

Acquiring Temporary Accommodation at Defoe Court

Report of the:	Head of Housing & Community
Contact:	Rod Brown
Urgent Decision?(yes/no)	No
If yes, reason urgent decision required:	
Annexes/Appendices (attached):	Annexe 1: Table 1 In borough temporary accommodation; Table 2 Number of households in bed and breakfast accommodation Annexe 2: Current and proposed plans for Defoe Court Annexe 3: Anticipated savings from proposal in cost of nightly paid accommodation (exempt from publication)
Other available papers (not attached):	

Report Summary

To consider the principle of acquiring the flexible use of 24 units of accommodation at Defoe Court, East Street, Epsom as additional in-borough Temporary Accommodation, subject to negotiation with Sanctuary Housing Association.

Recommendation (s)

- (1) That the council acquires the use of 24 additional units at DeFoe Court, 87 East Street from Sanctuary Housing Association for use as Temporary Accommodation, subject to negotiation.
- (2) That the method of acquiring the units and negotiating the cost including the management the units and any service charge be delegated to Head of Housing and Community in consultation with the Chair of Strategy and Resources and the section 151 Officer, Head of Property and Regeneration and the Chief Legal Officer.

Strategy and Resources Committee

28 November 2017

1 Implications for the Council's Key Priorities, Service Plans and Sustainable Community Strategy

- 1.1 The proposal in this report supports delivery of the Council's Key Priorities and the themes in the Sustainable Community Strategy, as set out below.
- 1.2 Managing Resources - Utilise the Council's limited resources in the most efficient and effective way.
- 1.3 Quality of Life - Improve the quality of life for all residents, but particularly the more vulnerable within our society.
- 1.4 Health, Housing and Well-being is a priority theme of the Sustainable Community Strategy. The Council has a statutory duty to house homeless persons.

2 Background

- 2.1 In March 2013 Sanctuary Housing Association received planning permission to demolish Shaftesbury House and redevelop 87 East Street to provide quality accommodation for 45 single person living units, residents' lounge, office and supporting accommodation.
- 2.2 The development comprises of a central office and administration area with the 45 single person studio flats accommodated on two distinct wings. The wing closest to East Street is three storeys and the rear wing two storeys. Plans of the currently permitted layout are included as Appendix 2.
- 2.3 The permitted use of the units is controlled by condition, restricting use specifically to young person's support and housing services only. The building was intended to provide support and accommodation for up to 45 vulnerable young people, typically but not exclusively care leavers, who would receive an element of support and supervision whilst resident.
- 2.4 The council entered into a section 106 Agreement which included 100% nomination rights to the council. In the event that the council does not have any suitable nominations there is provision that Sanctuary can receive nominations from specified other local authorities for nominees who meet the specified criteria.
- 2.5 The scheme benefited from a council s106 affordable housing contribution of £500,000 with a Grant Agreement and also received Homes and Communities Agency (HCA) funding.
- 2.6 The original business case developed by Sanctuary Housing Association for Defoe Court relied upon placements being made by the council and other eligible local authorities including Surrey County Council (SCC) for young people who required an element of supportive care in addition to accommodation.

Strategy and Resources Committee

28 November 2017

- 2.7 However, Surrey County Council have revised their approach to young people's supported accommodation with a preference to family based accommodation such as foster care over more independent supported accommodation such as Defoe Court. As a consequence Defoe Court has never been well utilised, with much of the building's 45 single person units remaining unoccupied.
- 2.8 Sanctuary Housing Association approached the council to explore options for achieving greater use of the unoccupied units. As a result it was proposed to use of part of the building for temporary accommodation. .

