

Appendix 1 - Financial

Delivering a PSL scheme and acquiring properties through this scheme will give housing options to households that are homeless and owed an accommodation duty by the local authority. As touched on earlier in the paper the Council's use of nightly paid accommodation is increasing and the PSL model is considerably cheaper option for the Council and offers better living conditions for those households that are in need of accommodation.

The finance available to deliver this mode consists of:

Rough Sleeper Initiative (RSI) - As part of the government's efforts to end rough sleeping, The Council was previously successful in bidding for Rough Sleeper Initiative (RSI) Funding for this project and was awarded £30,000 for 2024/25 with the intention that it would be used to address key pressures in the Rough Sleeper Pathway. Through this funding we have a target to sign 4 leases per budget year and a dedicated role of Landlord Liaison Officer (LLO) was also created to manage these properties.

Homelessness Prevention Grant (HPG) - The Council receive an annual Homeless Prevention Grant (HPG) of which we are proposing to use up to £130,000 on an annual basis to lease 12 properties and use them as temporary accommodation for homeless households as an alternative to emergency accommodation which is a costly option for the Council.

We have an opportunity to use these funding to create more housing options for people who are homeless or at risk of becoming homeless and take away the current financial pressures the Council has with accommodating individuals and families in expensive, nightly paid emergency accommodations. Through this intervention, the Council will be able to secure more accommodation and prevent and relieve homelessness more effectively.

Tables have been created to show the Expenditure (all the cost to the Council) and the Income. The income has been based on Housing Benefit entitlement per property, although, there are restrictions to Benefits Subsidy for properties leased and used as a Temporary Accommodation.

For tenants placed into non-self-contained licensed accommodation for homelessness, the Housing Benefit Subsidy will be limited to the one-bedroom 2011 LHA Rate. If the accommodation is self-contained i.e. a studio, the HB Subsidy will be limited to 90% of January 2011 LHA rate for the size of the property. This means that the rent we collected from the occupiers in receipt of Housing Benefit will be less than the rent we pay the property owners. However, we will still make significant savings by accommodating people in leased properties rather than emergency accommodation where we currently pay a nightly rate.

The below tables detail how the RSI and HPG will be used to lease properties and what the benefits and assumed cost avoidance will be.

Rough Sleeper Initiative Funding (RSI)

We will use the RSI Targeted Funding of £52,500 (£22,500 for 2023/24 which was carried forward into 2024/25 & £30,000 for 2024/25) to lease Studios, 1 bed and 3 or 4 bed houses to share. The client group will be single or couples who have a history of rough sleeping or in supported accommodations, such as, hostels and are ready to move on.

TABLE 1 - Breakdown of costs associated with option 1 scheme where we will consider paying rent up to current market rate based on the condition, size and the location of the property, Property owners remain responsible for all repairs, void works, and safety checks.

For a studio and 1 bed property, tenants will be liable for all utility bills. For shared, 3 & 4 bed houses, the Council will need to pay the utility bills, however, we will recharge this to the tenants as a service charge.

We have researched the current rental market to inform the average cost of rent the Council will offer to pay landlords:

Current Market Rent (Monthly Average)	Studio	1 Bed	2 Bed	3 Bed	4 Bed
	£750	£950	£1,100	£1,450	£1,750

ANNUALLY	Studio	1 Bed		3 Bed / Shared house for 3 people	4 Bed / Shared house for 4 people
Expenditure					
Rent we will pay the Landlord annually	£9,000.00 <i>(£750 Per Month)</i>	£11,400.00 <i>(950 Per Month)</i>		£17,400.00 <i>(£1450 Per Month)</i>	£21,000.00 <i>(£1750 Per Month)</i>
Council Tax (Band C)	0.00	0.00		£1,917.33	£1,917.33
Occupier Damage (estimated charge)	£1,000.00	£1,000.00		£2,000.00	£2,000.00
Bad Debt @ 30%	£1,700.97	£1,700.97		£6,161.82	£8,227.87
TOTAL SPENT	£11,700.97	£14,100.97		£27,479.15	£33,145.20
Income					
Occupier Rent (Housing Benefit)	£5,669.92 <i>(Based on 90% of 2011 LHA One Bed Rate @ £109.03 per week)</i>	£5,669.82 <i>(Based on 90% of 2011 LHA One Bed Rate @ £109.03 per week)</i>		£18,899.40 <i>(£6,299.80 Per Room. Based on 2011 LHA One Bedroom Rate @ £121.15 per week)</i>	£25,199.20 <i>(£6,299.80 Per Room. Based on 2011 LHA One Bedroom Rate @ £121.15 per week)</i>
Service Charges (Utility Bills)	0.00	0.00		£1,640.02 <i>(3x Tenants, £546.67 per tenant @ £10.51 per week)</i>	£2,227.04 <i>(4x tenants, £556.76 per tenant @ £10.70 per week)</i>
TOTAL INCOME	£ -5,669.92	£ -5,669.82		£ -20,539.42	£ -27,426.24
TOTAL COST TO THE COUNCIL ANNUALLY PER PROPERTY	£6,031.05	£8,431.15		£6,939.73	£5,718.96

