


<b>Report of</b>	<b>Assistant Director of Policy and Corporate</b>	<b>Author</b>	<b>Tina Hinson</b>  <b>506903</b>
<b>Title</b>	<b>Taking action to tackle homelessness</b>		
<b>Wards affected</b>	Not applicable		

## 1. Executive Summary

- 1.1 This report summarises new action to reduce homelessness, and improve the service the Council provides to homeless people.
- 1.2 There has been widespread coverage of the national housing crisis. The Council's approach is :
  - A strong focus on increasing the supply of permanent homes.
  - Imaginative approaches to the prevention of homelessness.
  - Innovative measures to improve the experience of households living in temporary accommodation.
- 1.3 Colchester has achieved its targets for new house building for many years, but nationally housing supply has fallen well short of what is needed for decades.
- 1.4 The Council (CBC) and its partners have had some real successes in preventing homelessness from occurring in the first place. However, the number of households in temporary accommodation has continued to increase.
- 1.5 CBC wants to enable and deliver the best possible outcomes for its communities. There is no one silver bullet to solving the current crisis in housing. This report seeks to propose several solutions on the basis that together they will make a difference.
- 1.6 This report recommends a number of actions the Council should do now. These are:
  - Pursue purchase of open market properties for use as temporary accommodation.
  - A pilot to increase the supply of private rented sector accommodation.
  - Process changes to the way we implement the Allocations Policy.
  - Continue the purchase of former right to buy council properties for use as permanent accommodation.
- 1.7 The proposed actions will be funded using both existing budgets and general fund borrowing.

## 2. Recommended Decisions

- 2.1 To give approval for the purchase of up to 16 homes to be used as temporary accommodation for homeless households up to a value of £2.9 million.

- 2.2 To note the requirement for General Fund prudential borrowing to enable these purchases, and seek approval from Full Council in February 2018
- 2.3 To approve the use of up to £1 million of Affordable Housing New Homes Bonus income to fund a proportion of the purchase costs of the 16 properties, as set out in the financial implications of this report
- 2.4 To delegate to the Strategic Director Commercial and Place or Assistant Director Policy and Corporate Services, in consultation with the Portfolio Holder for Business and Culture, the authority to negotiate the terms and purchase price of individual properties.
- 2.5 To approve the use of £100,000 new homes bonus income and £150,000 from the Government's Flexible Homelessness Support Grant to fund a two year pilot scheme to increase the supply of private sector rented accommodation.
- 2.6 To continue the purchase of, for use as permanent accommodation, former council properties bought under the right to buy offered back to the Council under the "right of first refusal" legislation, where these offer good value for money and are in areas of high housing need.

### **3. Reason for Recommended Decisions**

- 3.1 Colchester Borough Council has a legal duty to provide accommodation to people who are homeless, so long as they meet the criteria set out in law (see paragraph 5.1 for more detail).
- 3.2 Whilst the Council and its arms-length management organisation, Colchester Borough Homes, are preventing more people from becoming homeless each year, the number of homeless households in temporary accommodation continues to increase.
- 3.3 The recommended decisions contained in this report will support the Council and Colchester Borough Homes to prevent homelessness and improve the experience of temporary accommodation for those who are homeless and waiting for permanent housing to become available.

### **4. Alternative Options**

- 4.1 Not to proceed with the recommended decisions contained within this report: – This could result in households who are homeless being placed in less suitable temporary accommodation (such as bed and breakfast) or in accommodation outside of the Colchester Borough.
- 4.2 Pursue other options: - Research was undertaken to look at options to tackle homelessness and improve the experience of temporary accommodation. These options are contained in the background paper to this report. Other options were rejected because they were not cost effective; took too long to deliver; and/or there were too many risks attached to successful delivery.

## 5. Background Information

### **The Council's legal duties to households who are homeless**

- 5.1 Under current homelessness legislation, local housing authorities have a statutory duty to ensure households that are believed to be homeless, eligible for assistance and in priority need (primarily if the household is vulnerable or has dependent children) are provided with interim accommodation. Following investigations, the Council may accept that it has a statutory duty to find suitable permanent accommodation for that household. Temporary Accommodation is the accommodation provided by the Council on either an interim basis or, where it has accepted a statutory homeless duty, for the period until it discharges that duty usually through an offer of suitable permanent housing. There is a severe shortage of affordable rented homes in Colchester and households in temporary accommodation have to wait for a permanent home to become available. These duties will change when the Homelessness Reduction Act 2017 is implemented in April 2018. Local housing authorities will be legally obliged to provide information, advice and assistance to everyone who is homeless or at risk of homelessness, irrespective of their priority need status, in order to reduce homelessness levels in their areas.
- 5.2 Services to assess homelessness and undertake homelessness prevention are carried out by the Council's arm's length management organisation, Colchester Borough Homes (CBH).

