

**SUBJECT: RENT INCREASE APPROVAL FOR HOMELESS ACCOMMODATION – 5 The Avenue Govilon; 1<sup>st</sup> and GF Flats, Severn View, Caldicot**  
**MEETING: COMMUNITIES & PLACE DMT**  
**DATE: 15<sup>TH</sup> JANUARY 2024**  
**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 5 The Avenue, Govilon NP7 9PP- Monthly rental £550; was previously agreed at £472.48. Increase equates to £77.52pcm/ £930pa.
- 3-year lease at First floor flat, 2 Severn View, Caldicot NP26 4AD- Monthly rental £650; was previously leased at £446. Increase equates to £204 pcm/ £2,448pa.
- 3-year lease at Ground floor flat, 2 Severn View, Caldicot NP26 4AD- Monthly rental £650; was previously leased at £446. Increase equates to £204 pcm/ £2448pa.

All three properties are 2-bedroom units whose leases have come up for renewal. All landlords have requested a rental increase to sign a new 3-year lease. These properties have been at or slightly below LHA rate for a number of years and have not had any rental uplifts.

All three properties are currently accommodating families, including 4 children across the properties. The families residing in these properties have had their homeless duties discharged and have resided in these properties for some time. If the Council lost access to these properties, the Council would have to take new homeless applications from each household and on the basis of the current situation, it would be necessary to accommodate in B&B as there are no other housing options available at present.

## **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 The Avenue	Total	1st floor flat, 2 Severn View	Total	GF flat, 2 Severn View	Total
No. of Beds	2		2		2	
Lease Term (Years)	3		3		3	
Weekly Rental	109.04		102.92		102.92	
Weekly DWP Rate	109.04		102.92		102.92	
<b>Total Rental</b>	5,670.08	<b>5,670.08</b>	5,351.84	<b>5,351.84</b>	5,351.84	<b>5,351.84</b>
Total Voids	872.32	<b>872.32</b>	823.36	<b>823.36</b>	823.36	<b>823.36</b>
Total Arrears	872.32	<b>872.32</b>	823.36	<b>823.36</b>	823.36	<b>823.36</b>
Maintenance	1,200.00	<b>1,200.00</b>	1,200.00	<b>1,200.00</b>	1,200.00	<b>1,200.00</b>
Service Charge						
<b>Total Exp</b>		<b>8,614.72</b>		<b>8,198.56</b>		<b>8,198.56</b>
DWP Income	-5,670.08	<b>-5,670.08</b>	-5,351.84	<b>-5,351.84</b>	-5,351.84	<b>-5,351.84</b>
<b>Total Income</b>		<b>-5,670.08</b>		<b>-5,351.84</b>		<b>-5,351.84</b>
<b>Net Cost</b>		<b>2,944.64</b>		<b>2,846.72</b>		<b>2,846.72</b>

Table 2: Proposed leasing costs

Property	5 The Avenue	Total	1st floor flat, 2 Severn View	Total	GF flat, 2 Severn View	Total
No. of Beds	2		2		2	
Lease Term (Years)	3		3		3	
Weekly Rental	126.92		150.00		150.00	
Weekly DWP Rate	109.04		109.04		109.04	
Total Rental	6,599.84	<b>6,599.84</b>	7,800.00	<b>7,800.00</b>	7,800.00	<b>7,800.00</b>
Total Voids	872.32	<b>872.32</b>	872.32	<b>872.32</b>	872.32	<b>872.32</b>
Total Arrears	872.32	<b>872.32</b>	872.32	<b>872.32</b>	872.32	<b>872.32</b>
Maintenance	1,200.00	<b>1,200.00</b>	1,200.00	<b>1,200.00</b>	1,200.00	<b>1,200.00</b>
Service Charge						
<b>Total Exp</b>		<b>9,544.48</b>		<b>10,744.64</b>		<b>10,744.64</b>
DWP Income	-5,670.08	<b>-5,670.08</b>	-5,670.08	<b>-5,670.08</b>	-5,670.08	<b>-5,670.08</b>
<b>Total Income</b>		<b>-5,670.08</b>		<b>-5,670.08</b>		<b>-5,670.08</b>
<b>Net Cost</b>		<b>3,874.40</b>		<b>5,074.56</b>		<b>5,074.56</b>

Table 3: Equivalent B&B costs

<b>B&amp;B Comparison</b>	5 The Avenue	Total	1st floor flat, 2 Severn View	Total	GF flat, 2 Severn View	Total
Weekly Rental	490.00		490.00		490.00	
Weekly DWP Rate	95.77		95.77		95.77	
Total Rental	25,480.00	<b>25,480.00</b>	25,480.00	<b>25,480.00</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>	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>	-4,980.04	<b>-4,980.04</b>
<b>Net Cost</b>		<b>21,699.96</b>		<b>21,699.96</b>		<b>21,699.96</b>
<b>Cost Avoidance</b>		<b>17,825.56</b>		<b>16,625.40</b>		<b>16,625.40</b>

2.2 Renewing the leases of these properties will have the following impact on the Council's temporary accommodation base:-

- Retention of three 2-bedroom units to be used as settled accommodation for current households. Should any of the units become vacant they would be used as additional temporary accommodation. Net costs to the council will increase by £ 5,385.44. p/a to £ 14,023.52, but this will still provide a substantial cost avoidance of £ 51,076.36 when compared to equivalent B&B use at £65,099.88. These properties are 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 renewal of the leases not be agreed, these household would need alternative accommodation which could and is likely to be B&B.

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 three properties will bring costs to £14,023.52 but prevents a cost of £65,099.88 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:

- All of the properties are 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.

3 **AUTHOR:** Rebecca Cresswell, Homelessness Project Officer

4 **CONTACT DETAILS:** Tel: 07815010928 **E-mail:** [rebeccacresswell@monmouthshire.gov.uk](mailto:rebeccacresswell@monmouthshire.gov.uk)