



Communities Scrutiny

April 2019

Temporary Accommodation – costs and options

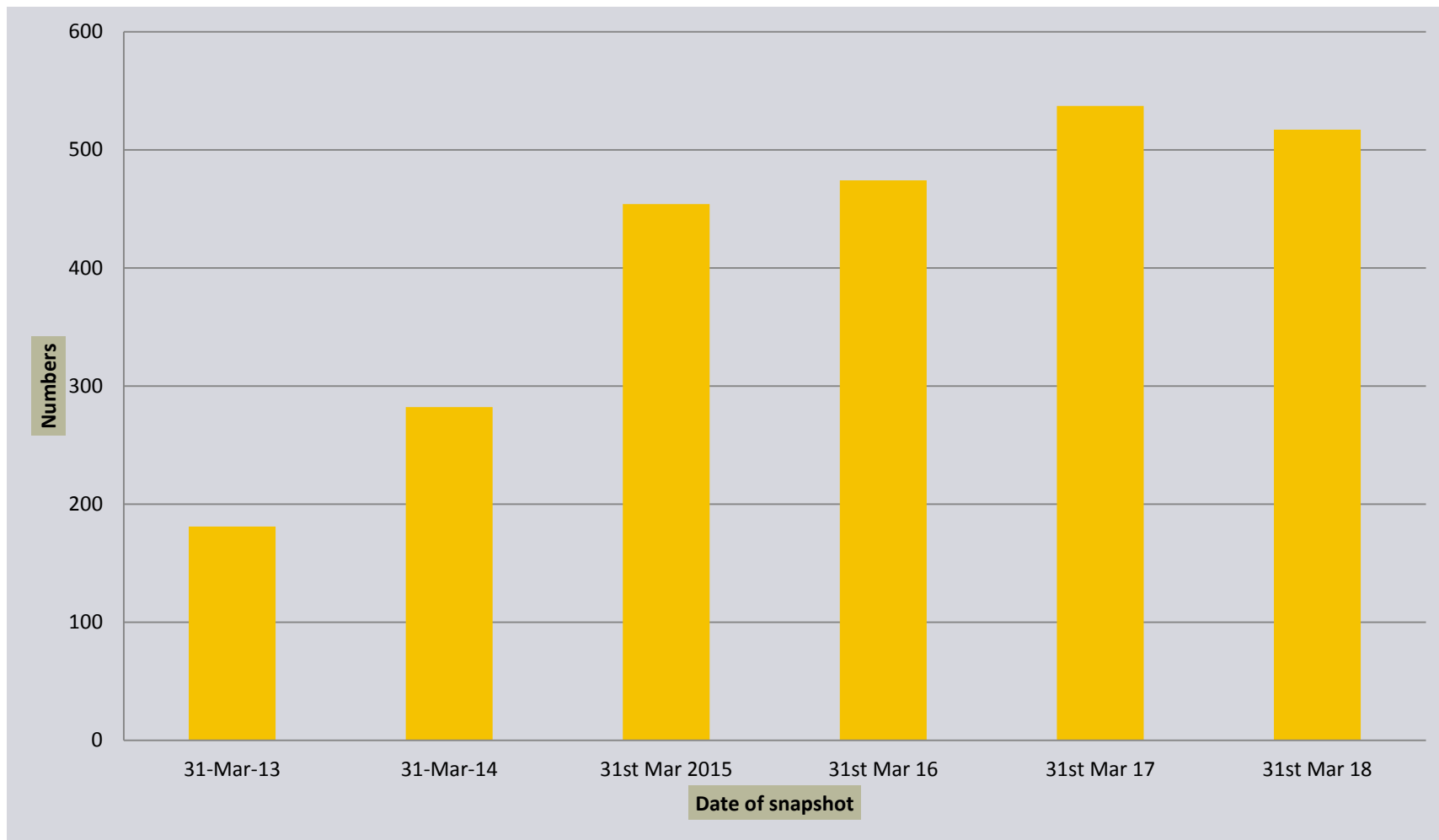
Andrew Corp – Housing supply manager, Housing Options



Temporary Accommodation (TA)

