

# **Title of report: Grant acceptance and Purchase of accommodation to meet strategic housing priorities, as a consequence of the restrictions caused by Covid-19**

**Meeting: Cabinet**

**Meeting date: Thursday 16 December 2021**

**Report by: Cabinet member housing, regulatory services, and community safety;**

## **Classification**

Open

## **Decision type**

Key

This is a key decision because it is likely to result in the council incurring expenditure which is, or the making of savings which are, significant having regard to the council's budget for the service or function concerned. A threshold of £500,000 is regarded as significant.

This is a key decision because it is likely to be significant having regard to: the strategic nature of the decision; and / or whether the outcome will have an impact, for better or worse, on the amenity of the community or quality of service provided by the authority to a significant number of people living or working in the locality (two or more wards) affected.

## **Wards affected**

(All Wards);

## **Purpose**

To accept a grant from the Department of Levelling Up, Housing and Communities (DLUHC) via the Rough Sleepers Accommodation Programme and the associated grant terms and conditions.

To approve the acquisition of up to six properties from the open market. This will enable the council, as part of the Covid-19 emergency response, to accommodate six people who have a long and/or repeated history of rough sleeping. The six properties would be self-contained accommodation suitable for those with disabilities and /or accessibility issues, subject to the market value.

## **Recommendation(s)**

**That:**

- a) Cabinet accepts the Department for Levelling Up, Housing and Communities capital grant of £423,360 for the purposes of purchasing up to six properties and a revenue grant of £65,194 for a dedicated support worker for 23 months; and**
- b) Authority to purchase the properties be delegated to the Director for Economy and Place, following consultation with relevant cabinet members and Chief Finance Officer.**

## **Alternative options**

1. Do nothing. This is not recommended as the council has a statutory duty to house those who are homeless and capital grant funding has been awarded from the DLUHC to purchase six properties to help it meet this duty. The council is currently accommodating circa 49 people in emergency accommodation as a result of the Government's 'everyone in' initiative during the covid 19 pandemic. The council is also accommodating an increasing number of people (circa 71) in temporary accommodation. There is significant pressure on our temporary accommodation provision and an ongoing shortage of transitional accommodation available in the county which this grant seeks to start to mitigate. If the grant is not accepted we will not be able to draw the funding down and the project could not proceed as planned.
2. The council could purchase/create fewer than six units, however, this is not recommended as funding has been secured from the DLUHC to assist in the purchasing of these properties. There is some flexibility with this model e.g. we might purchase fewer properties, but create six units from them. This depends entirely upon the housing market and what properties are available at the time of purchase and would be done in consultation with DLUHC

## **Key considerations**

3. As a local authority the council has a statutory duty to house those who are unintentionally homeless and are in priority need and a duty to understand and plan to meet local housing need.
4. There is a shortage of transitional accommodation for homeless people within Hereford City and without such accommodation, the council is placing homeless applicants in Bed and Breakfast (B&B) and hotel accommodation which is costly to the council as housing benefits cannot be claimed by the tenant whilst in these forms of accommodation.
5. The council is currently housing 49 homeless people in emergency B&B, hotel accommodation and other forms of temporary accommodation until long-term accommodation can be provided. The council is looking at several alternative solutions to assist in reducing the number. The purchase of up to six properties is one of the proposed solutions and will focus on people with the highest levels of need and those who are unlikely to be housed by Registered Providers (RP's) due to unresolved issues of anti-social behaviour (ASB) and rent arrears etc.

