

**Report for: Cabinet**

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Date of Meeting: 1 April 2025

**Subject: Temporary Accommodation Project**

Cabinet Member: Cllr Simon Clist - Cabinet Member for Housing, Assets and Property and Deputy Leader

Responsible Officer: Simon Newcombe – Head of Housing and Health

Exempt: Part II Annexes A-H

Exempt from publication under paragraph 3, Part 1 of Schedule 12A to the Local Government Act 1972 (as amended) as it contains information relating to the financial or business affairs of any particular person (including the authority holding that information)

Wards Affected: Lowman

Part II Annex A Summary

Part II Annex B – Property details and brochure

Part II Annex C – Property Valuation Report

Part II Annex D - Topographical survey

Part II Annex E - Flood Risk Assessment

Enclosures:

Part II Annex F - Concept plans

Part II Annex G – Current floor plans 1<sup>st</sup> and 2<sup>nd</sup> floors

Part II Annex H – Current floor plans Ground and Basement floors

## **Section 1 – Summary and Recommendation**

The Council has a duty to provide temporary accommodation to homeless households in certain circumstances. Ideally, households are placed into self-contained accommodation pending further assessment, but, due to a limit on available housing and the number of presentations being received each year, it is necessary to place households in hotel accommodation.

The current Housing Strategy 2020 - 2025 aims to reduce the use of hotels as temporary accommodation through the provision of own stock housing solutions. This aspiration is confirmed by Government priorities, and guidance from the Ministry of Housing, Communities and Local Government (MHCLG) indicates that local authorities must strive to provide those presenting as homeless with more appropriate temporary accommodation options.

To further support this commitment, the conditions attached to the Homelessness Prevention Grant (HPG) and other funding such as the Local Authority Housing Fund (LAHF) provide a focus on providing more suitable temporary accommodation and moving away from the use of hotels.

Since 2022 the Public Health and Housing Options Service have secured funding for the purchase of properties to provide a range of temporary accommodation options that meet local needs. To date, ten houses have been purchased ranging from 2-bed to 4-bed properties utilising the LAHF Round 1 scheme.

In addition, two Houses in Multiple Occupation (HMOs) were purchased using the Council's own funds, to provide accommodation suitable for individuals. One of the properties is now complete and providing six en-suite rooms for individuals. The second is currently in progress to provide between six and eight rooms.

This report is to seek agreement to purchase an additional property utilising LAHF Round 3 funding. The identified property is empty and has the potential to be redeveloped into self-contained flats. These would have a focus on providing temporary accommodation for homeless families.

The details surrounding the property and the associated feasibility reports are contained within Part II and are considered exempt from publication.

### **Recommendation:**

**Cabinet agrees to pursue the purchase of the empty property identified in Part II Annexes A - F of the report for the purpose of providing temporary accommodation.**

## **Section 2 – Report**

### **1 Introduction**

1.1 The Public Health and Housing Options Service have already successfully delivered a number of temporary housing projects since 2022 utilising available Local Authority Housing Fund allocations.

1.2 There are significant benefits to providing our own temporary accommodation, which include:

- Reducing the amount of time households have to spend in hotels
- Ensuring that families with children are staying in appropriate accommodation and are not spending more time than is necessary in hotel rooms without access to kitchen facilities and outside space.

Note: there is a statutory maximum time-period of 6-weeks for families and pregnant persons to be within inappropriate temporary accommodation and further protocols agreed at a Devon level around minimising or preventing care experienced persons from being in inappropriate temporary accommodation.

- Better opportunities for homeless households, particularly young people and individuals through support from the housing options team on how to become 'tenancy ready'.
- Providing an interim housing option for those lacking experience in managing a tenancy or licence.
- Reducing spend on hotel accommodation which is more expensive than providing our own stock.
- Better health and wellbeing outcomes as households are able to access cooking facilities that are not available in hotels.
- Officers in the housing options team undertake regular property health and safety checks, as well as wellbeing checks for residents.
- More sustainable accommodation while households are assisted to 'move on' to a longer term housing solution.
- More chance of preventing future homelessness.

1.3 By purchasing our own properties we are also adding to the Councils long term assets which have their own market value.

### **2 Current position with Temporary Accommodation**

2.1 In the last five years we have seen a rise in the numbers of households requiring temporary accommodation and needing to be placed into hotel rooms. In 2023/24 this number started to drop as the HMO and other properties that were purchased completed and became available to use.