TABLE 2 - Breakdown of all costs associated with option 2 scheme where we will offer landlords rent based on the current LHA rate and we will be responsible for minor repairs, voids work, gas and electrical safety checks and Council Tax.

ANNUALLY	Studio / 1 Bed (Self-Contained)	3 Bed House / Based on 3 people sharing (Non- self-contained)	4 Bed / Shared house for 4 people (Non-self contained)
Expenditure			
Rent we pay the Landlord	£8,377.20 <i>(Based on 2024 LHA, One Bed Rate @ £161.10 per week)</i>	£15,258.36 <i>(£5,086.12 per room. Based on 2024 LHA Shared Room Rate @ £97.81 per week)</i>	£20,344.48 <i>(£5,086.12 per room. Based on 2024 LHA Shared Room Rate @ £97.81 per week)</i>
Gas Safety Check	£157.50	£157.50	£157.50
Electrical Safety Check	£43.08	£43.08	£43.08
Repairs/Maintenance	£1,000.00	£1,500.00	£1,500.00
Void Works	£1,000.00	£1,500.00	£1,500.00
Council Tax (Band C)	£0.00 (tenant liability)	£1,917.33	£1,917.33
Bad Debt @ 30%	£1,700.87	£6,161.82	£8,227.87
TOTAL SPENT	£12,278.65	£26,538.09	£33,690.26
Income			
Occupier Rent (Housing Benefit)	£5,669.56 <i>(Based on 90% of 2011 LHA One Bed Rate @ £109.03 per week)</i>	£18,899.40 <i>(£6,299.80 Per Room. Based on 2011 LHA One Bedroom Rate @ £121.15 per week)</i>	£25,199.20 <i>(£6,299.80 Per Room. Based on 2011 LHA One Bedroom Rate @ £121.15 per week)</i>
Service Charges (Utility Bills)	0.00	£1640.02 <i>(3x Tenants, £546.67 per tenant @ £10.51 per week)</i>	£2227.04 <i>(4x tenants, £556.76 per tenant @ £10.70 per week)</i>
TOTAL INCOME	£ -5,669.56	£ -20,539.42	£ -27,426.24
TOTAL COST TO THE COUNCIL PER PROPERTY	£6,609.09	£5,998.67	£5,264.02

RSI funding is being used to lease properties and use them as temporary accommodation and is mainly targeted to support singles and couples through the homelessness pathway to move on. Which, in return, will increase access into our existing silted services. In the current financial year 2024/2025 we are proposing to lease 3 properties. These will be studios, 1 bed and 3-4 bed houses to share.

Homelessness Prevention Grant (HPG)

£130,000 out of our total allocation of Homeless Prevention Grant (HPG) will be used to Lease 2, 3 and 4 bed properties to use as temporary accommodation to accommodate those deemed to be in priority need which may include families, single people and couples which will help to reduce our reliance on emergency accommodation.

TABLE 1 - Breakdown of costs associated with option 1 scheme where we will consider paying rent up to current market rent based on the condition, size and the location of the property and the property owners remains responsible for all repairs, void works, and safety checks.

