

**Briefing paper for meeting of Bromsgrove District Council Overview and Scrutiny Board on 24<sup>th</sup> August 2015 concerning Burcot Hostel, 18 Burcot Lane, Bromsgrove B60 1AQ**

**Background**

Burcot Hostel is owned by Bromsgrove District Council and is located across from the Council House on Burcot Lane. The hostel provides temporary accommodation for up to eight homeless households in Bromsgrove and is managed on a day-to-day basis by Bromsgrove District Housing Trust (BDHT). This arrangement has been in place since 2004, when the council transferred its stock together with its homelessness function to BDHT.

The council is now planning to sell the Council House and surrounding land. In order to do so, the hostel will need to close down, as any future purchaser will require vacant possession of the property as part of the overall purchase.

Since the council announced its intention to sell the Council House and the surrounding land, there have been on-going discussions between BDHT and the council as to the best way forwards in terms of replacing the hostel, as closing it has implications for the availability of temporary accommodation resources for BDHT in Bromsgrove. Officers have looked at internal options to provide a new facility but this has not been possible due to a lack of suitable Council owned buildings/land and costs.

BDHT are understandably concerned that closing the hostel without making adequate alternative provision could lead to a rise in the use of bed and breakfast placements in Bromsgrove for homeless households. Traditionally these placements are expensive, as the full cost of the rent is not met by housing benefit, and the quality of these placements also varies considerably, which can make them unsuitable for customers, especially those with children.

**Finances/costs**

Currently the council has an annual revenue budget for the running costs of the hostel and receives the rental income from the hostel. It also pays BDHT for the provision and management of another 39 units of temporary accommodation as a whole.

**Options considered/ currently being explored**

1. BDHT currently provide up to 39 units of temporary accommodation from their own stock, which they use to house homeless households, and they have offered to provide a further four units of accommodation within their existing housing stock for this purpose, thereby compensating for the closure of the hostel. These properties will need to be converted in order to enable them to accommodate up to 8 households, and BDHT have proposed two possible approaches to this,

which are calculated out over a 15 year time period. In both proposals, changing the size of these four properties will result in a rent loss over time for BDHT which they have factored into each proposal.

2. BDHT proposal 1

BDC pay the cost of converting the properties

BDC and BDHT agree a contract for e.g.15 years

BDC pay BDHT, annually for the term of the contract, the rent loss for 4 x 3bed houses

BDC receive income, annually for the term of the contract, from 8 x 1bed flats

3. BDHT proposal 2

BDHT underwrite the costs of the conversions

BDC and BDHT agree a contract for e.g.15 years

BDHT receive the rental income for the 8 units for the term of the contract

BDC agree to fund any shortfall in non-occupation of the 8 units

It is worth noting that occupancy of the hostel, and BDHT's other 39 units of temporary accommodation fluctuates during any given year, because it is driven by the number of homeless applications requiring a temporary accommodation intervention. With this in mind, occupancy data for the hostel shows it was used for 42% of its capacity during 2013/14, and this potential for fluctuation helps explain BDHT's modelling about mitigating against rent shortfalls in their proposals.

4. The Council has tried informally to gauge levels of interest to provide temporary accommodation amongst private sector landlords in Bromsgrove but currently there appears to be no appetite amongst them to specialise in housing homeless households.
5. Within the last month, Birmingham City Council have begun working with a private provider on the Bromsgrove/Birmingham boundary at Rubery to take on a 15 unit property to provide temporary accommodation for their customers. It may be possible to seek an agreement with Birmingham to use a small proportion of these units for Bromsgrove residents.
6. From a transformation perspective it may be feasible to create a shared/combined approach to this issue of a replacement resource between Bromsgrove District and Redditch Borough councils themselves. Both have a statutory homeless function, and Redditch owns its own housing stock – around 6000 properties.

## **Timescales**

At the moment, the timescale behind the issue of replacing the hostel remains uncertain, as the council has yet to identify a purchaser for the site. However, BDHT have outlined that they will require a lead-in time to convert four properties into temporary units should the council determine this is the best way of replacing the existing hostel provision. However, whilst the council remains the owner of the site, it is able to keep the hostel open until such time as it requires it to close due to a sale having been agreed with a purchaser.

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