6. A revenue grant of £65,194 has been secured to support the people in the six properties for 23 months. The support will be focused on developing tenant's skills for independent living and supporting them to manage their accommodation, develop financial management tools, attend appointments and become tenancy ready.
7. Once in the transitional accommodation tenants will be able to enter into wider support systems which could include accessing appropriate health care. It is proposed that the tenancy will last for no more than two years which will give each tenant the time and support needed to move into other accommodation e.g. via home point or into private rented. At the move on stage new tenants will move into the transitional accommodation and be supported by the council's Housing Solutions Team.
8. It is proposed to purchase six properties from the open market. Discussions are taking place with Registered Providers and external agencies to ensure the properties are managed under a full repairing lease meaning the maintenance of the properties will not be the responsibility of the council. The rental income from the properties will cover the cost of the lease.
9. The support worker will be employed by the council's Housing Solutions Team and will provide day to day support.
10. Due to the increased vulnerabilities of households as a consequence of the restrictions created by Covid-19 and the requirements of DLUHC in housing rough sleepers the council have implemented a partnership with external partners and the Voluntary Sector called Project Brave.
11. A housing pathway plan has been developed through Project Brave to provide a structured exit strategy for those who are currently housed as part of DLUHC's response to the Covid-19 pandemic. To date this has delivered a homeless hub in Hereford, the expansion to Hope Scott House as transitional accommodation and the current conversion of 4 & 5 Blackfriars Street into six additional units of transitional accommodation. The purchase of additional properties has also been identified as a priority.
12. Each property will have an allocated budget of £10,000 for improvement works with a contingency budget of £5,000. The procurement of the building improvement works will be in accordance with the council's contract procedure rules.

## **Community impact**

13. In the County Plan 2020-2024, the council has expressed an ambition to protect and improve the lives of vulnerable people and to reduce the number of people in Herefordshire identified as homeless and to develop its own housing stock.
14. The council's Delivery Plan 2020-2024 embraces the principal of no "second night out" and "housing first" through developing a model of delivery that prevents homelessness.
15. The six properties to be purchased will provide accommodation for six individuals who could potentially return to rough sleeping in Herefordshire.
16. These properties will enable transitional housing which is a stepping stone towards independent living and reduces the risk of homelessness and rough sleeping reoccurring.

## **Environmental Impact**

17. The properties to be purchased will be centrally located and would therefore allow individuals the opportunity to either walk or use public transport to move around. This in return would help to reduce the carbon emissions and go some way to improving air quality. It will also help sustainable modes of transport.
18. Purchasing the units will have a minimal environmental impact as they are already established properties. When updating and refurbishing the units we will seek to improve the energy efficiency of the property wherever possible.

## **Equality duty**

19. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to –

- a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
  - b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
  - c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
20. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services. As this is a decision to purchase and refurbish properties for a vulnerable cohort we believe that this decision will support the council in discharging its equality duty in particular advancing equality of opportunity for this cohort many of which share a protected characteristic. It will have a positive impact on our equality duty.

## **Resource implications**

21. A Capital grant funding of £423,360 has been awarded by DLUHC. This funding must be spent by 31 March 2023 and has been added to the capital programme by the S151 Officer.
22. Funding of £250,000 has been sourced from the Better Care fund (BCF).
23. Further funding of £385,040 has been sourced from Strategic Housings Empty Property Investment and Development capital budget.
24. A revenue grant of £65,194 has been awarded by DLUHC.
25. The rental income received is expected to meet all on going revenue costs for the premises.
26. Breakdown of scheme costs are set out in the tables below.

<b>Capital cost of project</b>	<b>Acquisition Costs</b>	<b>Building Works</b>	<b>Contingency</b>	<b>Total capital scheme costs</b>
Purchase of 6 x1 bed self-contained units	£968,400	£60,000	£30,000	<b>£1058,400</b>
<b>TOTAL</b>	<b>£968,400</b>	<b>£60,000</b>	<b>£30,000</b>	<b>£1058,400</b>

<b>Funding streams - Capital</b>	
DLUHC Grant	<b>£423,360</b>
BCF Grant	<b>£250,000</b>
Strategic Housing funded from borrowing	<b>£385,010</b>
<b>TOTAL</b>	<b>£1058,400</b>

<b>Revenue budget implications</b>	<b>Proposed weekly rent</b>	<b>Proposed weekly housing management fee @ 25% proposed weekly rent</b>	<b>Proposed weekly maintenance budget @ 75% proposed weekly rent</b>
1 bed flat	£97.81	£24.45	£73.36
Total per annum	£5086.12	£1,271.10	£3,814.72
<b>TOTAL per annum for 6 flats</b>	<b>£30,516.72</b>	<b>£7,628.4</b>	<b>£22,888.32</b>

