

BROMSGROVE LOW COST HOUSING SCHEME CAPITAL RECEIPTS AND INCREASING THE SUPPLY OF ACCOMMODATION

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| Relevant Portfolio Holder | Councillor Shirley Webb |
| Portfolio Holder Consulted | Yes |
| Relevant Assistant Director | Judith Willis Assistant Director Community and Housing Services |
| Report Author | Job Title: Amanda Delahunty Contact email:a.delahunty@bromsgroveandredditch.gov.uk Contact Tel: 01527 881269 |
| Wards Affected | All |
| Ward Councillor(s) consulted | Not Applicable |
| Relevant Council Priority | Economic Development Housing Environment Infrastructure |
| Non Key Decision | |
| If you have any questions about this report, please contact the report author in advance of the meeting. | |

1. RECOMMENDATIONS

Cabinet is asked to RESOLVE that;

- 1) The Supply and Demand of Temporary Accommodation report is noted; and

Cabinet is asked to RECOMMEND that

- 2) the low cost housing receipts are used to purchase existing properties, flip shared ownership into social or affordable rented accommodation or invest in new build developments with bdht to increase the supply of affordable housing and temporary accommodation to meet the growing demand.
- 3) delegated authority be granted to the Assistant Director Community and Housing Services following consultation with the Portfolio Holder for Strategic Housing to approve individual proposals for new developments or the purchase of existing satisfactory dwellings and flipping Shared Ownership to affordable or social rented properties and the spend relating to these, as and when they are brought forward.

2. BACKGROUND

- 2.1 Bromsgrove District Council launched a low cost housing scheme approximately 27 years ago. Through this scheme the Council currently holds a 30% share in each of the 111 remaining low cost housing properties.
- 2.2 A report was taken to Cabinet on the 1st February 2017 and Members resolved that:
- “As and when these properties are offered for sale, so far as possible the Council’s share should also be sold and;
- That any Capital receipt be ring-fenced to provide funding to assist the Council in meeting its Strategic Purpose “Help me find somewhere to live in my locality”
- 2.3 The capital receipts received from this decision amount £547,912.26, and to date none of this capital money has been spent. This report asks members to approve a plan to increase the supply of affordable housing to support its homelessness function through the use of these capital receipts in partnership with Bromsgrove District Housing Trust (BDHT).
- 2.4 The Council has carried out research into the causes of the upward trend in homeless approaches and the spiralling cost of temporary accommodation. Working in partnership with BDHT, the Modelling the Supply and Demand of Temporary Accommodation document in Appendix 1 was developed. It established that there is an increase in homeless households and there has also been a sustained reduction in affordable housing availability. It is anticipated that by utilising Low Cost Housing Receipts in a variety of ways, a new supply of affordable and temporary accommodation can be made available to mitigate the impact of this, through new build and reconfiguring existing stock. Options include:
- the development of garage sites to replace with new dwellings
 - the purchase of existing satisfactory dwellings from the open market to include Section 106 sites
 - Re-purchasing any of the low cost housing that is determined to provide good value
 - Flipping of new build shared ownership into social housing.
- 2.5 These properties will be utilised as Temporary Accommodation to: avoid the use of B&B; or offered to those in the highest priority on the housing register; or facilitate a move for an existing tenant to a more suitable property, with the resulting void being made available to a homeless

household or the housing register. This will support the council in meeting its duties under the Housing Act 1996 and the Homelessness Reduction Act 2017. It is intended that this will impact positively on temporary accommodation costs as it is anticipated that households will be moved on from temporary accommodation more quickly.

- 2.6 The Council has seen a significant reduction in the number of affordable housing units becoming available since Covid. Some of this is due to households not being able to afford to move. It is also due to a shortage of new build developments in the District.
- 2.7 The cost of B&B has increased significantly over this period. This is not unique to Bromsgrove. According to analysis of the Local Government Association's (LGA) revenue account data, the total amount spent by councils on temporary accommodation has soared by more than £733m since 2015/16. According to the LGA, temporary accommodation bills present a growing risk to councils.
- 2.8 The increase is in part due to more homeless households being placed into B&B accommodation, which increased from 34 in 22/23 to 46 in 23/24 which is a 35.29% increase. This is forecast to increase again in 2024/25 to 50 (8.7%). In addition, the length of stay is in TA overall is also increasing year on year suggesting that the supply of accommodation is an issue. With the number of households in TA for 6 + weeks being 2021/22 32, 2022/23 48 (50% increase) and 2023/24 53 (10% increase) overall a 66% increase over the whole period.

| Year | Budget | Expenditure |
|-------------|---------------|--------------------|
| 2018/19 | £12,387 | £8,784.95 |
| 2019/20 | £12,387 | £11,837.24 |
| 2020/21 | £12,387 | £24,971.50 |
| 2021/22 | £12,387 | £19,311.49 |
| 2022/23 | £12,387 | £59,903.55 |
| 2023/24 | £12,387 | £87,441.26 |

