

# HOUSING CABINET MEMBER MEETING

## Agenda Item 127

Brighton & Hove City Council

**Subject:** 10 year leasing – Temporary Accommodation  
**Date of Meeting:** 29<sup>th</sup> April 2009  
**Report of:** Director of Adult Social care & Housing  
**Contact Officer:** Name: **Sylvia Peckham** Tel: **293318**  
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**Key Decision:** Yes Forward Plan No. HSG 94589  
**Wards Affected:** All

### FOR GENERAL RELEASE

#### 1. SUMMARY AND POLICY CONTEXT:

- 1.1 To seek a general authority for the Director of ASC & Housing to enter into leases and Management Agreements of up to 10 years for the purposes of providing accommodation for households who would otherwise be homeless or overcrowded. The Council continues to need accommodation for vulnerable homeless households, social care and health clients e.g. those identified by the Community Mental Health Team (CMHT) or intentionally homeless families. In addition we have recognised that there are tenants who are living in over-crowded conditions in the city who are unable to access alternative private rented accommodation themselves.
- 1.2 The scheme will provide an alternative to the existing shorter-term arrangements the Council uses for leasing property thereby providing more settled and secure accommodation. This will be a more attractive option for households who are currently over-crowded who are looking for settled accommodation to move to. This will alleviate over-crowding in council accommodation, making better use of the stock and will also alleviate the pressure on council accommodation as being seen as the only form of secure housing. It will also enable better opportunities for planning expenditure and value for money in relation to accommodation costs.

#### 2. RECOMMENDATIONS:

- 2.1 That the Cabinet member for Housing resolve that the Council be authorised to enter into leases for up to 10 years in accordance with the terms of this report and

- 2.2 Delegate authority to the Director ASC & Housing to negotiate the final Heads of Terms with each landlord in consultation with the council's Valuer, the Head of Law and Finance and Property.

### **3. RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS:**

- 3.1 The council has decided that it is best practice for all procurement of leased accommodation to come from Housing Strategy Division. This helps achieve best value, reduces costs of procurement, administration and assists in maximizing housing benefit. This is in line with the commissioning strategies for CYPT, mental health and learning disabilities.
- 3.2 The detail of any direct leasing scheme would be agreed with reference to colleagues outlined in paragraph 2.2. The leases and Management Agreements themselves would include adequate break clauses to protect the Council's interest and that the Council would not take on any responsibility for major repairs to property structure, exterior or installations. The Council's Head of Law would be closely consulted on the lease and contract in order to ensure the Council's position is properly protected particularly in relation to potential liabilities such as claims for dilapidations or disrepair arising during the lease or at lease end.

#### **Demand**

- 3.3 Officers are looking at new schemes to provide the necessary level of properties to keep pace with demand and achieve value for money. The demand for temporary accommodation is expected to be in the region of 700 units each year over the next 10 years
- 3.4 The need for Temporary Accommodation in the first place is due to the general lack of permanent accommodation or other accommodation that is available for homeless households.
- 3.5 It is anticipated that initiatives to prevent homelessness will help manage growth in demand that are expected due to the current uncertainty in the economic climate. However, factors such as the still relatively high cost housing market, restrictions on mortgage lending and uncertainty in the employment market, as well as the continuing need to meet statutory obligations under the Housing Act, Children Act, and NHS and Community Care Act will lead to a continuing of demand for leased accommodation
- 3.6 We are also aware that there is a significant proportion of households in council and RSL housing stock who are overcrowded, whilst at the same time there is currently an over supply of large family housing available in the private housing market. Overcrowded families in council and housing association accommodation are reluctant to relinquish their secure tenancy to move to the private market even though this will alleviate their overcrowded situation, as they are concerned over the lack of security.
- 3.7 Our Under Occupation Officer within Choice Based Lettings, has achieved excellent results in enabling many households who were in

accommodation that was too large for their needs to move into smaller accommodation and thereby free up larger family housing. However, there are still a significant number of households who are overcrowded despite these larger properties being freed up and so by taking on properties for 10 years, we will be able to offer an alternative to meeting their needs

