the project All were appointed within procedure rules.	Head of New Business & Development & Section 151 Officer
Biodiversity and Climate Change	<p>The implications of this report on biodiversity and climate change have been considered.</p> <p>Additional properties as part of MBC's portfolio will increase the energy consumption and therefore CO2e produced by the additional properties purchased. The additional properties will be added to the decarbonisation plans currently being</p>	Biodiversity and Climate Change Officer

	formulated to ensure they, along with all MBC assets, are in line with our Net Zero commitments by 2030.	
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2. INTRODUCTION AND BACKGROUND

2.1 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.

2.2 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	

2.3 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+

2.4 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.

2.5 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

- 2.6 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.
- 2.7 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.
- 2.8 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.
- 2.9 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.

2.10 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.

2.11 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.

2.12 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.

2.13 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.

2.14 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.

2.15 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 30th November 2023.

2.16 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.

2.17 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.

3. AVAILABLE OPTIONS

- 3.1 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.
 - 3.2 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.
 - 3.3 Option 3: Do nothing. Officers do not purchase any further properties, with an increased financial risk to the Council in providing nightly paid accommodation.
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4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 4.1 Option 2, as stated in paragraph 3.1 above, is recommended. This will ensure that further properties are sourced increasing the Council's portfolio of Temporary Accommodation in the most cost-effective manner, and the overall program is supplemented with grant monies from DLUHC
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5. RISK

- 5.1 The risks associated with this proposal, including the risks if the Council does not act as recommended, have been considered in line with the Council's Risk Management Framework. We are satisfied that the risks associated are within the Council's risk appetite and will be managed as per the Policy.
- 5.2 If ultimately the need for the properties were to diminish in time for their intended use, they could be converted to PRS housing within Maidstone Property Holdings Limited or sold.

6. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

- 6.1 To date the project has been very successful and well received by Members
 - 6.2 The Communities, Housing and Environment Committee are considering this issue at their meeting on 14 March 2023 and their views will be reported to the Executive.
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7. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

- 7.1 Subject to the decision made by the Executive, Officers will proceed with the investment activity.
- 7.2 Each property being considered for purchase will be approved on a case-by-case basis (in consultation with the Lead Member) and be in accordance with the relevant temporary accommodation standards and acceptance

criteria. Ward Councillors will also continue to be notified of the Council's intention to purchase any property that falls within their ward.

8. REPORT APPENDICES

None

9. BACKGROUND PAPERS

Purchase & Repair, Temporary Accommodation Acquisition -**24th November 2021**

Purchase & Repair, Temporary Accommodation Acquisition –
2nd November 2021