

RESIDENTIAL PROPERTY REPAIR AND MAINTENANCE FUND

Head of Service:	Rod Brown, Head of Housing & Community
Report Author	Rod Brown
Wards affected:	(All Wards);
Urgent Decision?(yes/no)	No
If yes, reason urgent decision required:	
Appendices (attached):	None

Summary

Establish a repair and maintenance fund to fund works to the residential properties owned by the Council for use as temporary accommodation.

Recommendation (s)

The Committee is asked to:

- (1) Approve the creation of a residential property repair and maintenance fund.
- (2) Approve the repurposing of the remaining balance in the Residential Property Acquisition Fund of £150,000 to create the Property Repair and Maintenance Reserve.
- (3) To nominate and authorise the Building Services and Facilities Manager, in consultation with the Housing Solutions Manager and finance to (i) approve the extent of works required and (ii) authorise the use of the Residential Property Repair and Maintenance Reserve to fund such works.
- (4) Approve an annual contribution of £500 per property towards the residential property repair and maintenance fund and to review such contribution within 12 months.

1 Reason for Recommendation

- 1.1 To ensure the provision of sufficient funding dedicated to the repair and maintenance of the residential properties purchased by the Council for use as temporary accommodation.

2 Background

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- 2.1 Due to the severely limited supply of suitable temporary accommodation, used to accommodate eligible homeless households, the Council has increasingly relied on out of borough temporary accommodation.
- 2.2 In response to this lack of supply of suitable accommodation, in January 2016, the Council agreed to create a £3 million residential property acquisition fund to purchase additional properties to provide temporary accommodation and to reduce emergency temporary accommodation costs.

Since 2016 this fund has been used to purchase 7 properties and to fund renovations to convert commercial property to residential. The identities of these properties are sensitive to protect future occupying households.

A table listing the use of the fund and remaining balance is shown below:.

	Purchase year	£'000
Initial Reserve		3,000
Less: Purchases & Renovation costs		
Property 1	2016/17	-245
Property 2	2016/17	-368
Property 3	2016/17	-198
Property 4	2017/18	-276
Property 5	2017/18	-282
Property 6	2018/19	-256
Converted property Renovation		-373
Other costs (legal, Surveyors, etc)		-24
property 7 (Purchase and commitments)	2024/25	-828
Total Used		-2,850
Fund balance as at 30/09/2024		150

- 2.3 The purchase of these properties has enabled the Council to accommodate several homeless households in good quality temporary accommodation within the borough and avoid the substantial costs associated with nightly paid out of borough emergency temporary accommodation.
- 2.4 These properties are subject to continuous use, with minimal vacant periods, and given the property sizes, are most likely to be used to accommodate adults with dependent children or young adults. It is estimated occupancy rates are in excess of 95%

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- 2.5 The majority of the residential properties purchased are in a good or very good condition and require little or no repair upon purchase. As part of the purchasing process, each property is subject to an independent property survey and further inspection by Housing Services and the Council's Building Services and Facilities Manager to ensure suitability and to manage the extent of repairs required, as well as to influence negotiation with the vendors. Currently properties are subject to inspections when occupation changes or otherwise on an ad hoc basis, although an annual property inspection will be undertaken for each property from 2025/6.
- 2.6 The Council has obligations to maintain and repair the properties. The use of the properties for accommodating households over time will give rise to the need for repairs and maintenance associated with fair wear and tear. In addition, on occasion the Council may wish to perform building works to existing properties to make enhancement to the property or improve the suitability of the property for the households being accommodated.
- 2.7 To date there has been little need for significant expense on repairs and maintenance on the properties acquired, apart from some minor works.
- 2.8 In future it is anticipated the costs associated with repair and maintenance will grow, as properties age and households leave and are replaced with new households. It is reasonable to assume that some of the properties acquired up to 8 years ago will require expenditure to ensure they remain acceptable for use as temporary accommodation. These repairs will include capital cost renewal of kitchens and bathrooms and revenue, decoration and floor covering spend.
- 2.9 The most recent purchased property is known to require repairs estimated at approximately £30,000 over the next few years.
- 2.10 Costs of repairs to date have been met out of existing Housing Services budgets. Given the anticipated increase in repair and maintenance costs as properties we own age and further properties are purchased, it is suggested that prudent provision should be made for these anticipated costs.
- 2.11 The Council has established a successful Private Sector Leasing (PSL) scheme, whereby the Council leases a property from an owner for a period of either 3 or 5 years and subsequently uses the property to accommodate homeless households, as an alternative to expensive emergency temporary accommodation. In the PSL scheme, each property contributes £500 per annum from the rental income to accumulate in a repair fund which is then available to cover repair and maintenance costs associated with PSL properties.
- 2.12 However, there is no similar repair and maintenance reserve for properties acquired and owned by the Council through the Residential Property Acquisition Fund. I

