

Subject: Update on Empty Homes Policy and Temporary Accommodation Requirements

Report to: Housing and Neighbourhoods Committee, 25th July 2019

Report by: Nicola Turner, Housing Director

SUBJECT MATTER/RECOMMENDATIONS

This report provides a summary of progress against the delivery of the Empty Homes Policy and seeks approval to vire some of the approved budget to fund the purchase of two properties for use as temporary accommodation.

Recommendations

That the Housing & Neighbourhoods Committee:

- 1. Note the position on delivery of the Loan Scheme and Invest and Lease Scheme.**
- 2. Request a further update on progress against the delivery of the Empty Homes Policy in 6 months.**
- 3. Approve the virement of up to £172,900 from the Empty Homes budget to fund the provision of Temporary Accommodation as detailed in the report.**

1. INTRODUCTION/BACKGROUND

- 1.1** In December 2018, Housing and Neighbourhoods Committee approved the Empty Homes Policy and committed the use of an existing Capital Budget for Empty Homes for use in delivering a Loan Scheme and Invest and Lease Scheme. As part of the approval of the budget, Committee requested that an update report be provided after six months setting out details of the take up of the schemes and capital spend.
- 1.2** Progress to date on the implementation of the two schemes has been slower than expected as neither scheme has yet been able to be launched. Work on delivering the Loan Scheme is most advanced, the delay in launching this scheme has been the result of finalizing a loan agreement which is fit for purpose. It is now expected that the loan scheme will be officially launched in September 2019. Initial reviews have identified 26 properties which could be brought back into use using a loan, if the owner chooses to access a loan.
- 1.3** The launch of the Invest and Lease Scheme through which empty homes will

be repaired and leased for an agreed period of at least seven years is dependent on the Council being able to hold homes which will be privately rented. As a result, this scheme is reliant on the establishment of the private rental company within Equinox Enterprises. The establishment of a private rental company was approved by Housing and Neighbourhoods Committee on 20 June and Full Council on 11 July 2019. The process of establishing the new company within Equinox Enterprises is now underway. On this basis, it is expected that the Invest and Lease scheme will go live by the end of the financial year.

- 1.4 The initial capital budget for the Loan Scheme and Invest and Lease Scheme approved on 6 December 2018 was made up of funding ringfenced for empty homes work over a number of years. Historically, empty homes funding was used to purchase empty homes for use as temporary accommodation. This report seeks approval to vire part of the capital funding for empty homes to enable the purchase of two properties for use as temporary accommodation.

2. Requirement for Temporary Accommodation

- 2.1 The Council uses a range of temporary accommodation to meet its statutory requirement to provide temporary accommodation:

- Self-contained properties owned by the Council and held within the General Fund
- Self-contained properties owned by the Council and held within the held within the Housing Revenue Account
- Self-contained properties leased from private owners
- Bed and Breakfast/Hotel accommodation
- Chalet/static caravans.

Only the properties held in the General Fund are permanently available as temporary accommodation, the use of the other types of temporary accommodation is subject to availability.

- 2.2 Following the implementation of the Homelessness Reduction Act 2018 in April 2018, the number of homeless households the Council accommodates in temporary accommodation has seen been increasing as set out in the table below:

Type of temporary Accommodation	Number of households – June 2018	Number of households - June 2019
Bed and Breakfast	10	24
Leased Properties	6	11

GYBC Council Properties	32	43
Other (including GYBC owned Temporary Accommodation and Homeless at home)	15	10
Total	67	88

2.3 Whilst the Council has been using its own housing stock to meet the requirement for temporary accommodation, this does restrict the number of homes which become available for relet and therefore the ability of the Council to rehouse households from the Allocation Pool. In order to reduce the reliance on the Council's housing stock and Bed and Breakfast accommodation, an increased supply of Council owned properties held in the General Fund for use as temporary accommodation is required.

2.4 The Council was recently approached to purchase two x two-bedroom properties. The properties are suitable for use as temporary accommodation and are located near to Greyfriars House. Neither property has a garden although there is a shared bin store and one property has a small yard. Both properties are empty. They have been inspected by Environmental Health and the Property team have provided formal valuations. The approach to the Council by the owner has provided an opportunity to acquire good quality properties for temporary accommodation whilst also ensuring that the properties are quickly brought back into use.