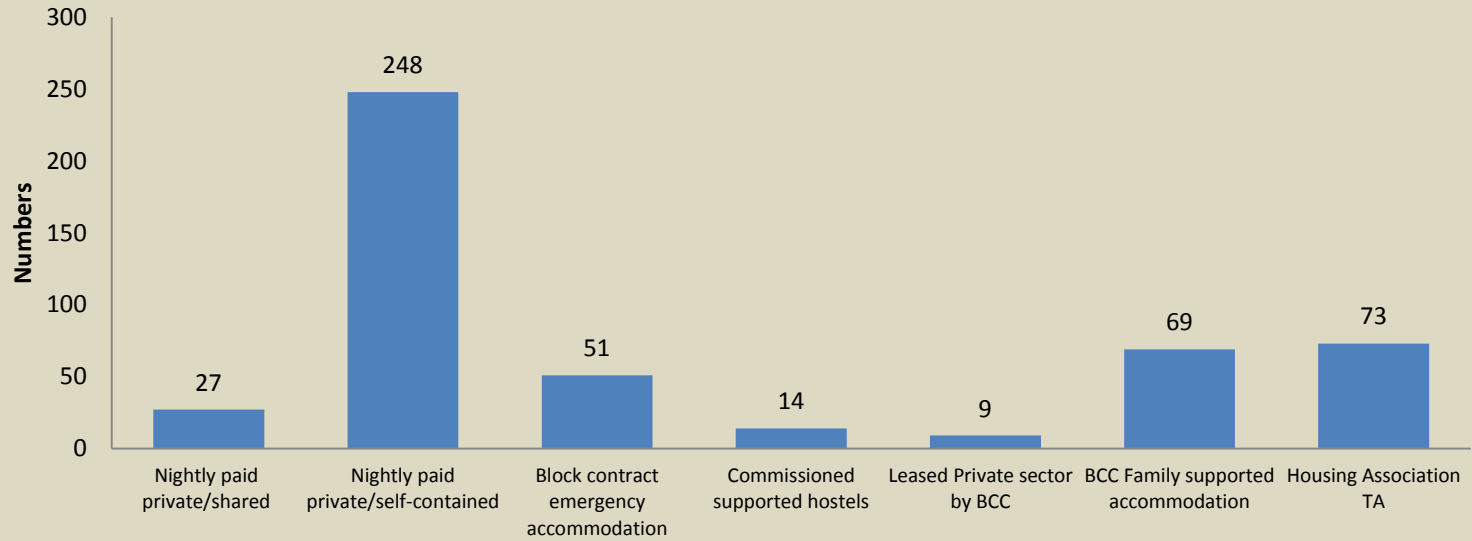
- Number of Households in TA & types of TA
 - Cost of TA
 - Housing Options
 - Housing Benefit subsidy loss
 - Family supported accommodation
 - Property purchase scheme
 - Use of acquired properties
 - Alternative options
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Number of households in TA



Types of TA used

Numbers in Temporary Accommodation at the end of Q3 2018-19



Cost of TA

- Privately managed spot purchased most expensive followed by
 - Housing association block purchased accommodation.
 - When figures are quoted on BCC spend on TA it is the combined cost of these types of provision that is used.
 - Total cost of TA to BCC - Housing Options spend plus Housing Benefit subsidy loss.
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Housing Options expenditure