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3 Proposed repair and maintenance fund

- 3.1 The remaining balance of the Residential Property Acquisition Fund is £150,000. It is proposed to repurpose the remaining balance in the fund to begin to make prudent provision for future repair and maintenance obligations to those properties the Council has purchased to provide temporary accommodation.
- 3.2 Learning from the success of the PSL repair fund, it is further proposed that for these purchased residential properties, a small proportion of the rental income the Council receives from the accommodated households is used to ensure funds remain available for these properties over time. Initially this contribution would be £500 each year from each property which would be reviewed on an annual basis into the Residential Property Repair and Maintenance Reserve for these properties.
- 3.3 Should the recommendations of this report be agreed, it is proposed that the Council completes a review of the anticipated repair needs for all 5 residential properties within a period of 12 months. This would then be used to form a schedule of planned works to identify works required and timeframe for delivery to ensure these properties remain suitable for use as temporary accommodation.

4 Risk Assessment

Legal or other duties

4.1 Equality Impact Assessment

4.1.1 None

4.2 Crime & Disorder

4.2.1 None

4.3 Safeguarding

4.3.1 None

4.4 Dependencies

4.4.1 None

4.5 Other

4.5.1

5 Financial Implications

- 5.1 In the decision in January 2016, the Council's Strategy and Resources Committee decided to allocate £3 million to form the Residential Property Acquisition fund.

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5.2 Following the purchase of the residential properties, the balance remaining in the Residential Property Acquisition fund is £150,000. This is not considered to be sufficient to make any further purchases of residential property

5.3 The future anticipated demand to fund repair and maintenance activity can not be met from existing housing services budgets, without impacting on the delivery of the service. As such, it is proposed to repurpose the remaining balance in the Residential Property Acquisition Fund of £150,000 to create the Residential Property Repair and Maintenance Reserve. Utilisation of the reserve will be in accordance with the Council's Financial Regulations.

5.4 **Section 151 Officer's comments:** Financial implications are set out in the body of the report.

6 Legal Implications

6.1 The Council has obligations to repair and maintain the properties it uses to accommodate homeless households. In addition, appropriate maintenance and repair would continue to protect the financial asset represented by these properties.

6.2 **Legal Officer's comments:** None arising from the content of this report.

7 Policies, Plans & Partnerships

7.1 **Council's Key Priorities:** The following Key Priorities are engaged:

- Supporting our community – the proposal will help support homeless households remain in the borough in suitably maintained properties.
- Managing our resources – The proposal will help continue the use of Council owned residential properties as a cost-effective alternative to expensive emergency temporary accommodation. It will also protect these valuable financial assets.

7.2 **Service Plans:** The matter is not included within the current Service Delivery Plan.

7.3 **Climate & Environmental Impact of recommendations:** N/A

7.4 **Sustainability Policy & Community Safety Implications:** none

7.5 **Partnerships:** None

8 Background papers

8.1 The documents referred to in compiling this report are as follows:

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Previous reports:

- Strategy and resources committee 27th January 2016: residential property acquisition fund to provide temporary accommodation.

Other papers:

- None