### **Homelessness in Colchester**

- 5.3 In Colchester, our focus has been to prevent homelessness occurring in the first place by taking action as soon as possible to either prevent homelessness (by keeping the household in their current accommodation) or to alleviate it by finding alternative suitable accommodation. The table below demonstrates the success of this approach with the number of households prevented from experiencing homelessness increasing each year. The excellent work of the Housing Options Team and our partners is essential to preventing homelessness in Colchester.

<b>Homelessness prevention in Colchester</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b> (up to end of December 2017)
Total cases	498	572	648	614

Source: DCLG P1E

- 5.4 Between 2013/14 and 2015/2016 the number of homeless households the Council accepted a duty to provide permanent homes for rose from 197 households to 375 households in 2015/2016. A concerted and focussed approach to homelessness prevention saw the numbers fall in 2016/2017 to 325. However, the number of households in temporary accommodation continued to increase; at the end of 2013/14 it was 162 households and at the end of 2016/2017 it was 204 households.
- 5.5 National research and local experience shows that temporary accommodation is not a good solution for households. The uncertainty and temporary nature of the accommodation places strains on mental health and relationships. Children in a household can see their education disrupted. Households can be provided with temporary accommodation that is a significant distance away from support and community networks at a time when they are needed most.

- 5.6 In order to meet our housing needs, and in particular to minimise the numbers in temporary accommodation, we need a three-pronged approach:
1. Firstly, a strong focus on **increasing the supply of permanent homes**.
  2. Second, imaginative approaches to the **prevention of homelessness**.
  3. And third, innovative measures to **improve the experience of households living in temporary accommodation**.
- 5.7 Innovations such as our new Housing Company and the Garden Communities will make a significant contribution to increasing the supply of new homes. We will also continue to work with Registered Providers and private developers to secure affordable housing. The prevention work of the Housing Options Team and our partners is crucial, and it is encouraging to note them exceeding our target for prevention work for 2016/2017. There is no one silver bullet to addressing the shorter-term need of reducing the use and improving the standards of temporary accommodation. However, this paper and accompanying report propose several innovative solutions on the basis that together they will make a difference.
- 5.8 The challenge will not end with the implementation of these solutions. The Council and Colchester Borough Homes will face new challenges with the implementation of the Homelessness Reduction Act and the full roll-out of Universal Credit. We need to continue to seek new and innovative ways to increase supply and prevent homelessness using our own resources, our partnerships and our influence. We will continue to capture this work in our Homelessness Strategy and delivery plan.

### **Actions to tackle homelessness**

- 5.9 A number of options were explored to take action to tackle homelessness and provide better temporary accommodation. Below is a summary of the recommended actions we should do now:
- Pursue purchase of open market properties for use as temporary accommodation.
  - A pilot to increase the supply of private rented sector accommodation.
  - Process changes to the way we implement the Allocations Policy.
  - Continue the purchase, for use as permanent accommodation, of former right to buy council properties offered back to the Council under the “right of first refusal” legislation.
- 5.10 **Purchase homes on the open market**  
This option would increase the supply of temporary accommodation and contribute to achieving the Council’s aims of better outcomes for homeless households, better value for money and better options to provide homes for those facing homelessness by:
- Giving the Council control, securing the accommodation over the long term.
  - Guaranteeing minimum levels of quality as the Council is landlord and will maintain the properties.
  - Removing the risk of emergency bed and breakfast/nightly let costs for these units increasing in the market, as a result of inflationary and supply and demand. The Council will set the rents.

The size and type of homes purchased will be based on the Council’s Temporary Accommodation Position Statement and the shortfall of temporary accommodation. It will

be a mix of two bedroom and three bedroom properties. CBH would manage these homes on behalf of the Council.

5.11 Pilot to increase the supply of private rented sector accommodation

The Homefinder Scheme administered by Colchester Borough Homes enables the Council to access the private rented sector and secure homes for households who are homeless, avoiding the use of bed and breakfast or temporary accommodation. Whilst it has worked well in the past, the scheme is less attractive to Landlords and Agents as demand is high and they are able to secure tenants who are not CBH customers and can pay rents significantly above LHA rates. It is recommended that a two year pilot scheme be undertaken which explores different incentives which could be offered to private landlords in order to increase the supply of private sector accommodation and assesses the value for money of these incentives.

5.12 Allocation Policy - process changes

CBH will seek the participation of Registered Providers in the “one offer” processes so that homeless households do not spend unnecessarily long periods of time in temporary accommodation bidding on and refusing properties which would provide them with a permanent home.

5.13 Continue to purchase back properties previously sold under the Right to Buy when they are offered back to the Council for use as permanent accommodation

All properties (freehold and leasehold) sold under the Right to Buy since January 2005 contain a covenant which compels the owner to offer the property back to the Council, if the property is offered for sale within ten years of the original purchase. This is known as the right of first refusal. There is nothing which compels the Council to buy back properties offered to it in this way. However, the Council has always considered whether or not to buy back a property. In the past these properties have not represented good value for money. The Council can now use right to right to buy receipts it has retained under its agreement with the Government, to fund up to 30% of the total cost of purchasing back an ex-council property offered back to the Council. This option now represents better value for money.

