

Decision Maker: EXECUTIVE

Date: For Pre-Decision Scrutiny by the Care Services Policy Development and Scrutiny Committee on Tuesday 5th September 2017

Decision Type: Non-Urgent Executive Non-Key

Title: HOUSING SUPPLY

Contact Officer: Sara Bowrey, Director: Housing
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Chief Officer: Executive Director of Education, Care and Health Services

Ward: Borough-wide

1. Reason for report

- 1.1 This report provides an update on the use of temporary accommodation and housing supply to meet current housing need and homelessness pressures. It also sets out the key actions being to mitigate the growing pressures and requests approval in principle for Officers to progress schemes coming forward meeting the criteria set out in Paragraph 3.21.
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2. **RECOMMENDATIONS**

2.1 **The Care Services PDS Committee is requested to:**

- a) **Note the updates provided regarding the current homeless pressures and actions currently being undertaken to address these pressures;**
- b) **Consider and support the core principles identified as an option in seeking alternative accommodation provision from providers; and,**
- c) **Refer Report CS18052 to the Council's Executive for consideration of the recommendations set out at Paragraph 2.2 (b) – (d).**

2.2 **The Council's Executive is requested to:**

- a) **Note the updates provided regarding the current homeless pressures and actions currently being undertaken to address these pressures;**
- b) **Agree the core principles identified as an option in seeking alternative accommodation provision from providers;**

- c) Subject to the agreement of (b) above, agree that Officers proceed in investigating and reporting back on any proposal from a provider that meets the key principles identified below following the necessary due diligence arrangements; and,**
- d) Subject to agreeing recommendations (a) and (b), note that these proposals will be reported to the Council's Executive on 13th September for final approval.**

Impact on Vulnerable Adults and Children

1. Summary of Impact: The initiatives set out in this report seek to ensure the provision of support to vulnerable adults and young people to prevent homelessness wherever possible or to assist in securing alternative accommodation suitable for their needs
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Corporate Policy

1. Policy Status: Existing Policy:
 2. BBB Priority: Children and Young People Supporting Independence Healthy Bromley:
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Financial

1. Cost of proposal: Not Applicable:
 2. Ongoing costs: Not Applicable:
 3. Budget head/performance centre: Operational Housing: Temporary Accommodation
 4. Total current budget for this head: £5,732,500, £251K uncommitted Payment in Lieu
 5. Source of funding: EC&HS approved 2017/18 revenue budget. Contingency budget set aside for homelessness and welfare reform pressures. Payment in Lieu Housing Contributions.
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Personnel

1. Number of staff (current and additional): Not Applicable
 2. If from existing staff resources, number of staff hours: Not Applicable
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Legal

1. Legal Requirement: Statutory Requirement
 2. Call-in: Applicable: Executive decision.
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Procurement

1. Summary of Procurement Implications: Not Applicable
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Customer Impact

1. Estimated number of users/beneficiaries (current and projected): More than 5,500 households approach the council for assistance each year facing housing difficulties which threaten to render them homeless. There are currently 1,511 households in temporary accommodation, of which 845 are in costly forms of nightly paid accommodation. Early impact analysis of the extended duties contained within the Homeless Reduction Act suggest a potential caseload increase in the region of 40%.
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Ward Councillor Views

1. Have Ward Councillors been asked for comments? Not Applicable
2. Summary of Ward Councillors comments: Not Applicable

3. COMMENTARY

- 3.1 Bromley like all London Boroughs is experiencing a significant increase in the number of households facing homelessness and requiring temporary accommodation (TA). This is set to increase further as remaining welfare reforms are rolled out and in light of the increased duties that will be placed on all local authorities as the Homeless Reduction Act comes into force.
- 3.2 Previous reports have set out the increasing cost of TA with supply and demand modelling suggesting an overall cost pressure of £5.7m by 2019/20.
- 3.3 The Housing Act 1996 (part VII) as amended by the Homelessness Act 2002 places a statutory duty on local authorities in certain circumstances to provide TA for people who apply as homeless.
- 3.4 Historically TA was used by local authorities as an interim solution for statutory homeless households until more permanent accommodation became available. The number of households in TA has increased by 97% over the last 5 years, now totalling in excess of 1,500 households.
- 3.5 In recent years there has been a marked reduction in the number of housing association units becoming available both from re-lets and new build developments. The current lack of permanent housing supply to address this demand has necessitated the increased use of TA, particularly more expensive nightly-paid accommodation. This also means that households are remaining in TA for longer periods of time before move on accommodation can be secured.
- 3.6 Welfare reform changes have brought significant pressures relating to homelessness since 2011. Loss of rented accommodation accounted for approximately 12% of homelessness in 2009/10, rising to more than 35% in 2016/17.
- 3.7 Significant price rises across all housing tenures, reduced turnover of social housing stock, worsening affordability ratio, and homelessness are all indicators of a housing market under considerable and growing pressure and this landscape appears set to continue at least in the short to medium term.
- 3.8 The Council has achieved significant results in preventing homelessness, particularly through assisting households into private rented accommodation. However the rise in rents against restricted housing benefit levels together with the loss of direct housing benefit payments to landlords means that the private rented sector across throughout London is out of reach for an increasing number of households. To demonstrate, the average rental price for a 2 bedroom property in Bromley is around £450 per month more than the maximum housing benefit payable to assist with housing costs. As such the supply of private rented sector properties able to be secured to prevent homelessness has reduced year on year.
- 3.9 Like many authorities, a large proportion of TA, including nightly-paid accommodation is procured within the private rented sector. There is a complex subsidy regime to assist with the cost of TA, however the subsidy arrangements have also become more restricted, and this alongside steep price rises has made it more difficult to secure TA, particularly within the borough.
- 3.10 Homeless households are not the only source of demand for TA and boroughs are also facing increased pressure on this accommodation from no recourse to public fund households and young people. Across London the demand for TA has increased dramatically with all London authorities effectively chasing the same limited supply. In response the TA market has moved to nightly paid models of accommodation (essentially private rented accommodation offered on a less secure nightly rate basis) rather the more traditional longer term lease opportunities. This has essentially been driven by providers as nightly paid arrangements prove more lucrative.