3. **FINANCIAL IMPLICATIONS**

3.1 At December 2018, £719,340 of funding was available within the empty homes budget, subsequent committed spend has reduced the available budget to £717,000.

3.2 An in principle offer to purchase the two properties at the valuation price has been accepted by the owner. The total price of purchasing the two properties including stamp duty and an allowance for fees is £247,000. The purchase of properties as temporary accommodation can be supported by the use of Retained Right to Buy Receipts up to a maximum of 30% of the costs of purchase. The cost of purchasing the properties will be funded:

- £74,100 of Retained Right to Buy Receipts
- £172,900 from Empty Homes capital budget.

The use of £172,900 of the empty homes budget to purchase the two properties

will leave £544,100 available to support the Loan Scheme and Invest and Lease Scheme.

- 3.2 The properties will be let at Local Housing Allowance rates, ensuring that the rent is affordable to the families which will stay in the property. It is expected that 90% of the total income due will be collected allowing for bad debts and void periods based on the experience of other temporary accommodation. The properties will be unfurnished initially and as the properties are in good order no initial repair costs are expected to be incurred other than in relation to the standard pre-let safety tests.

4. **RISK IMPLICATIONS**

- 4.1 The purchase of the two properties for temporary accommodation will increase the number of dedicated properties which the Council has available to it to meet its statutory temporary accommodation requirements. These properties which will be used to accommodate families will provide further mitigation against the risk that homeless families will be placed in Bed and Breakfast accommodation and /or that a family may be required to stay in a Bed and Breakfast for longer than six weeks.
- 4.2 The two properties will be managed by the Housing Options Team who will be responsible for rent collection and ensuring that the occupiers comply with the term of their licence. The close location of the properties will enable effective management of the properties.
- 4.3 As the homes are held in the General Fund, should the properties no longer be required as temporary accommodation, the properties could be sold to recover the Council's capital investment.

5. **CONCLUSION**

- 5.1 Over a number of years the Council has allocated funding specifically to reduce the number of empty homes. On 6 December 2018, Housing and Neighbourhoods Committee approved the Empty Homes Policy and the commitment of £719,340 empty homes funding to deliver a Loan Scheme and Invest and Loan Scheme. Progress in implementing these schemes has been slower than expected, with the Loan Scheme now due to launch in September 2019 and the Invest and Lease scheme by the end of March 2020.
- 5.2 Historically empty homes money has been used to acquire empty homes for use as temporary accommodation. With current usage of temporary

accommodation increasing, it has been identified that the Council needs to increase the number of temporary accommodation properties it owns. This report seeks approval to vire £172,900 of the empty homes budget to support, along with the use of Retained Right to Buy Receipts the purchase of two properties which will be held in the General Fund and used as temporary accommodation for homeless families.

6. **RECOMMENDATIONS**

That the Housing & Neighbourhoods Committee:

- 1. Note the position on delivery of the Loan Scheme and Invest and Lease Scheme.**
- 2. Request a further update on progress against the delivery of the Empty Homes Policy in 6 months.**
- 3. Approve the virement of up to £172,900 from the Empty Homes budget to fund the provision of Temporary Accommodation as detailed in the report.**

7. **BACKGROUND PAPERS**

Reducing Empty Homes report – Housing and Neighbourhoods Committee 6 December 2018

Empty Homes Policy

Areas of consideration: e.g. does this report raise any of the following issues and if so how have these been considered/mitigated against?

Area for consideration	Comment
Monitoring Officer Consultation:	Via ELT
Section 151 Officer Consultation:	Via ELT
Existing Council Policies:	Not applicable
Financial Implications:	None
Legal Implications (including human rights):	Purchase of properties for temporary accommodation is within the Council's legal powers. The Council has a statutory duty to provide temporary accommodation under the Homelessness Reduction Act 2018 and Housing Act 1996.
Risk Implications:	Discussed in the report.
Equality Issues/EQIA	None.

assessment:	
Crime & Disorder:	None
Every Child Matters:	The properties being acquired will provide self-contained accommodation for families for whom the Council has a duty to secure temporary accommodation. This provision will promote family life.