

# HOUSING CABINET MEMBER MEETING

**Agenda Item 28**  
Brighton & Hove City Council

**Subject:** 25 year Management Agreements – Temporary Accommodation

**Date of Meeting:** 17<sup>th</sup> July 2009

**Report of:** Director of Adult Social care & Housing

**Contact Officer:** Name: **Sylvia Peckham** Tel: **293318**  
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**Key Decision:** Yes Forward Plan No. HSG 0583

**Wards Affected:** All

## FOR GENERAL RELEASE/ EXEMPTIONS.

### 1. SUMMARY AND POLICY CONTEXT:

- 1.1 To seek a general authority for the Director of ASC & Housing to enter into Management Agreements of up to 25 years for the purposes of providing accommodation for households who would otherwise be homeless or overcrowded. The Council continues to need accommodation for vulnerable homeless households, social care and health clients e.g. those identified by the Community Mental Health Team (CMHT) or intentionally homeless families. In addition we have recognised that there are tenants who are living in over-crowded conditions in the city who are unable to access alternative private rented accommodation themselves.
- 1.2 The scheme will provide an alternative to the existing medium-term arrangements the Council uses for leasing property thereby providing more settled and secure accommodation. This will be a more attractive option for households who are currently over-crowded who are looking for settled accommodation to move to. This will alleviate over-crowding in council accommodation, making better use of the stock and will also alleviate the pressure on council accommodation as being seen as the only form of secure housing. It will also enable better opportunities for planning expenditure and value for money in relation to accommodation costs.

### 2. RECOMMENDATIONS:

- 2.1 That Cabinet member for Housing resolve that the Council be authorised to enter into Management Agreements for up to 25 years in accordance with the terms of this report and

2.2 Delegate authority to the Director ASC & Housing to negotiate the final Heads of Terms with each landlord in consultation with the council's Valuer, the Head of Law and Finance and Property.

**3. RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS:**

3.1 The council has decided that it is best practice for all procurement of temporary accommodation to come from Housing Strategy Division. This helps achieve best value, reduces costs of procurement, administration and assists in maximizing housing benefit. This is in line with the commissioning strategies for CYPT, mental health and learning disabilities.

3.2 The detail of any direct leasing/Management Agreement scheme would be agreed with reference to colleagues outlined in paragraph 2.2. The Management Agreements themselves would include adequate break clauses to protect the Council's interest and that the Council would not take on any responsibility for major repairs to property structure, exterior or installations. The Council's Head of Law would be closely consulted on the lease and contract in order to ensure the Council's position is properly protected particularly in relation to potential liabilities such as claims for dilapidations or disrepair arising during the lease or at Agreement end.

**Demand**

3.3 Officers are looking at new schemes to provide the necessary level of properties to keep pace with demand and achieve value for money. The demand for temporary accommodation is expected to be in the region of 700 units each year in the foreseeable future.

3.4 The need for Temporary Accommodation in the first place is due to the general lack of permanent accommodation or other accommodation that is available for homeless households.

3.5 It is anticipated that initiatives to prevent homelessness will help manage growth in demand that are expected due to the current uncertainty in the economic climate. However, factors such as the still relatively high cost housing market, restrictions on mortgage lending and uncertainty in the employment market, as well as the continuing need to meet statutory obligations under the Housing Act, Children Act, and NHS and Community Care Act will lead to a continuing of demand for temporary accommodation

3.6 We are also aware that there is a significant proportion of households in council and RSL housing stock who are overcrowded, whilst at the same

time there is currently an over supply of large family housing available in the private housing market. Overcrowded families in council and housing association accommodation are reluctant to relinquish their secure tenancy to move to the private market even though this will alleviate their overcrowded situation, as they are concerned over the lack of security.

- 3.7 Our Under Occupation Officer within Choice Based Lettings, has achieved excellent results in enabling many households who were in accommodation that was too large for their needs to move into smaller accommodation and thereby free up larger family housing. However, there are still a significant number of households who are overcrowded despite these larger properties being freed up and so by taking on properties for 25 years, we will be able to offer an alternative to meeting their needs

### **Supply**

- 3.8 Officers have been investigating a number of schemes that can provide different types of Temporary Accommodation (TA) to that used now. Some can provide TA in the short and longer term i.e. up to 10 years. In addition there is the potential LDV which will provide up to 499 units over 5 years.
- 3.9 By taking properties on under Management Agreements for 25 years we would be able to be able to offer families a degree of security for 25 years which would make a more attractive option and so alleviate overcrowding in social housing. This would also make better use of the total housing stock in the City.
- 3.10 There are existing suppliers that can be used on this basis but in order to keep pace with the demand for accommodation and to ensure better use of all the accommodation in the city, we need to be able to offer longer term security for both landlords, potential tenants and to ensure the longevity of the supply of accommodation
- 3.11 There is a need for a mix of solutions. Some short, medium and long term leasing and Management Agreements allows flexibility for changes in demand and client groups. This helps develop sustainable communities as we have a more long term measured approach rather than a quick fix. This also joins up with other council initiatives e.g.. Private sector Empty Property Grants/Assistance, Landlords' Major Work Assistance.
- 3.10 Leasing and taking properties under Management Agreements has helped reduce the proportion of permanent lets to homeless households over the last year, thereby enabling more households who are not homeless but are in housing need, to successfully bid on secure tenancies. In the light of sustainability issues, this has helped to significantly reduce the proportion of vulnerable residents moving directly into social housing, which contributes to reducing the concentration of vulnerable people in social housing and enables a mix of communities to develop across the city. We would therefore like to expand on this option so that in addition to housing various homeless households, we can also offer a 25 year security to existing council and

Housing association tenants who are in housing need and who are not being successful in their bidding on the properties they would like under Choice Based lettings.