- 2.9 The forecast for B&B spend without any increasing the supply of temporary accommodation or permanent accommodation is:

- 2024/25 £99,917.51
- 2025/26 £114,323.84

- 2.10 The increase in B&B use is directly related to the decrease in the supply of affordable housing. In the three years prior to the Covid-19 pandemic the Council would have expected around 462 units to become available per annum either through re-lets of social housing or new build stock. This is in part due to the cost of living crisis and the

new affordable housing need target of 92 units per annum not being met.

| Previous 3 year average 17/18- 19/20 | 20/21 | | | |
|---|--------------|--------------|--------------|--------------|
| | | 21/22 | 22/23 | 23/24 |
| 462 | 352 | 304 | 330 | 321 |

3. OPERATIONAL ISSUES

- 3.1 The additional resource required to implement this initiative will be absorbed by the Housing Development Officer posts.

4. FINANCIAL IMPLICATIONS

- 4.1 The low cost housing receipts currently stand at £547,912.26. These are utilised to bring forward more affordable housing and temporary accommodation. The consequence of this should help to mitigate the increase in B&B costs anticipated in the Modelling document.
- 4.2 The percentage of any grant based on the open market value of the property will be registered with the Land Registry so that in the event of its sale the Council would recover its funding based on the percentage of the current value of the property. This could be re-invested to provide more affordable housing.

5. LEGAL IMPLICATIONS

- 5.1 The percentage of any grant based on the open market value of the property will be registered with the land registry so that in the event of its sale the Council would recover its funding based on the percentage of the current value of the property.
- 5.2 The proposals detailed in this report will support the council in meeting its duties under the Housing Act 1996 and the Homelessness Reduction Act 2017. In addition, B&B is not deemed to be suitable accommodation for pregnant women and families with children, and for this reason is unlawful if used beyond 6 weeks as set out in the 2003 Bed and Breakfast Order. Longer term use of B&B puts the local authority at risk of legal challenge, reputational damage and/or a 'maladministration' finding by the Ombudsman.

6. OTHER IMPLICATIONS

Relevant Council Priority

- 6.1 Economic Development – a greater supply of housing supports economic development by providing work for builders and tradesmen and through occupiers using their purchasing power to furnish their homes.

Housing – the receipts will provide more housing for those in housing need in the District.

Environment – where properties are new build they will be energy efficient and where they are made available through the purchase of existing satisfactory dwellings they will, where required, be brought up to a more energy efficient standard.

Infrastructure – new build housing will be very small sites and impact on infrastructure will be minimal.

Climate Change Implications

- 6.2 This initiative to increase the supply of affordable housing and temporary accommodation aligns with Bromsgrove District Council's commitment to environmental sustainability and climate change mitigation. While the report emphasises energy efficiency in new builds, further consideration of the broader climate change impacts is essential. The increasing frequency and severity of extreme weather events and the growing cost-of-living crisis, exacerbated by climate change, contribute to rising homelessness. By providing secure and affordable housing, this initiative will help protect vulnerable households from the direct and indirect impacts of climate change. Furthermore, the emphasis on sustainable building practices, potentially incorporating renewable energy sources and green spaces, will contribute to reducing carbon emissions and enhancing community resilience. This initiative offers a valuable opportunity to integrate climate change considerations into housing development and create a more sustainable and equitable future for all residents of Bromsgrove.

Equalities and Diversity Implications

- 6.3 The delivery of more housing will have a positive impact on those who are homeless and registered for housing through Home Choice Plus.

4. RISK MANAGEMENT

- 4.1 Unless the supply of affordable accommodation is increased across the District the council will be unable to meet its obligations in respect of homeless families and costs of extended periods in B&B and temporary accommodation will continue to rise.
- 4.2 Placing families in B&B where facilities are shared with vulnerable adults and with households not known to the placing authority creates additional safeguarding risks.

6. APPENDICES and BACKGROUND PAPERS

Appendix 1 - Modelling the Supply and Demand of Temporary Accommodation in Bromsgrove 2024/25

Cabinet Report Dated 1st February 2017

9. REPORT SIGN OFF

| Department | Name and Job Title | Date |
|--|---|-------------------------------|
| Portfolio Holder | Councillor Shirley Webb | 31 st October 2024 |
| Lead Director / Assistant Director | Judith Willis; Assistant Director Community and Housing | 1 st November 2024 |
| Financial Services | Pete Carpenter, Director of Resources and Deputy Chief Executive Officer | 1 st November 2024 |
| Legal Services | Claire Felton, Assistant Director Legal, Democratic and Property Services | 19/11/2024 |
| Policy Team (if equalities implications apply) | Not Applicable | Not Applicable |

BROMSGROVE DISTRICT COUNCIL

CABINET

10th December 2024

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|--|-------------|-----------|
| | | |
| Climate Change Team (if climate change implications apply) | Matt Eccles | 1/11/2024 |