### **Supply**

- 3.8 Officers have been investigating a number of schemes that can provide different types of Temporary Accommodation (TA) to that used now. Some can provide TA in the short and longer term i.e. up to 5 years and we have a one contract that can still procure accommodation for 10 years. In addition there is the potential LDV which will provide up to 499 units over 5 years.
- 3.9 By leasing, or taking properties on under Management Agreements for 10 years we would be able to be able to offer families a degree of security for 10 years which would make a more attractive option and so alleviate overcrowding in social housing. This would also make better use of the total housing stock in the City.
- 3.10 There are existing suppliers that can be used on this basis but in order to keep pace with the demand for accommodation and to ensure better use of all the accommodation in the city, we need to be able to offer longer term security for both landlords, potential tenants and to ensure the longevity of the supply of accommodation
- 3.11 There is a need for a mix of solutions. Some short, medium and long term leasing and Management Agreements allows flexibility for changes in demand and client groups. This helps develop sustainable communities as we have a more long term measured approach rather than a quick fix. This also joins up with other council initiatives e.g.. Private sector Empty Property Grants/Assistance, Landlords' Major Work Assistance.
- 3.12 Leasing and taking properties under Management Agreements has helped reduce the proportion of permanent lets to homeless households over the last year, thereby enabling more households who are not homeless but are in housing need, to successfully bid on secure tenancies. In the light of sustainability issues, this has helped to significantly reduce the proportion of vulnerable residents moving directly into social housing, which contributes to reducing the concentration of vulnerable people in social housing and enables a mix of communities to develop across the city. We would therefore like to expand on this option so that in addition to housing various homeless households, we can also offer a 10 year security to existing council and Housing association tenants who are in housing need and who are not being successful in their bidding on the properties they would like under Choice Based lettings.
- 3.13 Taking on properties for 10 years will enable the Council to maximize the supply and the flexibility of temporary accommodation, improve the quality of temporary accommodation and minimise the costs to the Council associated with private sector provision. In particular it will

enable us to gradually move away from using more expensive and unsuitable temporary accommodation especially bed & breakfast accommodation and housing association leasing schemes. A key aim is to increase the range of provision available in order to gain cost benefits and ensure continuity of supply should any existing partner not deliver adequate units at appropriate costs that will meet the needs of a range of clients.

3.14 The projected yearly demand is detailed in the table below:

**Yearly Demand for Temporary Accommodation**

<b>Client group</b>	<b>1 bed/studio</b>	<b>2 bed</b>	<b>3 beds</b>	<b>4 beds</b>	<b>TOTAL</b>
Statutory Homeless*	270	190	40	4	504
Mental Health	50				50
CYPT		35	15	1	51
Learning Disability	25				25
Older People	20				20
Asylum Seekers	3	2			5
Physical Disabilities	20	5			25
<b>Sub Total</b>	<b>388</b>	<b>232</b>	<b>55</b>	<b>5</b>	<b>680</b>

**4. CONSULTATION**

4.1 None

**5. FINANCIAL & OTHER IMPLICATIONS:**

Financial Implications:

5.1 KEM Property Services currently offer the authority 10 year leasing but this has been found to be of a high unit cost and does not cover for any voids or bad debts. By being able to offer 10 year leases/Management Agreements to individual landlords, we will be able to secure properties for good rates, offering good value for money.

The scheme would provide in the region of 12 new properties per annum and all costs will be managed within existing budgets

Properties of 3 bedroom sizes and above will be on a Management Agreement Contract rather than a lease. This will enable us to let those properties on Assured Short hold Tenancies which will attract the Local Housing Allowance rate of Housing Benefit which is identical to all private rented properties. This will minimise the risk of changes in Housing Benefit to the Council.

