

## **EXETER CITY COUNCIL**

### **SCRUTINY COMMITTEE - COMMUNITY 6 NOVEMBER 2007**

#### **EXECUTIVE 20 NOVEMBER 2007**

### **PROPOSAL TO PURCHASE GLENCOE, ALPHINGTON STREET, EXETER**

#### **1. PURPOSE OF THE REPORT**

- 1.1 To obtain approval for the purchase of Glencoe, Alphington Street Exeter for use as emergency accommodation for homeless families.

#### **2. BACKGROUND**

- 2.1 The Council has a range of good quality self-contained properties that it uses as temporary accommodation for households accepted as homeless and awaiting allocation to permanent housing. These properties include using Council properties as temporary accommodation, specialist homeless accommodation such as Shaul's Court where the Council has agreed a long lease for the use of the building and almost 100 private sector properties leased from their owners for our exclusive use. There is also a range of supported accommodation provided by local housing associations and outside agencies.
- 2.2 The Council also needs emergency accommodation for those households who become homeless and require housing while their case is investigated. To assist with this the Council currently contracts 24 units of accommodation from a number of providers who also undertake a range of housing support services to the households in their accommodation. This support includes assistance in maintaining their tenancy, claiming housing benefit and budgeting skills. Support at this level will help to ensure the households are more successful in any future tenancy they secure. The support provided forms part of the Council's Supporting People contract to provide supported emergency accommodation for homeless households across the City.
- 2.3 Households in this type of bed and breakfast accommodation can only remain there for six weeks even though they may need ongoing support. This six-week rule does not apply to council owned accommodation of this type which is classed as hostel accommodation.
- 2.4 Glencoe is a five-bedroom property situated in Alphington Street. Since 2004 the Council has used the property as emergency accommodation for homeless families. Each family receives 'housing support' under the terms of our Supporting People contract. The property is inspected each year by the Council's Environmental Health Unit and is licensed as a house in multiple occupation (HMO).
- 2.5 The owners of Glencoe have decided to sell the property and terminate their contract with the Council. The loss of these four units will limit the amount of accommodation available to the housing advice service and seriously impact upon the cost of providing emergency accommodation.

- 2.6 Because of the need to have a supply of family sized emergency accommodation officers believe the Council would need to procure another four units of supported accommodation elsewhere in the City to replace the sale of Glencoe.

### **3. OPTIONS APPRAISAL**

- 3.1 When considering how to replace these four units a number of options have been considered. These include:

#### **Purchase of Another Property with a Housing Association**

- 3.2 This option would require the Council to provide capital funding towards the purchasing costs of the building. It would also be difficult to find, purchase and convert a suitable property within the timescales required. There would also be further complications of applying for planning permission and meeting environmental health standards. Finally, it is likely that this option would require additional ongoing revenue funding, as the rental income would be restricted to housing benefit levels and the housing association would charge a management fee.

#### **Council Leases a Property from the Private Sector**

- 3.3 Whilst this option would reduce the capital outlay required to purchase a property, units of accommodation managed by private individuals fall within the bed and breakfast regulations and any income would be subject to the housing benefit subsidy regulations. Therefore the accommodation would operate at a loss and require ongoing revenue funding from the general fund to make it sustainable. It is unlikely that a suitable property could be found within the required timescale, and there would be the further complication of obtaining planning permission and ensuring the property met the required standards.

#### **Purchase of Glencoe by the Council**

- 3.4 This option provides the Council with an opportunity to purchase an existing property that meets the criteria required for this client group. The current owners have maintained the property to a very high standard. This has been confirmed by a property condition report of the building undertaken by the Council's Contract Services which states there are very few ongoing maintenance issues that would need to be addressed in future. This option also has a range of distinct advantages as outlined below.

### **4 ADVANTAGES**

- 4.1 If the Council purchased the property its classification would change to 'local authority hostel'. Therefore it would no longer be subject to the six-week rule and homeless households could remain in the property as long as they required support.
- 4.2 Purchase of the property by the Council would save money. Under the current funding arrangements, the amount paid to the owners for use of the property exceeds the amount of revenue generated by housing benefit. The cost of the accommodation is currently subsidised by £20,973 per year from the general fund. If the Council

purchased the property housing benefit subsidy levels would no longer apply and the project could be fully self-financing.

- 4.3 Another advantage of this option is the potential to create an additional family unit by converting the owners' existing accommodation situated on the ground floor of the building. The Council currently only has four units of emergency accommodation in the City that can accommodate two adults and two children. The cost of spot purchasing bed and breakfast accommodation for a large family of this size can be as much as £500 per week.
- 4.4 In order to increase the occupancy of the building, additional kitchen facilities will need to be provided to meet environmental health regulations. The cost of this work has been estimated at £20,000. Planning permission will be needed to change the use of the building to a hostel. The owners have applied for this.

## **5. PROVISION OF SUPPORT AND MANAGEMENT OF THE PROJECT**

- 5.1 As the current owners will no longer be providing support to the households accommodated in Glencoe, the Council will be required to sub-contract part of its Supporting People contract to another support provider. Carr Gomm, an approved support provider who successfully tendered for the Devon wide floating support contract, have indicated that they are willing to provide this service subject to approval by the Supporting People Team. Carr Gomm have two support workers based at the Civic Centre and it is proposed one of those workers would support the households in Glencoe. Carr Gomm also offer 24-hour telephone support to clients.
- 5.2 Day to day management of the property will be the responsibility of the Council's temporary accommodation team. This team will organise routine repairs and deal with tenancy issues and property management. It is estimated this additional management responsibility would require approximately 20 hours of staff time per week. This is likely to be achieved through a part time staff member with additional support, particularly out of hours, from existing contractors who work with us at Shaul's Court. These costs are included within the budget as outlined in Appendix I.

## **6 PROPOSAL**

- 6.1 It is proposed that the Council purchases Glencoe and continue to use it as supported accommodation for homeless people. It is also proposed that the Council convert the existing owners' accommodation to provide an additional unit of accommodation and that the Council enter into discussions with the Supporting People Team to change the housing support provider from the existing owners to Gar Comm.
- 6.2 The agreement to purchase Glencoe should be conditional on the owners obtaining the necessary planning permission to use the property as a hostel.

## **7. FINANCIAL IMPLICATIONS**

- 7.1 The revenue budget for the scheme is contained in Appendix I to this report. This shows that the weekly cost per unit is £296. The rent charged will cover this cost and result in revenue cost being neutral.

7.2 The Council will enter into negotiations with the current owners and it is hoped agreement can be reached on a suitable figure. The capital finance for this purchase will be funded from within the Affordable Housing Capital Programme.

## **8. RECOMMENDED**

that Executive authorises the Head of Estates, in consultation with the Director Community & Environment and Portfolio Holder for Housing & Social Inclusion, to purchase Glencoe subject to the following conditions:

- i) The cost of the purchase price and any capital works required to be within the budget in the Appendix to this report;
- ii) Planning permission being granted to use the property as a hostel;

## HEAD OF HOUSING SERVICES

S:PA/LP/ Committee/1107SCC4 v3  
18.10.07

### COMMUNITY & ENVIRONMENT DIRECTORATE

**Local Government (Access to Information) Act 1985 (as amended)**  
**Background papers used in compiling this report:**

None