



Listening Learning Leading



Temporary Accommodation Strategy

Introduction

The councils have a duty under homelessness legislation to provide accommodation for all households deemed homeless that are eligible for assistance and with a priority need, while we investigate their case.

Three Supreme Court judgements in May 2015 on homeless cases have clarified the legal test that local authorities are required to apply in respect of determining whether someone who is homeless is in priority need and vulnerable under Part 7 of the Housing Act 1996. The Supreme Court outlined a series of principles that local authorities need to apply when assessing vulnerability. Practically this means more in depth assessments will have to take place for single households. The likely outcome for South and Vale is that more single households presenting as homeless will be classed as being in priority need and consequently entitled to assistance with accommodation. This will put additional pressure on both councils to find additional accommodation.

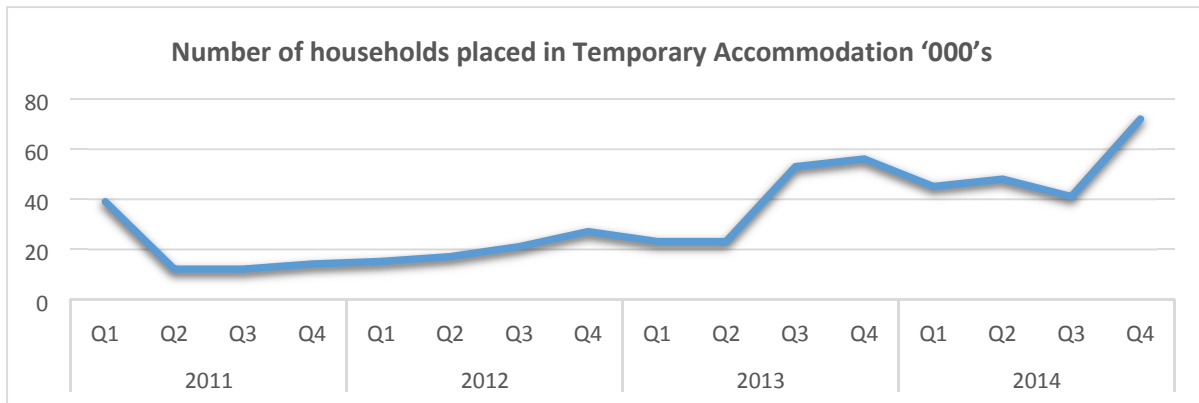
This strategy will include the above but will also set out clear objectives as follows;

- to meet statutory duties in the most cost effective way
- to reduce the use of bed and breakfast accommodation
- to improve the quality of existing temporary accommodation in the Vale
- to increase the portfolio of temporary accommodation available to South to meet future needs