5.14 The Council recently purchased two former Council properties to provide much needed permanent homes, using 30% right to buy receipts. Where the Council considers it beneficial to purchase a former right to buy property, the Council would first look to using existing budgets to do so. Properties would be purchased back where they represent good value for money and are in areas of high housing need.

5.15 The Council can also nominate a Registered Provider to buy the property. The Council can then provide 30% of the total cost of buying the property from the Council's retained right to buy receipts as grant to the Registered Provider. The Registered Provider would fund the other 70% of the cost. The Council would receive nomination rights in return for the grant given.

5.16 This could see up to 10 properties purchased each year by the Council or Registered Providers for use as permanent affordable housing.

## **6. Equality, Diversity and Human Rights implications**

6.1 An equality impact assessment on the proposals in this report has been completed and a link to the document can be found here [EQIA Action to tackle homelessness](#)

## 7. Strategic Plan References

7.1 The actions recommended in this report will help to achieve the following goals from the Council's Strategic Plan 2015 - 2018:

- Provide opportunities to increase the number of homes available including those that are affordable for local people and to build and refurbish our own Council houses for people in significant need.
- Be clear about the major opportunities to work in partnership with public, private and voluntary sectors to achieve more for Colchester than we could on our own.

## 8. Consultation

8.1 Consultation has taken place internally with Colchester Borough Council's Finance and Client Teams and with Colchester Borough Homes.

## 9. Financial implications

9.1 As this report relates to the homelessness function, the financial implications will be accounted for in the Council's General Fund. This proposal has a combination of estimated capital and revenue implications which are set out in the following paragraphs.

### 9.2. Purchase homes on the open market

The capital cost will be funded from retained 1-4-1 Right to Buy receipts (maximum of 30% of total scheme cost), new homes bonus, with the balance being met from General Fund prudential borrowing. The following table sets out the estimated capital implications;

	<b>16 units</b>
<b><u>Estimated Capital Implications</u></b>	
Total Scheme Cost	2,880,000
<i>Funded By:-</i>	
1-4-1 RTB Receipts (30%)	(864,000)
AH NHB	(1,000,000)
GF NHB	(100,000)
GF Borrowing	(916,000)
Net Cost	-

9.3 The revenue implications include rental income from the properties based on affordable rents, up to the Local Housing Allowance, with an assumption of 95% occupancy levels. The modelling includes the estimated cost of managing and maintaining the properties, with a provision for bad debts and any potential Council Tax costs if the properties are empty between re-lets. Finally, the modelling makes an allowance for the principle and interest costs resulting from undertaking prudential borrowing.

<b><u>Estimated Revenue Implications</u></b>	
Gross Rent (LHA Rate)	(110,100)
Management & Maintenance Allowance	16,500
Council Tax on Empty Properties	1,100
Bad Debts	5,500
<i>Financing Costs:-</i>	
MRP	22,900
Interest	22,900
<b>Net Cost / (Saving) to General Fund</b>	<b>(41,200)</b>

9.4 Pilot to increase the supply of private rented sector accommodation

The Government has given local authorities a grant for two years in order that local authorities tackle homelessness in more flexible and creative ways. This new funding was partly to replace the withdrawal of the temporary accommodation management fee which was paid through the housing benefits system. The value of the flexible homelessness support grant is £494,040 for 2016/2017 and £559,423 for 2017/2018. The funding has been delegated to CBH as they provide the front-line Homelessness and Housing Options Service on behalf of CBC.

- 9.5 It is proposed that £150,000 of this grant funding be used to increase the supply of private rented sector accommodation for homeless households or those threatened with homelessness, plus £100,000 from our new homes bonus grant allocation for 2017/18.

	<b>Total cost</b>	<b>General NHB</b>	<b>DCLG Flexible Homelessness Support Grant</b>
Increased landlord incentives pilot	£250,000	£100,000`	£150,000

9.6 Continue to purchase back properties previously sold under the Right to Buy

An allocation of £0.500million has been included in the Housing Investment Programme report elsewhere on this agenda. This will support the potential to Buy Back properties offered back to the Council through the Right to Buy legislation. It also provides the opportunity to use funding through retained 1-4-1 Right to Buy receipts (up to 30% of total cost), with the balance of 70% coming from S106 commuted sums for affordable housing.

## 10. Risk Management Implications

- 13.1 The most significant risk to not approving the recommendations is that the Council and Colchester Borough Homes will have fewer tools to prevent homelessness and improve the experience of temporary accommodation for those who are homeless and waiting for permanent housing to become available.
- 13.2 The opportunities presented include giving the Council the prospect to secure accommodation over the longer term; fewer households experiencing bed and breakfast accommodation; if the properties were no longer required they could be disposed of and a capital receipt generated for the general fund; more tools to prevent homelessness occurring in the first place and the potential to secure more private rented accommodation.

## **11. Standard References**

- 11.1 There are no particular references to community safety, publicity or health and safety implications.

### **Background Papers**

[Report to the Portfolio Holder: Reducing the use of our of area bed and breakfast accommodation](#)

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