

**SUBJECT: RENT INCREASE APPROVAL FOR HOMELESS ACCOMMODATION – 20 Drybridge Park, Monmouth and 2 Osbourne Court, Abergaveny**  
**MEETING: COMMUNITIES & PLACE DMT**  
**DATE: 4<sup>th</sup> SEPTEMBER 2023**  
**DIVISION/WARDS AFFECTED: ALL**

## **1. RECOMMENDATIONS:**

1.1 To agree to sign up to lease agreements with rental increases as follows :-

- 3 year lease at 20 Drybridge Park, Monmouth, NP25 5AS- Monthly rental £900; was previously agreed at £850 Increase equates to £50pcm/ £600pa.
- 3 year lease at 2 Osbourne Court, Abergaveny, NP7 5JQ - Monthly rental £650; was previously leased at £472.51. Increase equates to £177.49 pcm/ £2129.88pa.

20 Drybridge Park, Monmouth NP25 5AS is a 3 bed property that was previously agreed through DMT on 19<sup>th</sup> July 2023 to switch from a managed MLS property to a leased property at £850pcm. Since the decision was made, the landlords costs have changed and, therefore, the Council's offer of £850 pcm wasn't accepted and taken up. The landlord is still keen for the Council to lease this property, but has subsequently asked for an additional increase of £50pcm to £900 pcm, due to an increase in leasehold charges.

2 Osbourne Court, Abergaveny, NP7 5JQ is a 2 bedroom flat that is currently part of the Council's private leasing portfolio and accommodating a household in TA. The current lease is coming to an end and the landlord has asked for an increase in rent to renew the lease for another 3 years. The previous rental amount was at Local Housing Allowance rates and well below market rent. Should a decision be made not to renew this lease, there will be a need to find alternative accommodation for the current tenants – a single parent and child.

## **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	20 Drybridge Park	Total	2 Osbourne Court, Abergaveny	Total
No. of Beds	3		2	
Lease Term (Years)	3		3	
Weekly Rental	196.15		109.04	
Weekly DWP Rate	124.61		109.04	
Total Rental	10,199.80	<b>10,199.80</b>	5,670.08	<b>5,670.08</b>
Total Voids	996.88	<b>996.88</b>	872.32	<b>872.32</b>
Total Arrears	996.88	<b>996.88</b>	872.32	<b>872.32</b>
Maintenance Service Charge	1,200.00	<b>1,200.00</b>	1,200.00	<b>1,200.00</b>
<b>Total Exp</b>		<b>13,393.56</b>		<b>8,614.72</b>
DWP Income	-6,479.72	<b>-6,479.72</b>	-5,670.08	<b>-5,670.08</b>
<b>Total Income</b>		<b>-6,479.72</b>		<b>-5,670.08</b>
<b>Net Cost</b>		<b>6,913.84</b>		<b>2,944.64</b>

Table 2: Proposed leasing costs

Property	20 Drybridge Park	Total	2 Osbourne Court, Abergaveny	Total
No. of Beds	3		2	
Lease Term (Years)	3		3	
Weekly Rental	207.69		150.00	
Weekly DWP Rate	124.61		109.04	
Total Rental	10,799.88	<b>10,799.88</b>	7,800.00	<b>7,800.00</b>
Total Voids	996.88	<b>996.88</b>	872.32	<b>872.32</b>
Total Arrears	996.88	<b>996.88</b>	872.32	<b>872.32</b>
Maintenance	1,200.00	<b>1,200.00</b>	1,200.00	<b>1,200.00</b>
Service Charge				
<b>Total Exp</b>		<b>13,993.64</b>		<b>10,744.64</b>
DWP Income	-6,479.72	<b>-6,479.72</b>	-5,670.08	<b>-5,670.08</b>
<b>Total Income</b>		<b>-6,479.72</b>		<b>-5,670.08</b>
<b>Net Cost</b>		<b>7,513.92</b>		<b>5,074.56</b>

Table 3: Equivalent B&B costs

<b>B&amp;B Comparison</b>		<b>Total</b>		<b>Total</b>
Weekly Rental	630.00		490.00	
Weekly DWP Rate	95.77		95.77	
Total Rental	32,760.00	<b>32,760.00</b>	25,480.00	<b>25,480.00</b>
Maintenance	1,200.00	<b>1,200.00</b>	1,200.00	<b>1,200.00</b>
DWP Income	-4,980.04	<b>-4,980.04</b>	-4,980.04	<b>-4,980.04</b>
<b>Net Cost</b>		<b>28,979.96</b>		<b>21,699.96</b>
<b>Cost Avoidance</b>		<b>21,466.04</b>		<b>16,625.40</b>

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

- Retention of a 3 bedroom unit in Monmouth to be used as homeless accommodation. Net costs to the council will increase to £7,513.92, but this will still provide a substantial cost avoidance of £21,466.04 when compared to equivalent B&B use at £28,979.96. Due to current demand for homeless services, and loss of accommodation elsewhere, it cannot be said with any certainty that the number of households in B&B will reduce by the unit being retained. The property will, however, mitigate against the use of B&B and contributes towards a reduced use. In addition, there is currently a particular lack of temporary accommodation in the North of the County, meaning it is difficult to keep homeless Monmouth applicants in their home community.
- Retention of a 2 bedroom GF flat in Abergavenny to be used as homeless accommodation. Net costs to the council will increase to £5,074.56, but this will still provide a substantial cost avoidance of £16,625.40 when compared to equivalent B&B use at £21,699.96. This property is currently tenanted in our MLS portfolio, so whilst it cannot be said that the number of households in B&B will immediately reduce by the unit being retained, should we not renew the lease this household would need alternative accommodation which could be B&B. Again, retaining this property mitigates against the particular lack of temporary accommodation in the North of the County.

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 two properties will cost £12,588.48 but prevents a cost of £38,091.44 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:

- one of the properties is already 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 (eg 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 impacted 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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