The National Picture

Temporary Accommodation

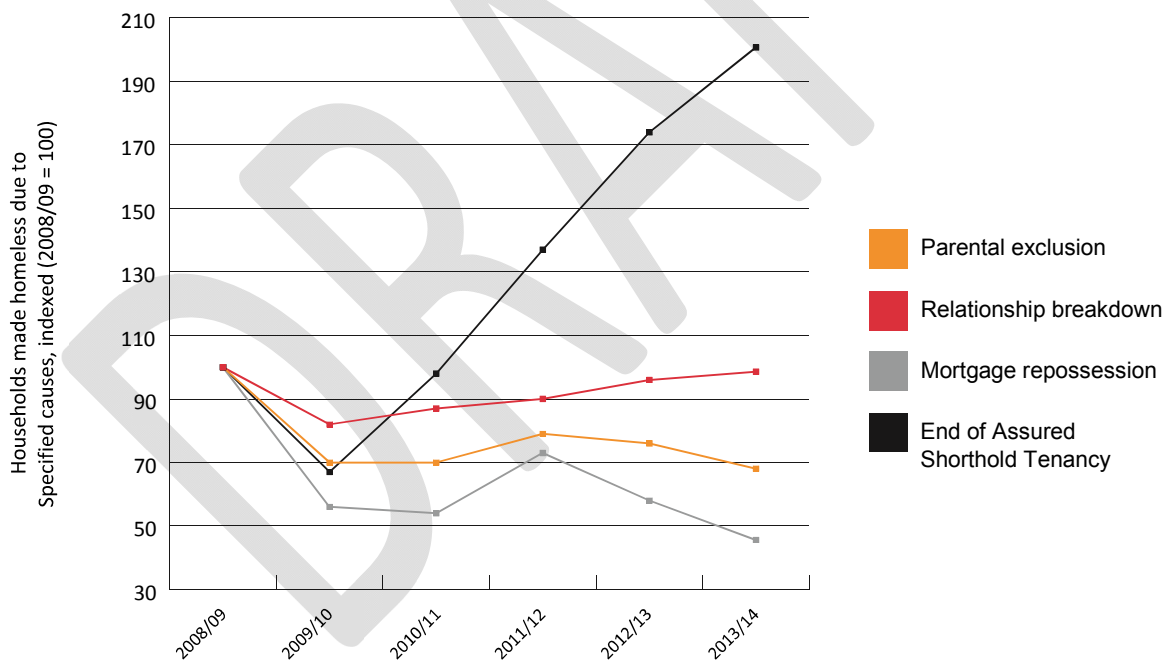
Figures released by the Department of Communities and Local Government (DCLG) show that families living in temporary accommodation have been steadily increasing year on year since 2011. In 2011 there were 35,950. By Jan 2015 the figure stood at 66,980, a 46% increase. As a consequence, a snapshot of the use of bed and breakfast accommodation to place homeless families has risen also from 630 in Jan 2011 to 2,570 in Jan 2015, a rise of 308% nationally.



DCLG

Private Rented Sector

The table below shows the main reasons for homelessness nationally, for those households that have required statutory assistance.

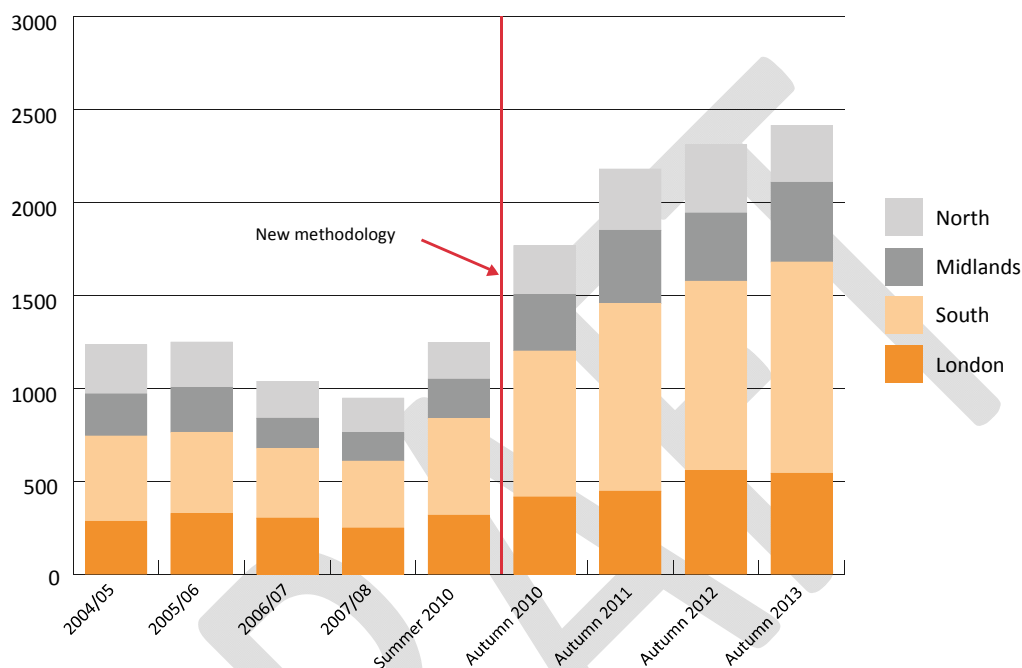


Reasons for Homelessness – DCLG /Crisis Homelessness Monitor

The biggest factor in the increase in the number of homeless households is the ending is an assured shorthold tenancy (private sector). This is also reflected locally in South and Vale. The national approach, of placing families into the private sector from a homelessness perspective or indeed forcing families into the private sector as they cannot afford to buy a home has, as expected led to little security of tenure, a high turnover and disruption to families and children.

