

TONBRIDGE & MALLING BOROUGH COUNCIL

CABINET

20 March 2018

Report of the Director of Planning, Housing and Environmental Health and Director of Central Services

Part 1- Public

Recommendation to Council

1 PURCHASE OF TEMPORARY ACCOMMODATION

Summary

This report sets out the need for access to additional temporary accommodation in order to address both housing management and cost issues and sets out a preferred way of moving forward in the short term utilising funds from planning obligations.

1.1 Background

- 1.1.1 There is a requirement for the Council's Housing Service to use Temporary Accommodation (TA) when people make a homeless application and there is reason to believe we may have a duty to assist them under homelessness legislation. Currently we have 24 households placed in TA. Numbers vary, but have tended to range between 20 and 30 households in recent years. The length of stay varies from a few nights to several months. With the introduction of the Homelessness Reduction Act (HRA), which has been previously reported to Members, we believe this demand will potentially increase by as much as 50%.
- 1.1.2 We currently rely predominantly on nightly paid provision from private providers, i.e. the Riverhill Motel in Hildenborough and out of borough provision through Paramount Independent Properties. Additionally, we have agreed the use of five homes with Clarion housing association for use as TA at Local Housing Allowance (LHA) rates.
- 1.1.3 The average monthly cost for TA provision during 2017/18 is £32,902 to date (gross spend). The total annual cost for 2016/17 was £461,560 (gross spend) with a net cost of £156,713 to the Council. The total cost for 2017/18 is anticipated to be £400,000 (gross spend), with a net cost of £227,798 to the Council. The difference between gross and net cost, reflects the amount of rental that can be covered by housing benefit subsidy, which is significantly lower for nightly paid accommodation.
- 1.1.4 Our ambition is to reach a position where we are able to have tighter control and accessibility to TA and provide more units within the Borough, either which we

own and have control over or by working with our partners. An objective is also to save on the current cost of TA provision by achieving access to a more reliable supply and a lesser dependency on nightly paid.

- 1.1.5 There are section 106 funds obtained in lieu of on-site provision in new development that are available to the Council for the purchase of property for TA purposes. A Capital Plan evaluation [**Annex 1**] for the purchase of property for TA purposes is attached.

1.2 Future TA Strategy

- 1.2.1 There are a range of options for providing TA, both in and out of Borough, which we are currently exploring to develop short and medium term options. They include:

- Purchasing property directly using Section 106 funds accrued for affordable housing provision. A sum of up to circa £1.6m is currently available for this purpose.
- Working in partnership with Registered Providers using existing units – including conversion or redevelopment
- Working with private providers using lease agreements to secure use of privately owned homes (landlord offer)
- making an arrangement to use a set number of units at existing sources (for example, the Riverhill Motel)

- 1.2.2 A combination of these sources of TA provision would enable us to meet two objectives. Firstly, to be more confidently placed to discharge our duties and manage homeless provision across a wider portfolio of property types. Secondly, the option of direct purchase would enable us to address the costs issue and in fact generate a modest income, albeit there would be management and maintenance cost which will need to be carefully considered and specified.

- 1.2.3 Whilst all options are subject of further investigation there is an imperative to determine how some £220,000 of Section 106 money will be spent by August this year, which is a cut-off date in the legal agreement after which time the funds would need to be repaid. Specifically we need to determine whether we spend this money in isolation on the purchase of an individual unit or pool it with the remaining funds enabling the purchase of a number of units or indeed on a rather more substantial building which could be converted into a number of units suitable for TA. The response to this will depend in large measure what the market has to offer in the very near future. Consequently we are asking Cabinet to delegate authority to enable us to respond to opportunities that fall within these parameters in our efforts to advance the appropriate supply of TA.

1.3 Legal Implications

- 1.3.1 The funds available for this project wholly arise from payments made by developers in accordance with legal planning obligations and consequently the monies can only be used for affordable housing, which includes TA provision. In using the section 106 money to purchase property, the Council is bound by its statutory duty to achieve value for money.

1.4 Financial and Value for Money Considerations

- 1.4.1 The aim of purchasing property for TA is to manage and potentially reduce the costs to the Council of TA, in particular by reducing the amount of nightly paid accommodation we require.

1.5 Risk Assessment

- 1.5.1 A full and detailed risk assessment on options for purchasing property will inform the final decision.

1.6 Equality Impact Assessment

- 1.6.1 The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

1.7 Recommendations

- 1.7.1 Cabinet are asked to **recommend** to Council that:

- i) The sum of up to £1.6m be added to the Capital Plan for the purchase of property for TA purposes funded from s.106 monies.
- ii) Delegated authority be granted to the Director of Planning, Housing and Environmental Health and Director of Central Services in consultation with the Cabinet Member for Housing and Cabinet Member for Finance to progress the purchase of property for TA purposes as set out in the report.

Background papers:

Nil

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