3 Supply and demand for Temporary Accommodation

- 3.1 The Council has access to a stock of 120 units for use as temporary accommodation all of which is fully occupied. A list of the 120 units of temporary accommodation is included in Appendix 1, Table 1.
- 3.2 The council has recently purchased 85 Marbles Way and 10 Crane Court for use as temporary accommodation through the Residential Property Acquisition Fund established for that purpose. It is anticipated that a further two properties will be acquired this financial year.
- 3.3 The temporary accommodation used by the council is insufficient to meet the current requirements for the Council to fulfil its statutory duties., As a result use is made of nightly paid emergency accommodation (commonly referred to as Bed and Breakfast accommodation).
- 3.4 There is no suitable nightly paid emergency accommodation available within the borough and these households, including families, are placed outside of the Borough in areas such as Wandsworth, Crawley and Croydon.
- 3.5 In addition to the statutory requirements and possible financial benefits, it is worth also considering the wider social benefits of increasing the amount of temporary accommodation within the borough. It is preferable that applicants be accommodated in housing in the borough, rather than nightly paid emergency accommodation outside the borough.
- 3.6 Over the last two years the number of families in nightly paid emergency accommodation varied. The movement of families in and out of nightly paid emergency accommodation is illustrated in Appendix 1, Table 2 for the two financial years 2016/7 and 2017/18 to date
- 3.7 Even though the council has been successful in reducing the numbers of households in out of borough nightly paid accommodation since the peak of 93 households in 2015, the introduction of the Homelessness Reduction Act will introduce new additional duties upon the council to prevent homelessness and extend our duty to offer help and advice to non-priority need applicants. In addition continuing changes to welfare reform will continue to affect families reliant on benefits.

Strategy and Resources Committee

28 November 2017

- 3.8 It is not always easy to predict the future accommodation size which will be required. Various sized units of accommodation are required for the differing sizes of homeless households. Of those 30 households in bed and breakfast accommodation at the end of September 2017, there were:

Size of household	Number of households in B&B (September 2017)
Single persons or couples	12
Small households (Including 1 child)	8
Large households (3 or more children)	12

- 3.9 Not all the above households would be suitable to be accommodated in Defoe Court. Some of the above households who have complex needs may not be suitable for accommodating in Defoe Court.

3.10 Cost of Nightly Paid Emergency Accommodation

- 3.11 The supply of nightly paid emergency accommodation is still limited and reliant on spot purchasing in response to the presentation of applicants meeting the statutory requirements for emergency accommodation.
- 3.12 The cost of this type of accommodation is considerably higher than settled social housing and is supplied by a range of specialised housing suppliers. Competition for this accommodation is marked and we compete with several other councils in securing accommodation.
- 3.13 Unlike the cost of all temporary accommodation operated by housing associations within the borough, the cost of out of the borough nightly paid emergency accommodation is significantly in excess of the housing benefit payments received and is subsidised by the council.
- 3.14 The costs illustrated in the table below reflect the average actual net cost to the council for purchasing Nightly Paid Emergency Accommodation by household size (as of Sept 2015)

Strategy and Resources Committee

28 November 2017

Table showing average net cost of nightly paid emergency accommodation

Household Type	Average <u>net cost</u> of nightly paid accommodation per year (£)
Single adult or couple	8,424
Small Family - 2 adults & 1 child or 1 adult & 2 children	14,252
Larger Family - 2 adults and 3 or more children	21,233

4 Proposals

- 4.1 It is proposed to acquire the exclusive use of the 24 single units in the rear wing of Defoe Court following adaptations made to the building so that these units can be used as temporary accommodation for various sized households. This would further relieve our dependency on out of borough nightly paid accommodation.
- 4.2 The adaptations will create greater flexibility in our use of the 24 units. The adaptations would include an internal wall to effectively segregate the two wings of the building, create a new access for the rear wing by adapting the existing fire exit and creating a laundry room for residents of the rear wing.
- 4.3 The flexibility will be achieved by inserting inter-connected doors between many of the existing single units to provide accommodation which can be extended to form larger interconnected accommodation for larger households, as well as alternatively being able to be closed and secured to provide accommodation for single people or smaller households. Through developing this flexibility it is proposed that the council will be able to optimise its occupation of units once the adaptations are complete.
- 4.4 The works will be completed by Sanctuary Housing Association prior to the council utilising the units. Sanctuary Housing Association will need to obtain the required planning permission, including changing the use of the rear units so that they can be used as temporary accommodation.
- 4.5 The method of acquiring the 24 units is yet to be determined Whilst a property lease would be the traditional mechanism this could expose the council to liability to pay business rates. As a charity, Sanctuary Housing Association would benefit from a substantial reduction in business rate liability which may indicate an alternative acquisition method would be preferable, such as a legal agreement.

