Central Bedfordshire Council

Corporate Resources Overview and Scrutiny Committee

Purchase of Transitional Accommodation

Report of: Report of Cllr Carole Hegley, Executive Member for Social Care and Housing (carole.hegley@centralbedfordshire.gov.uk), Cllr Eugene Ghent, Executive Member Assets (eugene.ghent@centralbedfordshire.gov.uk), Cllr Richard Wenham, Executive Member and Deputy Leader of the Council (richard.wenham@centralbedfordshire.gov.uk).

This report relates to a decision that is Key.

Purpose of this report

The report seeks comment and if appropriate, recommendation to Executive in relation to a proposed Housing Revenue Account (HRA) purchase of residential accommodation identified in the appendices (exempt papers).

The rationale for the purchase is to provide transitional accommodation to homeless applicants that appear to have a priority need when presenting to the Council, consistent with the duties upon local authorities established through Homelessness legislation.

RECOMMENDATIONS

The Committee is asked to:

1. Recommend to Executive that it agrees that the Council acquire the freehold property and land identified in exempt appendix A.

Issues – Responding to Homelessness and meeting local housing need

1. Housing need and homelessness pressures are increasing in Central Bedfordshire, mainly due to affordability issues. The Council must respond to those pressures in terms of its legal duties but also to support sustainable communities. There is a limited supply of suitable rented housing at or below Local Housing Allowance (LHA) limits in the area. Indeed circa 1,300 households in Central Bedfordshire are currently claiming Housing Benefit, where there is a shortfall on their weekly rent which is an average of £37.00 per week. These households are unlikely to sustain their
accommodation in the medium term and it is likely that many of these households will become homeless, in the medium term. The Council’s Homelessness Strategy includes actions to prevent crisis situations arising as well as to prevent homelessness.

2. The acquisition of this property is one of many actions being taken to meet housing need and homelessness pressures facing the Council. Other actions include: empty home reoccupation; new build schemes (funded by the Housing Revenue Account); and affordable housing delivery through section 106 entitlements. In addition, the Council is establishing a Housing Development Company to expand housing delivery and more effectively balance the local housing market.

3. The opportunity to purchase this large property has arisen unexpectedly and could not be foreseen. In order to secure the sale, LGSS Law has been instructed to undertake the conveyancing and provide legal advice at pace. There remains a pressing requirement to increase the supply of suitable units of transitional accommodation in the north of Central Bedfordshire for homeless applicants in immediate need, particularly those households who are vulnerable. One benefit is that it will enable working parents to continue in employment and children to remain in their schools in the local area. This property will provide the required accommodation as well as enabling the council to manage costs, by reducing the reliance upon relatively expensive provision in the private rented sector.

Council Priorities

4. The proposed purchase supports the priority to enhance Central Bedfordshire by providing great resident services, protecting the vulnerable and improving wellbeing. Reducing expenditure on private transitional accommodation demonstrates our aspiration to maximise efficiency.

5. The purchase of this transitional accommodation meets Council’s priorities. It will deliver a service to residents requiring immediate access to accommodation. It will also enable travel to educational establishments and allow residents good transport links. The accommodation will support clients at a time when they are most vulnerable, require support and provide the opportunity to balance their wellbeing, in close proximity to where their need arises, in the local community.

6. The purchase of this unit will deliver a material cost saving to the Council through the avoidance of expensive Bed and Breakfast and private letting accommodation. Additionally, the provision of accommodation in this location will enable those homeless households to be closer to schools and family support networks in the north of Central Bedfordshire.

Corporate Implications

Community Safety

7. There is a pro-active approach to supporting residents by the Housing Service to minimise risk of anti-social behaviour. Staff presence and security arrangements will be put in place to minimise any adverse impacts arising from the use of this site for transitional accommodation.

Sustainability

8. The addition of assets to the HRA will assist the HRA Business Plan resulting from rental income, which can be used to make further investment or repay debt. Additional units also offset the stock implications arising from the Right to Buy (RtB).

Legal Implications

9. Section 120 of the Local Government Act 1972 permits the Council to acquire land by agreement for the purposes of any of their functions under this or any other enactment, or for the benefit,
improvement or development of their area. A Council may acquire by agreement any land, whether situated inside or outside their area.

10. LGSS Law are undertaking the conveyancing of the property and will provide advice and review to ensure the purchase meets all legal obligations.

Risk Implications

11. This proposed acquisition will provide transitional accommodation to residents who are homeless and potentially vulnerable. The Council is experienced in managing this type of accommodation and is currently managing large multiple units with effective management and support arrangements in place to mitigate this risk. To make the unit operational quickly, a Planning application for change of use will be submitted following acquisition. A pre-application is being prepared to take formal planning advice. Not all the property will be used for social housing as a proportion will be used as staff office space, facilitating management of the scheme.

12. The stamp duty land tax exemption may not apply. LGSS Law have submitted a general enquiry to HMRC asking if the social housing exemption can be claimed in this instance.