Rough Sleepers

Data supplied by DCLG, the charity Crisis and the Joseph Roundtree Foundation, show that rough sleeping nationally has increased by 37% since 2010. Although rough sleeping is often difficult to quantify and the methodology to count rough sleepers has changed, the trend upwards is undeniable.



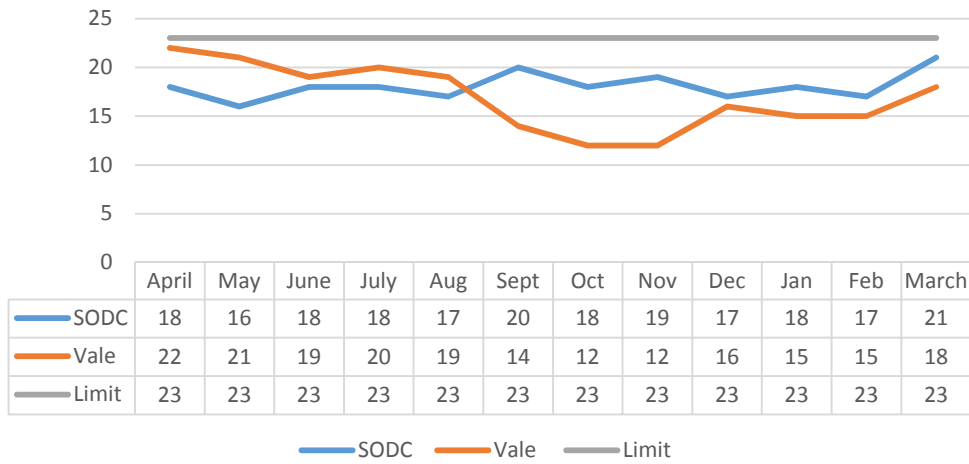
Homelessness Monitor 2015 – Number of Rough Sleepers (000s)

The rise in rough sleeping has led to larger numbers of single people approaching councils for assistance with housing. Coupled with the Supreme Court judgement, this has meant an increase in placements of single households into temporary accommodation.

The Local Picture

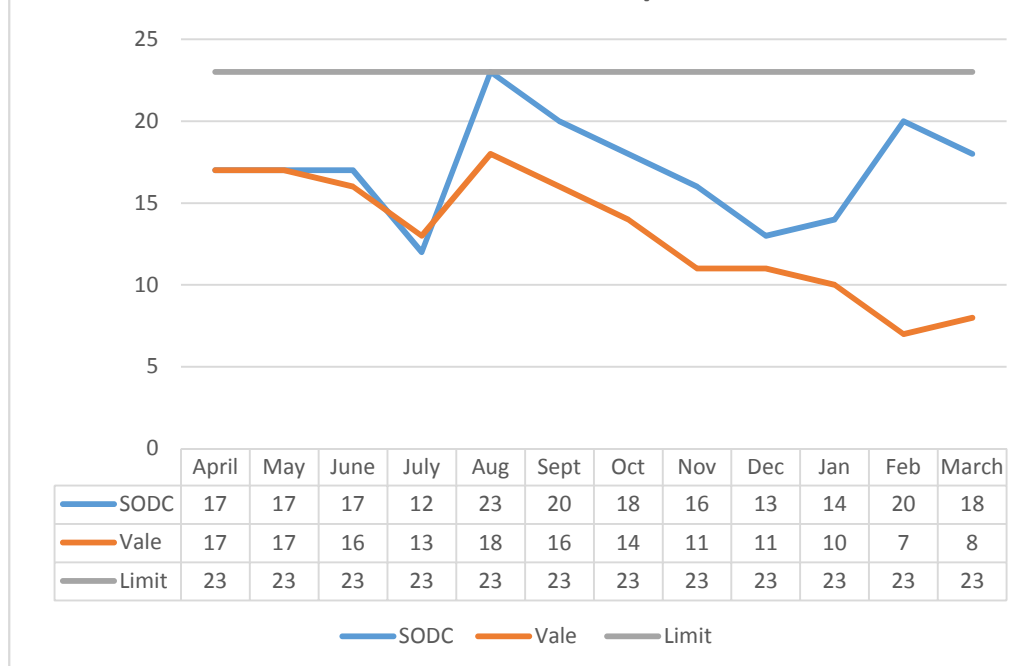
The national increase in homelessness demand illustrated above has been reflected locally but this has not resulted in an increase in the use of temporary accommodation, as the tables below illustrate:

