

SUBJECT: RENT INCREASE APPROVAL FOR HOMELESS ACCOMMODATION – 5 Hendre Close, Monmouth and 15 Cas Troggy, Caldicot
MEETING: COMMUNITIES & PLACE DMT
DATE: 15TH JANUARY 2024
DIVISION/WARDS AFFECTED: ALL

1. RECOMMENDATIONS:

1.1 To agree to sign up to renew lease agreement with a rental increase as follows :-

- 1 year lease at 5 Hendre Close, Monmouth NP25 5BE- Monthly rental £750; was previously £472.48. Increase of £277.52 per month/ £3,330.24 per annum.
- 3-year lease at 15 Cas Troggy, Caldicot, NP26 4NX- Monthly rental £900; was previously £700. Increase of £200 per month/ £2400 per annum.

5 Hendre Close is a 2-bedroom ground floor flat that is due a lease renewal in February 2024. The landlord is looking for a rental increase to prevent withdrawal of the property. The request for a rent increase is due to the increase in mortgage rates, the rental amount had previously been set at LHA levels which are well below current market rent. This property will imminently become vacant but as MCC currently has a shortage of temporary accommodation in Monmouth there are a number of suitable households that could be accommodated here, including some currently in B&B. It is proposed that the property is let to a single parent applicant who is currently in B & B in Monmouth and needs to remain in Monmouth for work and childcare arrangements. The B & B currently being used has an above average nightly cost.

15 Cas Troggy is a 3-bed property that is currently occupied by a single parent with three children as temporary accommodation. If the lease is not renewed this family will need to be accommodated in B&B which is likely to be in the north of the county away from current networks. If so, this could impact detrimentally on the eldest child who attends Caldicot Comprehensive.

2. RESOURCE IMPLICATIONS:

2.1 The estimated net cost in taking on this property as leased is listed in the below tables :-

Table 1: Previous rental agreement

Property	5 Hendre Close	Total	15 Cas Troggy	Total
No. of Beds	2		3	
Lease Term (Years)	1		3	
Weekly Rental	109.04		161.54	
Weekly DWP Rate	109.04		124.61	
Total Rental	5670.08	5670.08	8400.08	8400.08
Total Voids	872.32	872.32	996.88	996.88
Total Arrears	872.32	872.32	996.88	996.88
Maintenance	1200.00	1200.00	1200.00	1200.00
Service Charge				
Total Exp		8614.72		11593.84
DWP Income	-5670.08	-5670.08	-6479.72	-6479.72
Total Income		-5670.08		-6479.72
Net Cost		2944.64		5114.12

Table 2: Proposed leasing costs

Property	5 Hendre Close	Total	15 Cas Troggy	Total
No. of Beds	2		3	
Lease Term (Years)	1		3	
Weekly Rental	173.10		207.69	
Weekly DWP Rate	109.04		124.61	
Total Rental	9001.20	9001.20	10799.88	10799.88
Total Voids	872.32	872.32	996.88	996.88
Total Arrears	872.32	872.32	996.88	996.88
Maintenance	1200.00	1200.00	1200.00	1200.00
Service Charge				
Total Exp		11945.84		13993.64
DWP Income	-5670.08	-5670.08	-6479.72	-6479.72
Total Income		-5670.08		-6479.72
Net Cost		6275.76		7513.92

Table 3: Equivalent B&B costs

B&B Comparison	5 Hendre	Total	15 Cas Troggy	Total
Weekly Rental	700.00		630.00	
Weekly DWP Rate	95.77		95.77	
Total Rental	36,400	36,400	32760.00	32760.00
Maintenance	1200.00	12,00.00	1200.00	1200.00
DWP Income	-4980.04	-4980.04	-4980.04	-4980.04
Net Cost		32,619.96		28,979.96
Cost Avoidance		26,344.20		21,466.04

2.2 The lease of this property will have the following impact on the Council's temporary accommodation base:-

- Retention of a 2-bedroom unit in an area where opportunity for housing is rare, to be used as homeless accommodation. Net costs to the council will increase by £3,330.24p/a to £6,275.76, but this will still provide a substantial cost avoidance of £26,344.20 based on the current B & B arrangement in Monmouth of £32,619.36. This property is currently tenanted as part of the Council's MLS portfolio, so whilst it cannot be said that the number of households in B&B will immediately reduce by the units being retained, should the decision not to renew the lease this household would need alternative accommodation which could be B&B. This could impact detrimentally on the applicants work and childcare arrangements.
- Retention of a 3-bedroom unit that is being used as temporary accommodation. Net costs to the council will increase by £2400p/a to £7513.92, however this property is currently occupied and agreeing the new lease would provide a substantial cost avoidance of £21,466.04 when compared to equivalent B&B use at £28,979.96, which would otherwise be required.

2.3 The priority will continue to be to allocate voids in these properties to households currently residing in B & B, thereby reducing the use of B & B. The property will typically and wherever possible, be offered to applicants who have been residing in B & B the longest, but other housing need factors will also need to be taken into consideration on a property-by-property basis, such as the immediate needs of other homeless households (for example, serious health/medical conditions or safeguarding issues) needing temporary accommodation and type, size and location of the accommodation available. Homeless households normally will be able to remain in the accommodation until permanent social housing becomes available and a successful bid has been accepted.

2.5 The adoption of this recommendation will not produce a core budget saving, but it will help reduce the current pressure the authority faces with the cost of Homelessness provision. The rent increases for these properties will increase costs to £13,789.38 but prevents a cost of £50,679.92 when compared with accommodating in B&B.

2.6 In addition, the adoption of the recommendation might not immediately result in a direct and immediate reduction in the use of B & B due to the following:

- A property is currently tenanted.
- a possible suppressed and hidden homeless need that is believed to exist in the County, which can't be evidenced,
- because of a current number of households who are known to possibly need temporary accommodation in the near future (there are currently 22 households that may need homeless accommodation shortly)

- even if a vacancy in temporary accommodation exists, it may not be suitable for an individual household due to specific needs and requirements, which could relate to household size, disability or location – perhaps, for example to mitigate against a threat of violence or safeguarding and
- ‘Whole system variables’ that are out of the control of the Council such as an increase in homeless demand (e.g. unexpected spikes in demand) that can’t be prevented and/or a reduction in social housing properties becoming vacant impacting upon move-on from homeless.

2.7 Making a decision on this property needs to be taken in the context of a number of on-going risks that could impact on future resource implications for the Council. These include:

- Both homeless and Ukrainian related demand can vary in terms of both the numbers of households and the type of households which may impact on B & B use. The Council is trying to mitigate against this by seeking to identify early homeless intervention opportunities;
- The current cost of living crisis, whilst not directly having impacting on accommodation provision as yet, could result in an increase in homeless presentations relating to rent or mortgage arrears.
- The Council is seeing an increase in private rented landlords leaving the sector due to market and regulatory conditions. This will potentially impact on both presentations and loss of Monmouthshire Lettings temporary accommodation provision. Landlords not wanting to accommodate homeless households is an on-going challenge.
- Settled and permanent accommodation vacancies can vary in availability relating to existing tenants needing or wanting to move on and having the options available to facilitate moving.
- New and additional permanent social housing, supported housing and temporary accommodation delivery is being impacted by a number of issues that are presenting challenges to the Council which although expected to continue, overcoming or working around is an on-going priority. For example, phosphate related restrictions, revenue and capital availability, grant funding eligibility etc.

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