The lease/Management Agreement payment to the owner will be subject to a 5 year review. If the market changes substantially then we have the opportunity to re-negotiate the rate payable. In addition, all contracts have a

break clause in the event that Housing Benefit changes substantially as to render the scheme financially no longer viable.

We have on-going demand for approximately 700 units of accommodation each year to deal with overcrowding and new demand. The LDV will deliver up to 499 units over 5 years and so there is still a shortfall to be supplied. While we can only offer short – medium term solutions, we are not able to offer alternative options for households who need a longer term, settled solution.

Finance Officer Consulted: Neil Smith

Date: 23/03/2009

Legal Implications:

- 5.2 Under section 206 Housing Act 1996 local housing authorities such as the council may discharge their housing obligations to homeless persons by securing suitable accommodation from the private sector for subletting. Local housing authorities are positively encouraged by the Homeless Code of Guidance for Local Authorities to maximise leasing from this source. As mentioned in paragraph 2.2, the Head of Law will be closely involved in drawing up the leases and agreements to ensure that the Council's interests are protected.

Lawyer consulted: Liz Woodley Date: 23.03.09

Equalities Implications:

- 5.3 The proposal to enter into 10 year leases will enable us to provide more settled and accessible accommodation which will reduce inequality for vulnerable people, including those with disabilities in the city.

Sustainability Implications:

- 5.4 This proposal will support the the commissioning of accommodation locally and working in partnership with the private sector to provide good quality accommodation to meet the corporate needs of the Council. This will enable people to become settled and for accommodation to be scattered around the city thereby contributing to mixed and sustainable communities.

Crime & Disorder Implications:

- 5.5 None.

## Risk & Opportunity Management Implications:

- 5.6 The proposal will contribute to the council's strategic priorities of obtaining better use of public money and contribute towards reducing inequality by providing good quality accommodation suitable for meeting households' needs.

## Corporate / Citywide Implications:

- 5.7 This proposal will expand the accommodation available to households as we will be working in partnership with the private sector, which is the largest sector of accommodation in the city to provide housing solutions for the most vulnerable households.

## **6. EVALUATION OF ANY ALTERNATIVE OPTION(S):**

- 6.1 Currently we can offer up to 5 year leases/Management Agreements which has contributed substantially to providing alternative good quality accommodation to bed & breakfast. However, this has limitations in being able to offer longer term solutions to people who have particular housing needs e.g. adapted accommodation.
- 6.2 We are seeking to make better use of the housing stock in the City, and overcrowding is an issue within the Council owned stock. Tackling overcrowding is a priority for both the Audit Commission and the CLG. We need to offer tenants a longer term solution to alleviate their housing need or they will not be inclined to move from a secure tenancy despite being overcrowded. The alternative is for them to remain overcrowded and continue bidding on a very limited supply of larger council accommodation.
- 6.3 In Dec 2004, P&R Committee gave approval to enter into contracts with 3 providers who would deliver 200 units of accommodation for 10 years. Unfortunately, due to unforeseen changes in the housing market, only one of the providers was able to deliver their full quota. One provider delivered no accommodation and the third provider was only able to deliver a third of their quota. In evaluating whether to tender further contracts, the risks of the successful contractors not then being able to deliver are fairly high, particularly given the current economic climate. It was decided therefore not to pursue this option but to seek approval to enter into 10 year contracts on individual properties with any provider. The risk of having properties delivered is therefore minimised.

## **7. REASONS FOR REPORT RECOMMENDATIONS**

- 7.1 The recommendations have been made so as to offer a long term contract with a number of landlords. This will ensure we obtain value for money as we will be able to negotiate with a number of landlords, and it will also offer security to landlords and potential tenants, thereby enabling more flexible use of the accommodation. Overall, it will make better use of all the housing stock in the city as a whole.

## **SUPPORTING DOCUMENTATION**

### **Appendices:**

None

### **Documents In Members' Rooms**

None.

### **Background Documents**

None.