South and Vale number of households in temporary accommodation 2014/2015



DCLG – P1E

South & Vale number of households in temporary accommodation 2015/2016



DCLG – P1E

The use of temporary accommodation remained fairly consistent during 2014-15 but declined in 2015-16. This is mainly due to the housing needs service focusing more on homelessness prevention. That trend may not continue however. The Supreme Court judgements, the increase in rough sleeping and the fact more and more households are being evicted from private sector homes, all illustrated in the national picture above, has led to an increase in the number of people

presenting as homeless and it is likely that the use of temporary accommodation will increase over time.

Dealing with people accepted as homeless

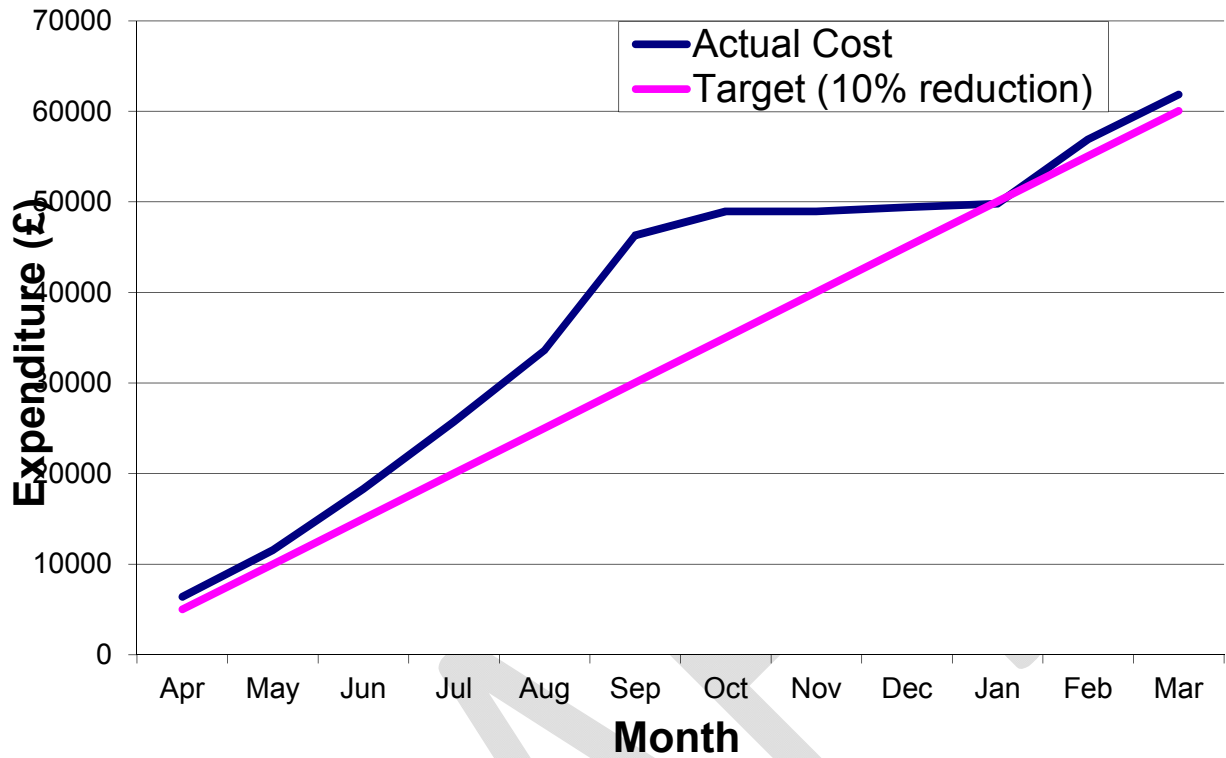
Once the councils have accepted that they have a statutory duty to provide temporary accommodation to a household who is homeless the approaches vary between the both Council's. Vale has some accommodation of its own – 10 units with shared facilities at Elmside Hostel in Faringdon and six units with shared facilities at Tiverton Hostel in Wantage. It also has three properties in Abingdon that are currently being refurbished. Vale also has access to 24 units of accommodation, mainly flats that housing associations have made available for temporary accommodation.