13. The property is built in a flood zone. At the time of construction, the risk of flooding has been mitigated through effective design, with sections of the building having flood defense protection. The main building and car park are built on higher ground, with very low risk of flooding. The property also has a 5-acre parcel of land, which is lower and acts as a flood plain to reduce flood risk. The land on the opposite side of the River Ivel, which forms a natural boundary, is also designated flood plain and is lower than the property being purchased. Appendix B (exempt papers) notes the main hotel building and separate parcel of land, showing the river distance and adjoining land.

14. Ownership of the River Ivel is unknown so the legal presumption is that each adjoining owner owns up to the middle of the river. Sandy Town Council owns the land on the western side of the river and the Council would be the eastern side owner. A response is awaited from the Environment Agency as to whether any work has been or is planned to the River Ivel. The Council will need to satisfy itself that it can affect suitable insurance cover. Enquiries show that the hotel has not flooded; whilst the car park has flooded and the conference centre is built on stilts, as a flood defense.

Financial Implications

15. The financial risk of not undertaking this purchase is the impact on homeless households being housed in areas away from work, schools, and support networks. The main financial risk is due the cost of private transitional accommodation, costing more than the Council can re-charge the households concerned. Once acquired and in use, the property will generate a net income as well as provide managed accommodation and support to those residents at a time of crisis in their lives.

16. The financial benefits have been evaluated and are positive, a benefits appraisal is outlined in Appendix A, (exempt papers). The property delivers a number of units on a large parcel of land with requisite parking. The cost per unit provides value for money. Additionally, the cost saving provides an additional benefit to the Council’s General Fund by reducing expenditure on private transitional accommodation. If demand for transitional accommodation were to reduce in future years the property could be reconfigured to provide general needs or sheltered accommodation, so would provide an ongoing financial benefit throughout and beyond the HRA Business Plan period (30 years). Appendix A is a conservative estimate of 40 units of 1 bed and shared accommodation, which allows for some of the existing 56 units to be reconfigured to meet varied demand, arising mainly in the local area.
Equalities Implications

17. Central Bedfordshire Council has a statutory duty to promote equality of opportunity, eliminate unlawful discrimination, harassment and victimisation and foster good relations in respect of nine protected characteristics: age disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

18. People become homeless for various reasons. There are social causes of homelessness, such as a lack of affordable housing, poverty and unemployment; and life events like a relationship breaking down, losing a job and mental or physical health problems. People can become homeless when they leave prison, care or the army with no home to go to. Many homeless women have escaped a violent relationship. Being homeless can, in turn, make many of these problems even harder to resolve.

19. The property will have a positive impact in terms of housing vulnerable clients and tenancy support will be provided in one location through visiting officers. The accommodation will be available on a needs basis. The purchase of this transitional accommodation will deliver a variety of units on accessible floors to support clients with physical disabilities. Indeed, on prior occasions, the property concerned has housed some individuals with physical disability needs.

Conclusion and next steps

20. From a homelessness perspective, this acquisition is a further step towards achieving system resilience for each main town in Central Bedfordshire, where the objective is to deliver a supply of transitional accommodation that is configured (in terms of resident occupation) to the local risk profile and demand. This will enable clients to remain closer to established networks where possible, for example their doctors, support systems and schooling. This resilience will enable a council wide view and deliver possible cost savings, through one-team collaborative thinking.

21. Affordability pressures remain for those in the private rented sector and the aim is to create system resilience to cope with future demand, as affordability pressures are unlikely to diminish. The challenges for those who cannot afford to rent in the private sector remain as private sector rents remain high.

22. This acquisition is not intended as a substitute for settled permanent accommodation. The acquisition is intended to meet the current demand and deliver future resilience as part of a strategic approach across Central Bedfordshire. It will enable the Council through its operational services to achieve the optimum flow-rate for households presenting as homeless to progress through an often difficult and stressful period to secure permanent settled accommodation. Additionally, there are further reasons for this acquisition, as to the suitability of this property:

- This property provides multiple units, able to be managed in one location and is well located for transport routes, in close proximity to local town centre amenities;

- The accommodation can be made ready for use relatively quickly, allowing for some minor works internally and change of use from planning class C1 to sui generis to meet local demand for 1 bed households and shared accommodation (single person household) need.

- This acquisition aims to reduce reliance on private rented sector properties, thus delivering value for money to CBC as a direct cost saving. This has been included in the financial appraisal as a TA cost saving, once all units are occupied. This saving covers the first 3 years and will continue to grow the longer the units are utilised delivering long term benefits.

- The building has been used for many years and Council ownership will deliver a significant cost-avoidance saving to CBC.
Exempt Appendices:

Appendix A – Address of premises and financial information
Appendix B - Plan

Exempt under paragraph 3 of Schedule 12A of the Local Government Act 1972: Information relating to the financial or business affairs of any particular person (including the authority holding that information).