3.11 Taking on properties for 25 years will enable the Council to maximize the supply and the flexibility of temporary accommodation, improve the quality of temporary accommodation and minimise the costs to the Council associated with private sector provision. In particular it will enable us to gradually move away from using more expensive and unsuitable temporary accommodation especially bed & breakfast accommodation and housing association leasing schemes. A key aim is to increase the range of provision available in order to gain cost benefits and ensure continuity of supply should any existing partner not deliver adequate units at appropriate costs that will meet the needs of a range of clients.

3.12 The projected yearly demand is detailed in the table below:

**Yearly Demand for Temporary Accommodation**

<b>Client group</b>	<b>1 bed/studio</b>	<b>2 bed</b>	<b>3 beds</b>	<b>4 beds</b>	<b>TOTAL</b>
Statutory Homeless*	270	190	40	4	504
Mental Health	50				50
CYPT		35	15	1	51
Learning Disability	25				25
Older People	20				20
Asylum Seekers	3	2			5
Physical Disabilities	20	5			25
<b>Sub Total</b>	<b>388</b>	<b>232</b>	<b>55</b>	<b>5</b>	<b>680</b>

**4. CONSULTATION**

4.1 None

**5. FINANCIAL & OTHER IMPLICATIONS:**

Financial Implications:

5.1 This was a new scheme implemented during 2008/09 and was cost neutral with rent costs being covered by housing benefit. The projected spend for 2009/10 is £0.356m based on approximately 36 properties at an average cost of £813 per month, which will be covered by the local housing allowance (LHA) rate of benefit.

The intention to replace the ‘thresholds and cap’ with a new funding scheme from April 2010 is unlikely to have any major impact on management agreements.

By being able to offer 25 year management agreements to individual landlords, we will be able to secure properties for good rates, offering good value for money

Finance Officer Consulted: Neil Smith Date: 05.06.2009

Legal Implications:

- 5.2 Under section 206 Housing Act 1996 local housing authorities such as the council may discharge their housing obligations to homeless persons by securing suitable accommodation from the private sector for subletting. Local housing authorities are positively encouraged by the Homeless Code of Guidance for Local Authorities to maximise leasing from this source. As mentioned in paragraph 2.2, the Head of Law will be closely involved in drawing up the agreements to ensure that the Council's interests are protected.

Lawyer consulted: Liz Woodley Date: 27<sup>th</sup> May 2009

Equalities Implications:

- 5.3 The proposal to enter into 25 year leases will enable us to provide more settled and accessible accommodation which will reduce inequality for vulnerable people, including those with disabilities in the city.

Sustainability Implications:

- 5.4 This proposal will support the commissioning of accommodation locally and working in partnership with the private sector to provide good quality accommodation to meet the corporate needs of the Council. This will enable people to become settled and for accommodation to be scattered around the city thereby contributing to mixed and sustainable communities.

Crime & Disorder Implications:

- 5.5 None.

Risk & Opportunity Management Implications:

- 5.6 The proposal will contribute to the council's strategic priorities of obtaining better use of public money and contribute towards reducing inequality by providing good quality accommodation suitable for meeting households' needs.

Corporate / Citywide Implications:

- 5.7 This proposal will expand the accommodation available to households as we will be working in partnership with the private sector, which is the largest sector of accommodation in the city to provide long term housing solutions for the most vulnerable households.

**6. EVALUATION OF ANY ALTERNATIVE OPTION(S):**

- 6.1 Currently we can offer up to 10 year leases/Management Agreements which has contributed substantially to providing alternative good quality accommodation to bed & breakfast. However, this has limitations in being able to offer longer term solutions to people who have particular housing needs e.g. adapted accommodation.
- 6.2 We are seeking to make better use of the housing stock in the City, and overcrowding is an issue within the Council owned stock. Tackling overcrowding is a priority for both the Audit Commission and the CLG. We need to offer tenants a longer term solution to alleviate their housing need or they will not be inclined to move from a secure tenancy despite being overcrowded. The alternative is for them to remain overcrowded and continue bidding on a very limited supply of larger council accommodation.

**7. REASONS FOR REPORT RECOMMENDATIONS**

- 7.1 The recommendations have been made so as to offer a long term contract with a number of landlords. This will ensure we obtain value for money as we will be able to negotiate with a number of landlords, and it will also offer security to landlords and potential tenants, thereby enabling more flexible use of the accommodation. Overall, it will make better use of all the housing stock in the city as a whole.

**SUPPORTING DOCUMENTATION**

**Appendices:**

None.

**Documents In Members' Rooms:**

None.

**Background Documents:**

None.