

Temporary Accommodation Charges for Private Sector Leasehold (PSL) Properties

Report by the Director for Communities

1.0 Summary

- 1.1 The Executive Member is asked to approve an increase in Temporary Accommodation charges which takes into account the two different levels of Local Housing Allowance (LHA) in the District.
- 1.2 This is to allow the council to afford the increasing cost of leasing temporary accommodation properties from the private sector (PSL). The amount we are currently able to offer landlords is not competitive with the private rental market, and we are competing with Brighton & Hove City Council who are offering more money for PSL's in our district. We therefore have a shortage of properties in this area.

2.0 Background

- 2.1 Adur Council presently uses temporary accommodation properties in order to meet its duties under homelessness legislation. Once the council has accepted someone as homeless they are then put on a waiting list for a secure council property. They usually stay in temporary accommodation for approximately three years before they are rehoused into secure council accommodation or a housing association property.
- 2.2 The main form of temporary accommodation used by the council are private sector leased (PSL) properties, plus a few short term properties in the Council's stock, and the shared accommodation at 7/9 Albion Street.
- 2.3 Currently the amount of tenants in temporary accommodation is as follows:

Shared accommodation council HRA properties – 10
3 Bed temporary accommodation HRA properties - 6
1 bed PSL's – 4 (West 4 East 0)
2 bed PSL's – 31 (West 17 East 14)
3 Bed PSL's – 14 (West 11 East 3)
- 2.4 The LHA figures applicable in Adur vary because half the district east of the river falls into the Brighton and Hove LHA area, and the other half falls into the West Sussex Coast LHA area, where the LHA payable for the same size accommodation is less
- 2.5 At present the amount we charge tenants for temporary accommodation is a similar rate to the local housing allowance for west of the district but is lower than the LHA rate for east of the district.

- 2.6 Under current legislation we are allowed to charge rent at 90% of the LHA rate plus £60 management element, this works out at considerably more than we are charging.

The table below shows the current rent we charge, the maximum we are allowed to charge and still receive full housing benefit and the recommended rent that we should charge. The recommended rent is generally below the average market rent for these properties, although prices in the private sector do vary considerably within the district.

Property Type	Current rent	Max rent allowed	Recommended rent
West			
1 bed	£ 122.51	£ 169.04	£ 140.00
2 bed	£ 158.62	£ 200.19	£ 175.00
3 bed	£ 190.33	£ 231.34	£ 200.00
East			
1 bed	£ 130.00	£ 195.00	£ 150.00
2 bed	£ 180.00	£ 236.54	£ 200.00
3 bed	£ 220.00	£ 288.47	£ 250.00

The table below shows the amounts that we are able to pay landlords for a PSL property based on this increased rent from tenants.

The table shows that we will achieve a surplus on rental income that will contribute towards the costs associated with voids, rent arrears, repairs etc. as well as our fixed costs such as staffing

Property Type	Weekly tenant charge	Monthly equivalent	Landlord Min Rental cost	Landlord Max Rental cost	minimum profit	maximum profit
West						
1 bed	£ 140.00	£ 606.67	£ 500.00	£ 600.00	£ 6.67	£ 106.67
2 bed	£ 175.00	£ 758.33	£ 620.00	£ 700.00	£ 58.33	£ 138.33
3 bed	£ 200.00	£ 866.67	£ 700.00	£ 800.00	£ 66.67	£ 166.67
East						
1 bed	£ 150.00	£ 650.00	£ 500.00	£ 625.00	£ 25.00	£ 150.00
2 bed	£ 200.00	£ 866.67	£ 675.00	£ 750.00	£ 116.67	£ 191.67
3 bed	£ 250.00	£ 1,083.33	£ 850.00	£ 1,050.00	£ 33.33	£ 233.33

3.0 Proposal

- 3.1 It is proposed to increase the rate for PSL properties to the amounts shown in the table below.

This will ensure that we remain competitive in order to maintain our stock of PSL properties.

Property Type	West		East	
	£		£	
1 bed	£	140.00	£	150.00
2 bed	£	175.00	£	200.00
3 bed	£	200.00	£	250.00

4.0 Legal

4.1 There is a legal duty under Part VII of the Housing Act 1996 as amended to accommodate households to whom a duty is owed under the Act, or to accommodate in the interim while investigations take place as to whether such a duty is owed. This can be discharged at least in the short term through the use of bed and breakfast accommodation or emergency temporary accommodation with the attendant higher costs.

4.2 Adur District Council Constitution at Part 3 paragraph 5.2 reads:

“Delegation of Executive functions

The Executive may delegate any of its functions to:

- a) an Individual Executive Member; or
- b) the Chief Executive, Director or Service Manager”

4.3 Part 3 paragraph 2.6 (f) states:

“Where the exercise of powers is subject to prior consultation with an Executive Member or Officer, the consultation shall be in writing, unless due to urgency that is not practicable, in which case there may be verbal consultation which must be confirmed, by the Officer undertaking the consultation to the consultee in writing, as soon as reasonably practicable and, in any event, within five working days.”

5.0 Financial implications

5.1 The proposals will have the effect of increasing the income received by the Council, whilst still ensuring we can pay an increased rate to landlords for our PSL properties.

6.0 Recommendation

6.1 The Executive Member is recommended to agree to increase the rents of private sector leased properties in the Council’s management from April 2015 to the level suggested in 3.0.

6.2 The Executive Member is further recommended to delegate authority to the Head of Housing, to make any future amendments to the rents of private sector leased properties in the Council’s management, after prior consultation with the Executive Member of Customer Services.

Local Government Act 1972

Background Papers: None

Contact Officer:

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Schedule of Other Matters

1.0 Council Priority

1.1 To protect and enhance priority services: by providing cost-effective services.
1:2 Support and contribute to the health safety and wellbeing of the area: through targeting inequalities by ensuring effective temporary housing available.

2.0 Specific Action Plans

2.1 Maximise income levels as per Housing and Environmental Health Services and Adur Homes Services business case

3.0 Sustainability Issues

3.1 Matter considered and no issues identified

4.0 Equality Issues

4.1 Matter considered and no issues identified

5.0 Community Safety issues (Section 17)

5.1 Matter considered and no issues identified

6.0 Human Rights Issues

6.1 Matter considered and no issues identified

7.0 Reputation

7.1 Matter considered and no issues identified

8.0 Consultations

8.1 Matter considered and no issues identified

9.0 Risk assessment

9.1 Matter considered and no issues identified

10.0 Health & Safety Issues

10.1 Matter considered and no issues identified

11.0 Procurement Strategy

11.1 Matter considered and no issues identified

12.0 Partnership working

12.1 Matter considered and no issues identified