South has no temporary accommodation of its own, although it does make use of Vale's temporary accommodation when this is available, for which it is charged. The charging arrangements are at present under review. South also have access to 7 properties supplied by South Oxfordshire Housing Association

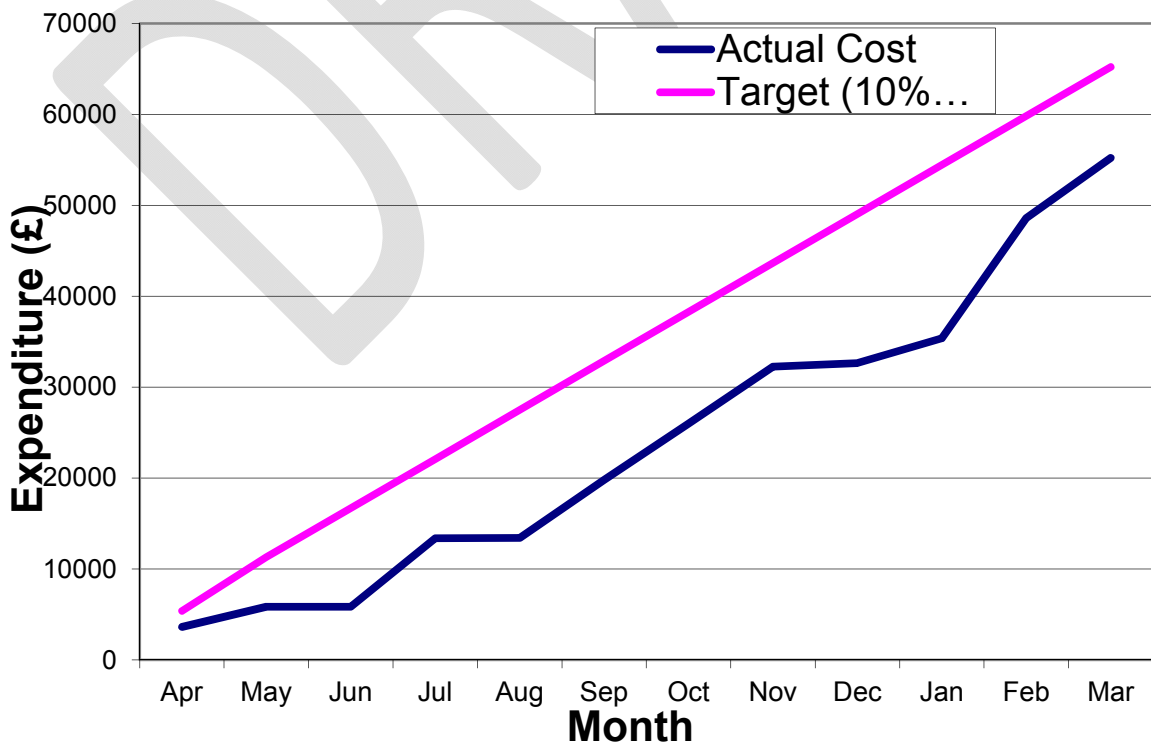
Generally speaking, the quantum of accommodation available to both councils is adequate at the present time, assuming no increase in demand. The main issue is the quality of the two hostels owned by Vale and its unsuitability for certain client groups and the fact there is no real provision of temporary accommodation in South. This results in the need to use bed and breakfast accommodation from time to time.