Financial Year	No. households placed into hotels
2020/2021	94
2021/2022	135
2022/2023	254
2023/2024*	171
2024/2025 (up to 28/2/25)	133

\*new properties started to become available

- 2.2 These figures show the impact having our own stock can have and provides accommodation that is more suitable to meet people's needs. The aim being to meet the benefits described in paragraph 1.2.

### **3 Project proposal**

- 3.1 An opportunity has arisen to purchase a building that was being used for both commercial and residential purposes. It has been empty and boarded up for over 12-months and has the potential to be converted into up to seven self-contained units, two of which could be level access and provide adapted accommodation.
- 3.2 The property is in an ideal location to provide key accommodation at the point of need and highest demand, ready access for housing options staff to manage the property and provide support, and a sustainable, town-centre but detached setting with access to amenities.
- 3.3 In order to evaluate whether the project is viable, we have commissioned preparatory reports including a topographical survey, flood risk assessment, and valuation and visual survey. These are available under Part II of the report as restricted items. A concept drawing that provides an outline layout and potential use of the property is also provided under Part II of this report.
- 3.4 To maintain momentum with the project and meet funding deadlines, and in anticipation of this Cabinet decision, a structural survey, measured survey and preparation for a planning submission have been arranged for commissioning. This will allow the project to move forward at pace if it is agreed.

### **4 Business Case**

- 4.1 Part II and Annexes A-F provide more detailed and specific information on the property and the estimated costs/benefits of this project. This has been published under Part II due to the commercial nature and potential contractual sensitivity of the information. Nonetheless, a summary of the key points is provided below.

#### **Funding**

- 4.2 In order to aid the viability of this project, we submitted an expression of interest to the Local Authority Fund Round 3 (LAHF R3) for additional funding. The deadline for submission was January 2025.

- 4.3 In February 2025 we were notified that our submission was successful and we have been allocated £612,000 towards the project. This significantly exceeds the cost of purchasing the property leaving a large residual portion that can be put towards the wider project costs (e.g. surveys, planning and conversion). Consequently, this award will provide a substantial proportion of the overall cost of this project and de-risk delivery for the council.
- 4.4 This new funding is in addition to £308,109 the Council was already awarded earlier this year under the first tranche of LAHF R3 funding towards the provision of two new-build properties.
- 4.5 There are grant conditions attached to the additional, second tranche of LAHF3 funding whereby at least four units of temporary accommodation must be provided to support the scheme objectives.
- 4.6 The funding conditions also relate to the use of the properties once complete. In combination, this means that under the entire LAHF R3 funding awarded to the Council there is a minimum requirement to provide four properties which must be made available for use as temporary accommodation and two properties which must be available as resettlement properties. These six units in total must be supplied by 31<sup>st</sup> March 2026.
- 4.7 The Council has already received some of the first tranche LAHF R3 funding to provide the two new-build properties. These dwellings are already in progress through the Housing Revenue Account (HRA) development programme and will be retained to meet the resettlement element of the funding requirements. The HRA will receive full benefit of rent set at the government local housing allowance rate (LHA) paid via the Council's general fund Housing Options service. The LHA rate is slightly higher than the formula (social) rent payable by a HRA tenant, therefore the HRA is not disadvantaged by this arrangement, and is in common with the use of around 35 other HRA properties by the general fund as temporary accommodation.
- 4.8 As described, the proposed acquisition of this existing, additional property can provide up to seven self-contained units, thereby exceeding the four required under the additional LAHF R3 funding requirements and maximising the benefit to the Council. It is anticipated that all of these units will therefore be retained at this property for local temporary accommodation use.

#### **Hotel costs and pay back**

- 4.9 Although the Council is in a fairly good position having some of our own HRA stock we can use for temporary accommodation, we do not have enough to negate the use of hotel accommodation to meet the demand. The cost of a hotel can range from £50 per night to £150 per night (median circa £80). This is dependent on the time of year, availability within the area or outside of the area (rates vary based on location), size of the rooms, for example a family suite, and number of rooms (where certain household members are unable to share).