- 3.11 In accordance with the law, The Council seeks to accommodate people within their area as far as is reasonably practicable but if this proves impossible they must try to place people as close as possible to where they were previously living. This does not mean however that homeless households cannot be placed outside of the borough but the decision to place homeless households outside of the borough should be properly evidenced and explained; Both in terms of demonstrating available housing supply and in assessing the suitability of any individual placement.
- 3.12 However, there is a serious shortfall of accommodation that can be secured in borough to meet statutory housing need meaning that it is not reasonably practicable to provide accommodation within Bromley to every household to whom the Council owes a rehousing duty and there is an increasing need to secure accommodation that may be at some distance from the borough. In addition welfare reform has impacted upon the location of placements for some families on the grounds of sustained affordability in relation to the benefits they are now entitled to receive towards their housing costs.
- 3.13 Traditional models of TA have centred on use of existing social housing stock and leasing of private rented sector accommodation. Whilst work continues to maximise supply through these routes it will no longer provide a sufficient supply of accommodation to meet statutory housing needs, particularly as an increasing number of private landlords will divert their accommodation to the more lucrative nightly paid arrangements.
- 3.14 The acute pressures being faced means that, like all boroughs in London, we are having to consider new strategies to tackle growing demand and look to more innovative schemes and also further afield in London and beyond to provide sustainable and suitable housing solutions.
- 3.15 The new homelessness Strategy is currently being developed, this provides a full analysis of current and predicted needs and seeks to build upon and extend existing measures to maximise the effectiveness of homeless prevention wherever possible. Work is also underway on developing a longer term overarching Housing Strategy seeking to increase the available supply and range of accommodation that is affordable to our residents and ensure the best use and condition of existing stock.

Current initiatives underway to prevent homelessness and increase the supply of TA:

- 3.16 Bromley already has a number of initiatives underway in response to the pressures set out above covering preventative work and increasing access to both temporary and longer term housing solutions. During the past year this has assisted in preventing homelessness for more than 2,000 families and acquired access to more than 160 new units and secured a pipeline of around a further 530 units. In summary these include:
- Piloting and early intervention model to identify those at risk of homelessness, tackle the underlying causes of homelessness to prevent homelessness occurring and assist households in developing resilience to sustain accommodation in the longer term.
 - Extending the housing advice offered tailored to the main causes of homelessness, in particular supporting clients with the transition to universal credit, debt and money advice and landlord and tenant negotiations
 - Redesigning the offer to private landlords to encourage greater take up of block booking, leasing scheme and private rented sector opportunities.
 - Refurbishing vacant properties for use as TA such as the models developed at Bellegrove and Manorfields. A further site feasibility which could provide in the region of 30 additional units is currently underway and due to be reported back for progression during quarter 3 2017.

- Acquiring 400 properties in Bromley and the South East through the More Homes Bromley Initiative
- Site appraisal is underway for the pilot of a modular homes site offering good quality accommodation which can be assembled in a relatively short timescale. The outcome of the feasibility study and site opportunities is due to be reported back in Autumn 2017

Permanent Supply and use of Payment in lieu contributions

- 3.17 Colleagues in Housing and Planning work closely with developers and housing associations to maximise the supply of affordable housing in new development schemes ensuring that wherever possible schemes achieve full compliance providing at least 35% affordable housing on site, Where independent financial viability confirms that this is not possible all schemes will be assessed to establish whether payment in lieu funding can contribute to achieving a compliant scheme, offsite provision can be achieved or a payment in lieu taken to provide the affordable element on an alternative scheme.
- 3.18 During 2017/18 payment in lieu funding has provided £3.5m towards schemes being developed by Clarion Housing Group to assist in an overall programme of in excess of 128 units.
- 3.19 £3m is also committed to assisting in achieving compliant schemes on Site A (Bromley North) and Site G (Churchill Gardens) which cumulatively will provide in the region of 900 new homes in the borough. Progress and use of payment in lieu contributions will be reported to Members regularly. In the event that the full commitment is not required the funds will be released for provision on alternative sites to ensure full spend of the payment in lieu funds before the expiry date of 2020 and 2022 respectively.
- 3.20 There is currently £251K uncommitted housing payment in lieu funds which can be used flexibly to increase the supply of accommodation to assist in tackling homeless pressures. This money has to be committed by 2022. Officers continue to work with our registered provider (housing association) partners to assess all opportunities for development. New developments and use of the uncommitted funds will be reported as schemes are finalised and approved.