The costs of using B&B accommodation for both councils is shown below. The costs are a little higher for South as the council has no temporary accommodation of its own and these costs would be much higher if it could not access the hostels in Vale.

SODC Bed and Breakfast Costs 2015-16



VWHDC Bed and Breakfast Costs 2015-16



The Challenge Ahead

A combination of factors illustrated above are already combining to have a detrimental effect on homelessness. Further change is on the horizon that is likely to create additional pressure.

Welfare reform

From October 2016 the benefits threshold will reduce from a maximum of £23,000 to a maximum of £20,000 for families and from £16,000 to £13,400 for single households. A reduction of child tax credits, meaning less disposable income for many households reliant on assistance. Working households on lower incomes who are reliant on partial benefits will also be affected.

At present SOHA has indicated that at least 60 households in South and Vale will be directly affected by these changes and Sovereign believe 260 households will be affected by the reduction in household income. In reality this means that they will no longer be able to meet their present rent liability from their present disposable income and eventually may face the possibility of eviction.

More households are affected in Sovereign properties due to the higher affordable rents.

There are also changes that are affecting working households. Many rely on an element of local housing allowance to assist them with paying their rent. The allowance has been frozen for the next four years, although rents continue to rise. There is a real danger that an increasing number of working households will find themselves unable to pay their rent liability and face the threat of eviction. Therefore there is the potential that when these families become homeless they will seek statutory housing assistance and that will mean more people in Temporary Accommodation.

Increasing costs of private rented accommodation

Outright Possessions by Private Landlords	South Oxfordshire	V of WH
2013	89	94
2014	149	190

Shelter Databank 2015

The above table shows that the rate of evictions by private landlords, between 2013-2014 has increased by **67%** for South and by **102%** in Vale. Trends in 2016 show a similar pattern and this reflects national trends. There is a strong possibility that this trend will continue and again this will put more pressure on the demand for temporary accommodation.

Affordability in the private sector is becoming increasingly challenging. The average rental price of a private two bedroom property is £1,004 per month in South Oxfordshire and £823 per month in VoWH. (HomeChoice.co.uk). Data from Zoopla and Right Move show that on average rents have risen over 4% in the last year (2015). The trend this year is again 2.3% and rising.

A consequence of increasing rental costs without an equivalent increase in income is that many households will look to move home to find suitable and affordable private rented properties. This in itself creates instability and increases the potential for people to find themselves homeless as relationships with landlords become short term.

Purchasing a property

Affordability in terms of purchasing a home in either district reflects the challenges that the whole of South East of England has in terms of house prices.

Region	Average House Price for first time buyers (2 Bed home)	Current Median (Individual – full time, gross)	Required Average Annual Wage (F/T)
South Oxfordshire	£292,329	£28,600	£66,231
VoWH	£271,436	£31,600	£52,859

KPMG/ONS 2014

Most working households aspiring to buy a property have a joint income. Assuming two adults are working full time, using the median salary of £28,600 (South), and the maximum mortgage offer would be £171,600 (£28,600 x2, then x3 maximum lending). Assume a deposit of 30%, £29,232, which makes the total £200,832. The working household is still short of £91,497. Most working households find it difficult to even raise the 30% deposit and so purchasing a property is becoming increasing unaffordable.