## **Legal implications**

27. The Rough Sleeping Accommodation 2021 – 2024 Grant from DLUHC is being offered to the council in accordance with section 19 of the Housing and Regeneration Act 2008 to provide longer term, move on accommodation and support services to rough sleepers.
28. The draft grant funding agreement has been reviewed by legal services and the grant is not subject to any unusual or onerous terms or conditions. The council has the power to enter into the grant funding agreement under Section 1 of the Localism Act 2011. Under Section 1 of the Localism Act 2011 the council has a general power of competence meaning that it has the same powers as any individual to act (subject to the council's fiduciary and statutory duties) and therefore can accept the grant and use it for the purposes set out in the grant funding agreement.
29. In addition to the general power of competence, Section 111 of the Local Government Act 1972 ('LGA') provides that councils can act when specifically permitted by legislation or to facilitate the discharge of its statutory functions. Section 120(1) LGA provides the power to acquire by agreement, any land inside or outside its area for the purposes of any of its statutory functions including those under those under Part 7 of the Housing Act 1996, which sets out the council's duties in relation to providing accommodation to those that are homeless.

## **Risk management**

30.

Risk / opportunity	Mitigation
<p>Cost of refurbishment works could escalate and cause an overspend if unforeseen problems occur.</p>	<p>A full inspection of each property will be undertaken and an estimate of costs will be sought. The works will then be monitored on a regular basis through update meetings. This will ensure the budget is not overspent. This will be managed at a service level</p>
<p>Due to increasing house prices it might not be possible to purchase all six units</p>	<p>We are continually in discussions with DLUHC. It was recognised as a risk by DLUHC which is why they have extended the purchase time. However, the grant is only drawn down on successful purchase of each unit. If a unit is not purchased then the grant remains with DLUHC. Notwithstanding the above, it is quite possible that this will not happen as prices for 1 bed units have remained static.</p>
<p>Approval to purchase the accommodation is refused. This will have an implication on the council's homelessness budget due to further cost of temporary accommodation and could return individuals to the street.</p>	<p>Approval is sought for the purchase to remove six individuals from temporary accommodation or off the street, therefore reducing revenue on support costs and alternative accommodation costs.</p>
<p>Failure to spend DLUHC funding by 31 March 2023 will result in the grant offer being retracted and any funds drawn down against the project needing to be returned. This could have an impact on future bids, reputation and relationships with partnering organisations.</p>	<p>On approval of the decision to purchase the six properties, negotiations with property agents can start immediately to ensure the funding is spent. This will be managed at service level. The capital element of this fund is managed by Homes England. They have very clear points where drawdown can be requested. This will all be tracked and monitored through the Homes England Investment Management System.</p>
<p>The properties would be the first homelessness accommodation that the council would own. As soon as the properties are tenanted the tenants would enter into our wider support systems.</p>	<p>The opportunity for excellent publicity and a flagship project when successful. This would be managed at a corporate level in terms of publicity</p>
<p>Ongoing maintenance and future refurbishment costs.</p>	<p>This will be managed via a full repairing lease. Going forward permission has been approved to develop our own housing. Any future costs will be included within the overall housing maintenance budget.</p>
<p>Support costs.</p>	<p>For the first 23 months, this will be 100% funded through revenue grant received from DLUHC and then delivered in house through the council's Housing Solutions Team.</p>

## Consultees

31. The Cabinet Member for housing, regulatory services and community safety, who is in support of the opportunity.
32. The Cabinet Member for commissioning, procurement and assets, who is in support of the opportunity.
33. DMT, who is in support.
34. Political Group consultees. No comments received.
35. Project Brave, who are in support of the purchase of 6 additional properties.

## Appendices

None.

## Background papers

None identified.

## Report Reviewers Used for appraising this report:

Please note this section must be completed before the report can be published		
Governance	Sarah Buffrey	Date 18/11/2021
Finance	Louise Devlin	Date 15/11/2021
Legal	Alice McAlpine	Date 18/11/2021
Communications	Luenne Featherstone	Date 17/11/2021
Equality Duty	Carol Trachonitis	Date 19/11/2021
Risk	Kevin Lloyd	Date 17/11/2021
Approved by	Neil Taylor	Date 29/11/2021