

SUBJECT: RENT INCREASE APPROVAL FOR HOMELESS ACCOMMODATION – 16 Tenby Lane Chepstow, NP16 5GH
MEETING: COMMUNITIES & PLACE DMT
DATE: 5th FEBRUARY 2024
DIVISION/WARDS AFFECTED: ALL

1. RECOMMENDATIONS:

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

- 1 year lease at 16 Tenby Lane Chepstow, NP165GH - Monthly rental £537.98; was previously £504.23. Increase of £33.75 per month/£405.00 per annum.

This two-bed property is already leased by the Authority and is currently occupied by a disabled tenant and their household. The applicant is registered on the Homeseach housing register. The layout of the property (downstairs bathroom) makes it suitable for households with accessibility needs. There is a shortage of accessible accommodation in Monmouthshire and therefore there are limited accommodation options for households with disability or accessibility needs who present as homeless.

2. RESOURCE IMPLICATIONS:

2.1 The estimated net cost in renewing this lease and agreeing to the increased rent is listed in the below tables :-

Table 1: Previous rental agreement

Property	16 Tenby Lane	Total
No. of Beds	2	
Lease Term (Years)	1	
Weekly Rental	116.36	
Weekly DWP Rate	109.04	
Total Rental	6050.76	6050.72
Total Voids	930.88	930.88
Total Arrears	930.88	930.88
Maintenance	1200.00	1200.00
Service Charge		
Total Exp		9112.52
DWP Income	-5670.08	-5670.08
Total Income		-5670.08
Net Cost		3442.40

Table 2: Proposed leasing costs

Property	16 Tenby Lane	Total
No. of Beds	2	
Lease Term (Years)	1	
Weekly Rental	124.15	
Weekly DWP Rate	109.04	
Total Rental	6455.80	6455.80
Total Voids	872.32	872.32
Total Arrears	872.32	872.32
Maintenance	1200.00	1200.00
Service Charge		
Total Exp		9400.42
DWP Income	-5670.08	-5670.08
Total Income		-5670.08
Net Cost		3730.34

Table 3: Equivalent B&B costs

B&B Comparison	16 Tenby Lane	Total
Weekly Rental	490.00	
Weekly DWP Rate	95.77	
Total Rental	25480.00	25480.00
Maintenance	1200.00	1200.00
DWP Income	-4980.04	-4980.04
Net Cost		21,699.96
Cost Avoidance		17,969.60

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, to be used as homeless accommodation for households with accessibility needs. Net costs to the council will increase by £785.64 p/a to £3730.36, but this will still provide a substantial cost avoidance of £17,969.60 when compared to equivalent B&B use at £21,699.96. This property is currently tenanted as part of the 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 lease not be renewed this household would need alternative accommodation, which could be B&B.
- On 31st January 2024 the number of households in B & B was 50

2.3 The priority will continue to be to allocate voids in this property to households currently residing in B & B, particularly those in need of accessible accommodation, 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.

2.4 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 £3730.36 but prevents a cost of £21,699.96 when compared with accommodating in B&B and mitigates against future use of B & B.

2.5 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.

M 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. CONSULTATION QUERIES AND RESPONSES

3.1 Management Accountant Queries with Officer responses:

Query	Response
Only a 1-year renewal, why is this? e.g. will the landlord be coming back every year for an increase?	This is a property owned by Melin, a Registered Social Landlord(RSL). Melin have opted to have annual lease terms. The rent increase is as per their annual rent increase of 6.75% for their whole stock. It is anticipated that the rent will increase annually.
£65 a month isn't a huge increase – could this be passed onto the tenant, (either fully or partially)?	Actual rent increase is £33.75 – 6.7% increase, error in initial report which has now been rectified. Whilst as a Council we can charge a higher rent, we deliberately set rents (with the Housing Benefit team) at a level where tenants can get maximum HB so our accommodation is affordable. That is consistent with RSL practice for their rents. The challenge with

	leasing is we are tied to 2011 LHA rates, which does mean our rent charges to tenants are lower than we'd like them to be.
Is this family on the housing list?	Yes, the Housing Officer is proactively bidding for the household.
If this is an RSL property, why are we leasing? Why can't the client lease direct, particularly as they are on the housing list?	<p>The tenant can potentially remain in the property and become an RSL tenant, however the Council would lose a temporary accommodation unit that would suit a household with mobility issues that are hard to find.</p> <p>In addition, the household may not wish to live there permanently and to go from temporary to permanent would be deemed as 'jumping the queue' and the accommodation being allocated outside of policy.</p> <p>Moving accommodation from temporary to permanent has been discussed with the RSLs however this would not result in a net increase of units and we would need the RSL's to offer an alternative to replace the one lost which would be hard to find.</p>

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