The consequence of households who wish to purchase a property being unable to do so is that they remain in private rented accommodation, fuelling demand. This in turn sustains high rents and encourages landlords to focus on attracting relatively safe working households to live in their properties rather than those with more challenging circumstances

Housing associations

There are a number of changes affecting housing associations that will cause an impact on the availability of temporary accommodation over the next few years. Key ones are:

- the one per cent decrease in rents (ongoing for next 4 years) will affect housing associations ability to provide affordable housing units as their ability to raise finance is affected and the viability of schemes becomes more challenging
- the right to buy extension to encompass housing associations will mean fewer affordable units for households to be placed in
- households in affordable accommodation with over £40,000 annual income will be expected to pay the local market rent for their accommodation

Other factors

There are other factors that may not affect homelessness immediately, but are likely in the next 12-24 months to have a strong influence in triggering more demand. It is the combined effect of the issues above and those potentially below that leads to a reasonable projection of future demand.

Buy to let landlords tax relief was cut from 45% to 25% and stamp duty increased by three per cent from April 2016. This will hit rental income streams so landlords are likely to pass the loss of income to tenants in the form of higher rents.

The Housing and Planning Act has a key objective of increasing home ownership, and consequently will redirect resources away from traditional forms of affordable rented housing. Measures being introduced to support this include the building of starter homes, improved facilitation of self/custom build housing and the right to buy being extended to housing association tenants.

Developers are now presenting viability arguments as to why they cannot build affordable rent units, stating they have to pay too much for the land. The drop in delivery of new affordable homes, coupled with the diminishing stock of housing associations, will put real pressure on homelessness. With fewer social rented properties available, people accepted as homeless and placed in temporary accommodation are likely to stay longer, reducing the turnover in hostels and leading to a greater use of bed and breakfast accommodation.

Strategic Objectives

Although both councils will share the strategic objectives, some are more relevant for one than the other. Where this occurs the council most affected is named against the objective. However, the overall outcomes will benefit both.

Minimising the Use of Bed and Breakfast Accommodation

The use of such accommodation is not only expensive but has poorer outcomes for households than other options. The councils have seen a steady decline in the use of bed and breakfast, due to better homelessness prevention, but in a demand led service even a small increase in homelessness can affect bed and breakfast numbers.

It is vital that both councils take a strategic long term view of temporary accommodation to meet future demand and to minimise revenue spend. For Vale it is also important to maximise the use of existing assets.

Through robust homelessness prevention and the procurement of private rented homes, the councils have achieved a reduction in the use of bed and breakfast accommodation even in challenging times. However, demand is set to increase and maintaining the status quo, let alone achieving further reductions will be challenging.

Meeting the Statutory Need in a Cost Effective Way - VALE

At present the rental charge for hostel accommodation is £190 per week, plus £12 service charge. The same charge in bed and breakfast would be £600 per week. Therefore, clearly there is real value for money in using hostel accommodation.

By converting one of the hostels into a self-contained hostel the Council can maximise its rental income.

The rent will be covered by the local housing allowance for households on very low income. On top the Council is allowed to collect a management fee from the Department for Works and Pension equivalent to the Local Housing Allowance rate minus 10% plus £60. In any one year the Council can therefore make £36,000 on management fees. This income can be invested to fund a temporary accommodation Officer, who can work with households more intensively to re-engage them with education or work opportunities.

However, it must be stressed the TA Subsidy regime (as set out in the fee element above) is to change in 2017 where the subsidy will be rolled up into the Central Government grant to local authorities and it is recommended that this be part of the Housing Needs budget for temporary accommodation purposes.

There are also flats and houses supplied by Housing Associations for the use of TA. The RSL claims the rent plus the LHA management Fee, so in essence this covers the basic costs of the property. RSL partners are keen to continue this arrangement and therefore the LHA Fee is critical in ensuring a good portfolio of accommodation for statutory homeless households.

Improving the Quality of Temporary Accommodation – VALE

At present the council hostels in Vale have shared facilities. Therefore, families and children are sharing with single vulnerable households. Although each person is risk assessed prior to any placement in a hostel, there are clear safeguarding and health and safety issues.