Strategy and Resources Committee

28 November 2017

- 4.6 Through initial discussions with Sanctuary it has been agreed, subject to member agreement, planning consent and negotiation of price, to acquire exclusive use of the units for a period of 5 years. The cost of achieving this will be subject to negotiation with Sanctuary Housing Association.
- 4.7 If there is agreement in principle to acquire these units, negotiations will follow to seek to agree an annual cost, which will include an element of management and service charge. It is proposed that following negotiations, the business case supporting the acquisition, including overall annual cost to acquire the units and the avoided expenditure in bed and breakfast accommodation would be agreed. In consultation with the Chair of Strategy and Resources and the section 151 Officer, Head of Property and Regeneration and the Chief Legal Officer.

5 Financial and Manpower Implications

- 5.1 The acquisition of these units as temporary accommodation would reduce the council's use of out of borough bed and breakfast accommodation further. It would enable the council to place homeless households without using expensive out of borough accommodation.
- 5.2 The in principle decision to acquire these units is subject to the agreement of the business case, which will be prepared as the negotiations progress. Appendix 3 outlines the anticipated savings in nightly paid accommodation resulting from this proposal.
- 5.3 The relocation of households in bed and breakfast accommodation would relieve funds that would be used to acquire these units.
- 5.4 ***Chief Finance Officer's comments:*** *As expenditure on these units would be incurred to discharge the Council's statutory homelessness duties there will be no impact on the Council's VAT position.*
- 5.5 *The adaptations to the units will need to be agreed by the Council to ensure that the units are fully flexible to optimise occupation and thereby reduce temporary accommodation costs.*
- 5.6 *These units could result in further direct reductions in temporary accommodation costs. They will also be used to avoid expenditure on placing new presenting households into bed and breakfast accommodation.*
- 5.7 *The final cost per unit cannot be established until the terms of a Management Contract are fully agreed and the position on business rates determined.*
- 5.8 *The financial implications of ongoing proposals will be monitored to ensure that costs and benefits are fully quantified.*

Strategy and Resources Committee

28 November 2017

6 Legal Implications (including implications for matters relating to equality)

6.1 **Monitoring Officer's comments:** *The Council's obligations as local housing authority are set out in the body of this report. The Council has powers to enter into the arrangements contemplated in this report. The proposal is a good way to ensure that the facility at Defoe Court is better used, and will also have benefits for homeless families and individuals. It is important that, on conclusion of the negotiations, the obligations of the parties are clearly set out in an appropriate legal agreement.*

7 Sustainability Policy and Community Safety Implications

7.1 There are no significant sustainability or community safety implications arising directly from the proposals in this report.

8 Partnerships

8.1 Historically the Council has worked in partnership with housing associations to provide suitable temporary accommodation. There has been agreement in principle with Sanctuary Housing Association that they would be willing to allow the council to acquire these units once adapted.

9 Risk Assessment

9.1 In entering into any arrangement in relation to the management of residential property, there are financial risks. These will be mitigated by ensuring that the parties' respective obligations are clearly set out in an appropriate legal agreement.

9.2 If no deal is reached with Sanctuary, there is a risk that Defoe Court will remain under-utilised, and that it will no longer remain financially viable. The proposal offers a way to ensure that the building is used to best effect.

10 Conclusion and Recommendations

10.1 The acquisition of 24 units of temporary accommodation would reduce the reliance on out of borough nightly paid accommodation. The adaptations to create greater flexibility will enable the council to maximise the occupancy rates in the units, reducing the void risk.

10.2 Continued negotiations with Sanctuary Housing Association are required to determine the cost of acquiring these adapted units and the method of that acquisition, whether that be through a lease or other legal agreement.

10.3 The recommendation is that the council acquires the use of 24 additional units at DeFoe Court, 87 East Street from Sanctuary Housing Association for use as Temporary Accommodation.

Strategy and Resources Committee

28 November 2017

- 10.4 It is further recommended that the method of acquiring the units and negotiating the cost for the management the units and any service charge be delegated to Head of Housing and Community in consultation with the Chair of Strategy and Resources and the Section 151 Officer, Head of Property and Regeneration and the Chief Legal Officer.

Ward(s) Affected: (All Wards);