- 4.10 Although the rate per room varies the amount the Council can recover does not. This is set at the LHA rate for a one bed unit. This is currently £121.97 per week. This can be claimed via the benefits system assuming the household are entitled to universal credit or housing benefit. The shortfall between the LHA and the cost of the stay in the hotel is therefore a direct cost to the Council. Although the Council attempt to recover some of this cost from the households, we acknowledge that we are dealing with vulnerable people who are unlikely to have the funds to pay this back.
- 4.11 Hotel rooms are charged per night so even based on the lowest current nightly rate of £50, the weekly cost of a hotel is £350 compared to the LHA rate of £121.97. This means that for every week spent in a hotel there is a minimum direct cost to the Council of £228.03, rising to £483.03 under the median rate.
- 4.12 Although the initial net outlay for the Council to bring a project such as this forward is relatively high, the ongoing revenue cost is significantly reduced. The Council can apply an excluded license fee to the accommodation in line with the LHA rates, and therefore the full licence fee is returned to the council.
- 4.13 The weekly LHA income is circa £48k per annum for the entire property, resulting in a payback period of around eight years to cover the net predicted capital costs contributed by the Council for the project. However, this does not take into account costs avoided from hotel accommodation. At current median hotel rates, accommodating the equivalent number of homeless persons in a hotel as could be accommodated at the property would cost the Council a further £23k more each year, thereby reducing the payback period to just over five years. This is a rolling revenue saving, net of any revenue costs incurred through potential borrowing needed to provide the additional capital required.
- 4.14 There is also less risk of the household having to move hotels due to room availability, which is costly and time consuming. It provides the household with a fixed address, allowing them to apply for benefits and local services. The accommodation is more suitable than a hotel providing an interim solution while a more permanent housing solution is found.
- 4.15 The overall business case is strengthened by the Council owning the asset which will have a future value that exceeds any capital costs to bring the project forward. It also provides for greater certainty around future costs and income against less certain hotel accommodation costs, especially given the limited local market where relatively few providers wish to be commissioned for our requirements and where room costs have been rising faster than index inflation.

## **Financial Implications**

The LAHF R3 allocation will cover a significant proportion of the cost of the project, however the Council will need to fund the remaining balance. Further clarification will be required with the Finance service and lead accountants on how this can be funded with several options around capital reserves or capital borrowing (internal or external).

Any internal or external borrowing would have a rolling revenue cost due to interest payments, however this would be significantly offset by savings from a reduction in hotel accommodation.

There is a relatively quick pay-back period when savings from avoidance of alternative temporary accommodation (hotels) are taken into account, therefore a strong business case to bring this project forward. This is underpinned by the Council fully retaining the property as an asset which will increase in value as a result of the conversion and modernisation.

### **Legal Implications**

There are no direct legal implications as a result of this report other than the need to follow a legal conveyancing process and ensure we meet the grant requirements of the LAHF funding as set out above. The provision of this accommodation will also support the council in meeting its statutory homelessness duties as set out under the Homelessness Reduction Act 2017.

### **Risk Assessment**

The financial risks associated with this project are relatively low and the benefits high (through the increase in council owned, high quality and legally suitable temporary accommodation). All the preparatory work for permissions and valuations is in place so the risk of the project not being viable is felt to be low at this stage. The property has also been visually inspected by a number of Public Health and Housing Options staff. This will be kept under review, notably once an independent detailed property condition and structural survey has been received (as part of the conveyance process) and should this change the project will either not go ahead or be revised with relevant decisions being put in place.

### **Impact on Climate Change**

If the property is purchased and planning permission for conversion to self-contained units is granted, the renovation will include works to improve energy performance. However due to the change of use from commercial to residential any improvement will not be directly comparable to its current use.

### **Equalities Impact Assessment**

An Equality Impact Assessment has not been carried out in respect of this report. Consideration will be given to the use and accessibility of the properties in the event that the decision is made to purchase.

### **Relationship to Corporate Plan**

This report directly relates to the Homes theme within the 2024-2028 corporate plan.

### **Section 3 – Statutory Officer sign-off/mandatory checks**

**Statutory Officer:** Andrew Jarrett  
Agree by or on behalf of the Section 151  
**Date:** 18.03.25

**Statutory Officer:** Maria De Leburne  
Agreed on behalf of the Monitoring Officer  
**Date:** 18.03.25

**Chief Officer:** Stephen Walford  
Agreed by or on behalf of the Chief Executive  
**Date:** 18.03.25

**Performance and risk:** Steve Carr  
Agreed on behalf of the Corporate Performance & Improvement Manager  
**Date:** 17 March 2025

**Cabinet member notified:** Yes

### **Section 4 - Contact Details and Background Papers**

**Contact:** Tanya Wenham, Operations Manager for Public Health & Housing Options  
or Simon Newcombe, Head of Housing and Health – [twenham@middevon.gov.uk](mailto:twenham@middevon.gov.uk)  
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**Background papers:** None