Funding has been set aside for a general refurbishment of all the hostels and the Officers regularly carry out all the necessary health and safety checks.

In order to improve the quality of the hostel accommodation, they would have self-contained facilities in the form of a toilet and shower/bathroom and although the size of the accommodation maybe smaller, the quality for many households would improve. It is important to note that on occasions single vulnerable households are placed into bed and breakfast accommodation at extra cost, because the Council's do not have any self-contained facilities. This is also done to protect vulnerable children, as the Councils do have a Safeguarding responsibility under the Children's Act 2004. This is therefore a cost that can be avoided by improving the quality of the TA. Taking into account business intelligence that the Council's will have to deal with more single vulnerable households, this may have a detrimental effect on Bed and Breakfast costs in the future. It will provide good value for money in the long run to convert the hostels into self-contained units so as to maximise the occupancy levels with both families and singles, while providing a safer environment.

At present the Council's do not have any units that comply with the Equalities Act 2010 and are at risk under s149 of the Act, by not providing specialist, wheelchair units for people with physical disabilities. A Surveyor has been appointed to advise on the most cost effective method of providing an accessible unit within one of the hostels.

The three houses in New Street Abingdon have been fully surveyed and Officers are in the processing for procuring the works to bring the properties back into use for TA. This is a sound investment. Once in good condition and regularly maintained they are a reliable asset for the Council in terms of low level income generation, but over the long run are an excellent return on investment. The 3 bed property if sold in good condition would fetch circa £380,000 at today's prices. Therefore all investments in expanding the TA portfolio should be seen in terms of future investment growth that will always realise a profit for the Councils.

The Councils hostel in Elmside due to its layout and size is the best option for conversion.

Recommendation: That the Vale of White Horse District Council convert Elmside Hostel into self-contained units to protect vulnerable families. To convert one unit for full accessibility for a disabled household.

Strategically Increase the Portfolio of Temporary Accommodation to Meet Future Needs and Challenges - SOUTH

South Oxfordshire has no TA. It does have access to some Housing Association properties and in essence has been using V of WHDC hostels, when vacancies arise to meet its statutory duty to vulnerable households. Being heavily reliant on VALE hostels and a small but insufficient number of other properties from partners leaves SODC at risk of not meeting its legal obligations. As pressure grows on TA due to increased demand SODC will not be able to use the hostels in VALE and therefore will be reliant on expensive B&B. It would be a prudent financial move to invest in a small portfolio of properties, for example two, and convert them into a hostel or House with Multiple Occupation for single persons.

A HMO gives the Council's more flexibility in placing single vulnerable households that require statutory assistance through homelessness legislation. If two properties were procured then ideally one could be converted into self-contained units to act as a hostel to support vulnerable families and so attract the TA Subsidy fee. The HMO would also attract Housing Benefits payments to cover rental income.

Although there would be an initial Capital outlay, the returns in terms of rental income plus management fees would mean a steady return on investment.

There is also potential expenditure savings for the Council. If 5 single homeless households were placed into bed and breakfast accommodation for a period of just 12 weeks the cost would be £11,340. The equivalent cost of placing the same persons in a Hostel for the same period is £4,800 (rent at Local Housing Allowance level). On top the Council can charge a management fee of £7,776 for the same period, thus making a surplus of £2,976.

This type of accommodation also gives greater stability to households. Market intelligence is showing that there will be real pressure on affordable housing. If at any point the supply of affordable housing slows up, while homelessness continues to increase that will mean statutory homeless households spending longer in TA. If the TA is of good quality, then households will be able to remain for longer periods while waiting for a home. At present more and more case law is targeting temporary accommodation and its standards with regard to its suitability. By providing good quality temporary accommodation to vulnerable households, the Council's both can mitigate the risk of legal challenge.

Recommendations: That South Oxfordshire District Council give due consideration for purchasing as a minimum one property for conversion to either a HMO or hostel for single homeless households.

That it also gives consideration to increase the stock of available TA through innovative development