ANNUALLY	2 Bed Property	3 Bed Property	4 Bed Property
Expenditure			
Rent we pay the Landlord	£13,200.00 <i>(£1100 Per Month)</i>	£17,400.00 <i>(£1450 Per Month)</i>	£21,000.00 <i>(£1750.00 Per Month)</i>
Occupier Damage	£1500	£2000	£2000
Bad Debt @ 30%	£2,430.01	£2,800.07	£4,140.82
TOTAL SPENT	£17,130.01	£22,200.07	£27,140.82
Income			
Occupier Rent (HB / Wages)	£8,100.04 <i>(Based on 90% of 2011 LHA for Two Bed @ £140.19 per week)</i>	£9,600.24 <i>(Based on 90% of 2011 LHA for Three Bed @ £166.15 per week)</i>	£13,799.76 <i>(Based on 90% of 2011 LHA for Four Bed @ £238.84 per week)</i>
TOTAL INCOME	£ -8,100.04	£ -9,600.24	£ -13,799.76
TOTAL COST TO THE COUNCIL PER PROPERTY	£9,029.97	£12,599.83	£13,341.06

NOTE: that you will notice a difference in the cost to the Council of a 3-bedroom property being occupied by one household as compared to a property being rented out on a room basis. This is due to the rental income from a shared house will be greater than for a 3-bedroom property occupied by one household

TABLE 2 - Breakdown of all costs associated with leasing option 2 will offer landlords rent based on the current LHA rate and we will be responsible for minor repairs, voids works and safety checks. We also set aside the bad debt provision at 30% for potential rent arrears.

ANNUALLY	2 Bed Property	3 Bed Property	4 Bed Property
Expenditure			
Rent we pay the Landlord	£10,471.24 <i>(Based on 2024 LHA rate for Two Bed @ £201.37 per week)</i>	£12,864.80 <i>(Based on 2024 LHA rate for Three Bed @ £247.40 per week)</i>	£17,352.40 <i>(Based on 2024 LHA rate for Four Bed @ £333.70 per week)</i>
Gas Safety Check	£157.50	£157.50	£157.50
Electrical Safety Check	£43.08	£43.08	£43.08
Repairs/Maintenance	£1,000.00	£1,000.00	£1,000.00
Void Works	£1,500.00	£1,500.00	£1,500.00
Bad Debt @ 30%	£2,430.01	£2,880.07	£4,139.92
TOTAL SPENT	£15,601.83	£18,445.45	£24,192.90
Income			
Occupier Rent (HB / Wages)	£8,100.04 <i>(Based on 90% of 2011 LHA for Two Bed @ £140.19 per week)</i>	£9,600.24 <i>(Based on 90% of 2011 LHA for Three Bed @ £166.15 per week)</i>	£13,799.76 <i>(Based on 90% of 2011 LHA for Four Bed @ £238.84 per week)</i>
TOTAL INCOME	£ -8,100.04	£ -9,600.24	£ -13,799.76
TOTAL COST TO THE COUNCIL PER PROPERTY	£7,501.79	£8,845.21	£10,393.14

As an average accommodating a homeless family in nightly paid accommodation will cost £75 a night or a weekly charge of £525 and annual cost of £27,365. Please note that the cost savings associated with emergency accommodation will vary as the nightly rate charged can vary due to household size and at peak times.

HPG is being used to reduce these costs and are proposing to lease 6 properties to accommodate families in current 2024/25 financial year and further 6 properties in year 2025/26 instead of using hotels & B&Bs.

As an example, if we were to acquire a 2-bed property to house a family, cost of leasing under option 1 will be £9,029.97 a year compared to using an emergency accommodation (Hotel, B&B etc.) which will cost £27,365 a year.

Costs in the below table are based on leasing 6 properties to house 6 families, 3x 2 bed and 3x 3 bed in year 2024/25 and 2025/26 on leasing option 1 (where we offer market rent). It is then compared against emergency accommodation costs where the Council pays, on

average, £75-a-night for a household. However, as already mentioned above, this figure can be higher for larger families and in peak seasons.

	No. of Properties	Average cost of emergency accommodation	The net cost of Temporary accommodation on a lease based on <u>option 1</u>	Avoided Costs (Annual)	Avoided costs in 2024/25 (assuming 1 Jan 2025 implementation)
Year 2024/2025	3x 2 bed	£82,125	£27,090	£55,035	£13,759
	3x 3 bed	£82,125	£37,799	£44,325	£11,081
TOTAL	6	£164,250	£64,889	£99,360	£24,840

Below table highlights the average cost avoidance for year 2024/25 and year 2025/26 based on leasing 2 and 3 bed properties on leasing Option 1

	No. of Properties	Average cost of emergency accommodation	Average cost of Temporary accommodation on a lease	Avoided Costs (Annual)	Avoided costs (assuming 1 Jan 2025 implementation)
Year 2024/25	6	£164,250	£64,889	£99,361	£24,840
Year 2025/26	12	£328,500	£129,779	£198,721	£198,721