

<b>Agenda Item No:</b>	5	
<b>Committee:</b>	Cabinet	
<b>Date:</b>	15 November 2024	
<b>Report Title:</b>	Purchase of property portfolio to support meeting Housing Duties	

**Cover sheet:**

**1 Purpose / Summary**

- 1.1 For Cabinet to be appraised on a proposal to set up a fund up to £1.2 million to invest in 1 bed accommodation from the market to help support our housing duties.

**2 Key Issues**

- 2.1 On the 24 October 2024, the Council had 33 single / couple households in emergency interim accommodation as a result of homelessness.
- 2.2 The costs to the Council are placing pressure on the medium-term financial strategy
- 2.3 Members have previously approved plans to increase the supply of housing benefit subsidy compliant accommodation over the next 2 years and this work is now underway.
- 2.4 However, it is now felt financially prudent to increase the supply of accommodation in the short term that will increase the number of units that are housing benefit subsidy compliant.
- 2.5 Therefore, it is requested that a fund of up to £1.2 million to be made available to purchase:
- 1 bed properties
  - In Fenland and / or neighbouring districts
  - Condition to be ready to let except for fixtures and fittings
- 2.6 Each property over a year saves circa £15k revenue savings per annum from a comparison to placement in a bed and breakfast establishment.
- 2.7 Management and support to be provided by the Council with costs recovered from rent and an intensive housing management charge.
- 2.8 To review the assets once the new provision comes on stream over the next 2 years to either sell or retain.
- 2.9 Capital funding to be provided either from borrowing, which will incur an annual charge of £30k for MRP and £60k in interest, or by using the Horizons reserve which will incur no finance charges.

### 3 Recommendations

- 3.1 Cabinet are recommended to:
- 3.2 Set aside up to £1.2 million from reserves to purchase up to 10 x 1 bed properties from the market and to delegate to the Leader and Section 151 officer the funding of such purchases.
- 3.3 Consult with The Leader, Portfolio Holder for Assets and Portfolio Holder for Housing on any proposed purchase.
- 3.4 Any increase needed to the £1.2 million to be delegated to the Section 151 Officer in consultation with the Leader, Portfolio Holder for Assets and Portfolio Holder for Housing.

Wards Affected	All
Forward Plan Reference	<i>[Insert Reference No. From Forward Plan. (It is a legal requirement to include key executive decisions on the forward plan for 28 days before the decision requested in this report is taken).</i>
Portfolio Holder(s)	The Leader – Cllr Chris Boden Portfolio Holder for Housing – Cllr Sam Hoy Portfolio Holder for Assets – Cllr Ian Benney
Report Originator(s)	Dan Horn – Assistant Director
Contact Officer(s)	Dan Horn – Assistant Director Mark Greenwood – Head of Property, Assets and Major Projects Peter Catchpole – Corporate Director and Section 151 Carol Pilson – Corporate Director
Background Papers	

## 4 BACKGROUND AND INTENDED OUTCOMES

4.1 Since November 2023 the Council have developed an operational plan to reduce the impact of costs for managing the Council's housing duties in relation to Homelessness.

4.2 There are various active strands to the plan that include:

- Purchase of 33 family homes utilising FDC finance and Local Authority Housing Fund to reduce the length of time families are placed in B&B
- Increasing the number of leased family accommodation provided by Clarion from 9 to 15 properties
- Increasing the supply of new affordable housing:

Financial Year	Affordable Units delivered (or projected)
2023/24	244
2024/25	210
2025/26 & 2026/27	650

- Working with non-housing benefit subsidy compliant housing support providers to become compliant.

4.3 However, although there has been significant additional compliant accommodation provision for families there remains too many single and couple households in B&B.

4.4 On 24 October 2024, the Council had 33 single and couple households in B&B.

4.5 Plans are in progress to develop new provision of subsidy compliant accommodation for single and couple households.

4.6 However, the timescale for completion of these projects is likely to be around 2 years.

4.7 Therefore, this proposal helps provide an opportunity for increasing the supply of emergency accommodation in the short term whilst these longer-term proposals are completed.

## 5 REASONS FOR RECOMMENDATIONS

5.1 Section 4 sets out the reason for the recommendations. However, looking at the current housing market, it is felt there are opportunities to acquire 1 bed properties across the district and neighbouring districts at good value. These acquisitions will help create a portfolio of properties in the short term that are essentially ready to let on a license to place single households and couples where we have a duty to investigate the circumstances around them being homeless and find appropriate longer term solutions.

5.2 Therefore, a fund up to £1.2 million is to be made available to purchase:

- 1 bed properties
  - In Fenland and / or neighbouring districts
  - Condition to be ready and compliant to let except for fixtures and fittings
  - Each property over a year saves circa £15k revenue savings per annum from a comparison to placement in a bed and breakfast establishment.
  - Management and Support to be provided by the Council with costs recovered from rent and an intensive housing management charge
  - All lets to be let on a license to occupy rather than an AST
  - To review the assets once the new provision comes on stream over the next 2 years to either sell or retain.
- 5.3 For out of area properties, operationally there is an additional administrative burden linked to Section 208 notifications (see legal implications) which, when coupled with the practicalities of travel and productivity of the support and management required with our asset, needs to be considered in the investment decisions made.
- 5.4 However, urgency to purchase the appropriate type of property and at the right price is the key criteria for this proposal.
- 5.5 All properties must be with vacant possession.

## **6 CONSULTATION**

- 6.1 N/A

## **7 ALTERNATIVE OPTIONS CONSIDERED**

- 7.1 Alongside purchasing these properties, the Council will also explore the leasing of 1 bed properties from a Registered Provider as a further short term solution whilst these longer term solutions are implemented.
- 7.2 Looking at the financial impacts of too many households in B&B, to not provide any alternative housing benefit subsidy compliant properties in the short term is seen as not financially prudent.

## **8 IMPLICATIONS**

### **8.1 Legal Implications**

- 8.2 The constitution:
- 8.3 Fenland District Council has a general power to acquire land and property under Section 120 of the Local Government Act 1972 and may also rely on Section 1 of the Localism Act 2011 where the purchase relates to regeneration and economic/social benefits in the council's area.
- 8.4 Fenland District Council also has a general duty to act prudently when purchasing land. To that end, in addition to valuations, appropriate title checks

and searches will take place before any final commitment is made to purchase the properties.

- 8.5 Stamp Duty Land Tax will be payable on completion of the purchases and arrangements will need to be made to ensure that the properties meet minimum EPC requirements for rental properties which may require some additional expenditure between the time of purchase and 2028 when all such properties must achieve a rating of C.
- 8.6 We must ensure that the temporary accommodation provided meets the requirements set out in the Housing Act, particularly regarding suitability and the duty to provide temporary accommodation. S208 of the Housing Act specifies that, so far as reasonably practicable, the Local Housing Authority (LHA) should secure accommodation within its own district. If placing an applicant outside its area, the LHA must inform the receiving LHA.

### **8.7 Financial Implications**

- 8.8 If we utilise the Horizons reserve to purchase these properties, then no finance charges will be incurred. If we were to fund through borrowing, then the annual charges as set out in section 2.9 above will apply. It should be noted that at present the Horizons Reserve shows a projected balance of £1.75m at 31<sup>st</sup> March 2026 after agreed expenditure has been applied. This reserve would obviously reduce by £1.2m if this was used to finance these purchases.

### **8.9 Equality Implications**

- 8.10 The proposal helps support meeting our obligations for housing as set out in the homelessness act.

## **9 SCHEDULES**

- 9.1 N/A