Maximising Market Opportunities

- 3.21 A number of housing providers and developers are also committed to working with the Council to bring forward potential schemes through property acquisition and refurbishment to assist in addressing the current pressures. Such opportunities are often presented with limited timescales to progress due to market competition. Early agreement of core principles will assist officers in determining whether to progress with individual proposals prior to reporting to Members for their consideration. The suggested core principles are shown below.
- 1) The Council will commit to a nomination agreement for a fixed period on the basis that rents do not exceed Local Housing Allowance levels (plus management allowances for any supported accommodation). The initial rents may need to be subject to annual inflation increase, if required, to meet external funders requirements;
 - 2) The Council will not be responsible for the collection of rents and the provider will need to make allowances for any bad debt and any reasonable void levels;
 - 3) In having full nomination rights the Council reserves the right to place residents on behalf of other local authorities or use some of the units for alternative private sector market tenants;
 - 4) The accommodation must be suitable for meeting the Council's housing needs and is required to meet Decent Home Standards during the period of the nomination agreement;

- 5) The Council will normally seek for the properties to be returned to the Council under its full ownership which may require the final repayment of any external borrowing towards the project;
- 6) A Special Purpose Vehicle arrangement will normally be required recognising that the Council will not have direct sole control on the accommodation;
- 7) The Council will only work with providers who have experience in property development and management;
- 8) Any planned acquisition of property must not be in direct competition with the existing arrangements with More Homes;
- 9) The Council would seek alternative management arrangements, in the event that the management of the accommodation failed to meet the Council's standards;
- 10) The location of the accommodation must be suitable to enable occupants nominated by Bromley to be no more than one hour travelling time from Bromley.

4. IMPACT ON VULNERABLE ADULTS AND CHILDREN

- 4.1 There is no direct impact on vulnerable adults and children arising from the contents of this report. Current policy holds safeguarding as a core element within the homeless assessment process and ensures the specific needs of vulnerable adults and children are considered within the suitability assessment of all accommodation provided in discharge of the homelessness duty.

5. POLICY IMPLICATIONS

- 5.1 The housing objectives are set out in the relevant business plans. These objectives are compliant with the statutory framework within which the council's housing function must operate and incorporate both national targets and local policies identified from the best practice guidance, audits and stakeholder consultation.
- 5.2 The council has an approved homelessness prevention strategy and temporary accommodation placement policies to ensure compliance with the statutory framework for the provision of housing advice, homeless and temporary accommodation provision. This meets the requirements of the law whilst seeking best value for money in all placements and prevention initiatives.

6. FINANCIAL IMPLICATIONS

- 6.1 There remains an ongoing increase in homelessness with over 1,500 households in temporary accommodation. If the current trend continues the potential additional costs could increase by between £1.5m and £2m per annum. Due to a shortage of suitable accommodation, there is still a dependency on the use of high cost nightly paid and other short term accommodation to meet the homelessness demands. It is essential, therefore that alternative proposals are sought.
- 6.2 If a developer submitted a scheme in line with the core principles identified above, there would be potential savings to the Council of £6,500 per annum per unit of accommodation compared with the average net cost of existing accommodation.

7. LEGAL IMPLICATIONS

- 7.1 All local authorities as a statutory duty under part VII (as amended by the Homeless Act 2002) to provide housing advice and preventative services, the assessment of homelessness duties, and to secure suitable temporary accommodation for priority homeless households.
- 7.2 The Homeless Reduction Act places an increased number of duties upon local authorities, particularly in relation to the level of advice and support given to prevent homelessness. The

new act extends the provision to all households, includes far greater prescription in terms of the nature of advice and support, and also rolls back the point at which intervention must be provided.

- 7.3 Whilst in the longer term these measures seek to increase the success of homeless prevention initiatives, it will nonetheless increase the number of duties faced by local authorities and the volume of casework which must be undertaken.

8. PROCUREMENT IMPLICATIONS

- 8.1 There are no procurement implications arising directly from this report. All initiatives are subject to due diligence and procurement considerations will be taken through appropriate channels and approval routes as required on a sachem by scheme basis.

Non-Applicable Sections:	Personnel Implications
Background Documents: (Access via Contact Officer)	Homelessness Strategy 201 -2017: Tracey Wilson Temporary Accommodation Placement Policy: Lynnette Chamielec