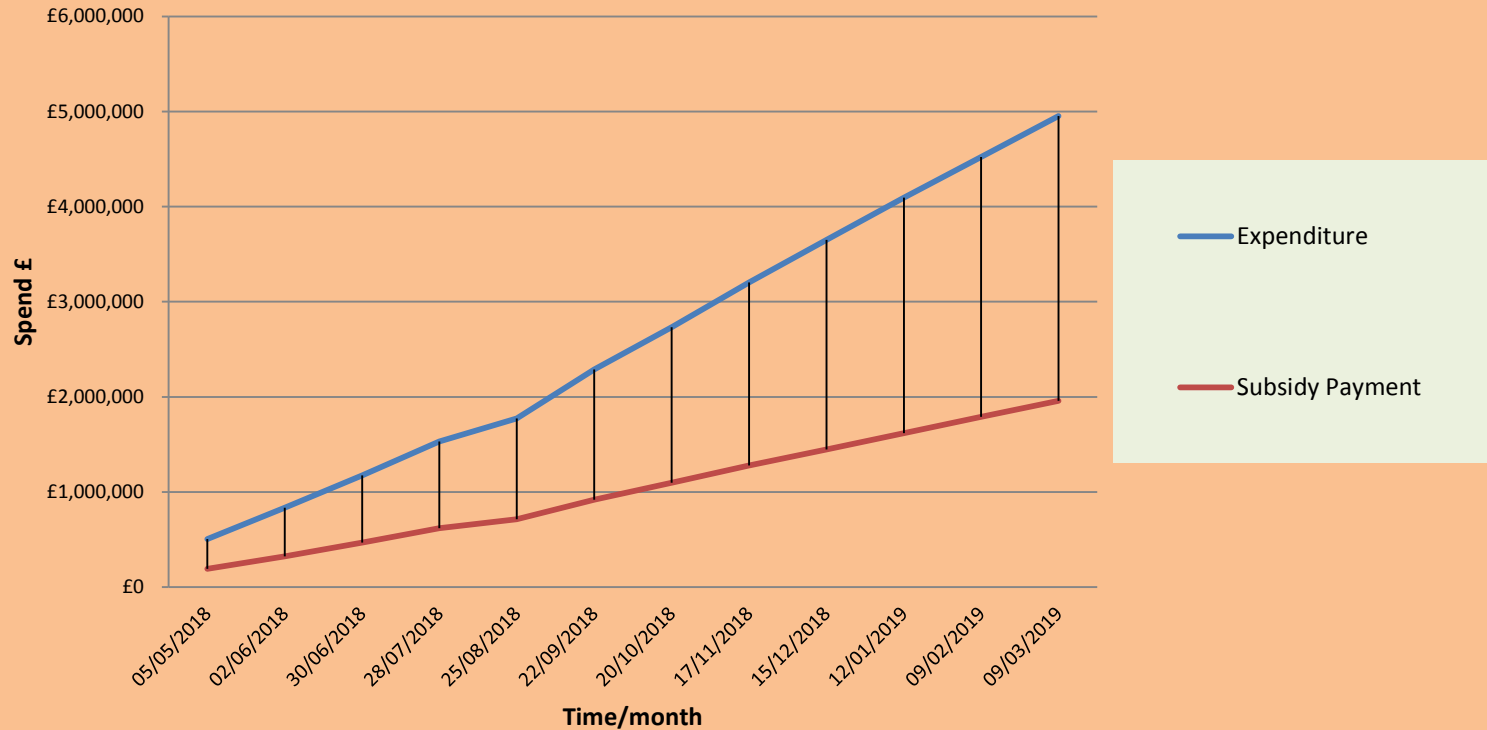
- Forecasting gross spend of £6.4million 18/19
 - £4.9 million in Housing Benefit
 - £0.5 million in TA charges from households.
 - £1 m net expenditure for Housing Options.
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Housing benefit subsidy loss

- Subsidy loss occurs when the Local authority pays more in Housing Benefit than the subsidy which it can claim back from Government
 - The charges for spot and block purchased accommodation are significantly higher than subsidy caps. BCC to finance the difference.
 - Subsidy loss in 17/18 was just over £3million
 - Projecting a similar subsidy loss for 18/19
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Housing Benefit subsidy loss 18/19

Temporary accommodation monthly HB subsidy payments vs expenditure 2018-19 (cumulative)



Reducing expenditure

- Reduce expenditure by reducing our use of TA through:
 - building more homes
 - improving access to the private rented sector
 - preventing households becoming homeless through early interventions
 - We will also reduce expenditure by reducing the unit cost and increasing supply of TA that attracts no/minimal subsidy loss.
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Family supported accommodation

- Agreement to move 49 block contract properties onto the family supported framework
 - £350k existing cost of block contract
 - £149k costs of support for family supported
 - £201k net reduction in expenditure
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Property purchase

- Subject to Cabinet approval in May 19
 - Start with securing 30 homes (open market)
 - Deliver best value for example by:
 - Maximising opportunities buy back right to buy homes (allowing up to 50% funding through retained right to buy receipts);
 - Explore non-traditional build, e.g modular homes at lower cost.
 - 30 properties = £300k p/a reduction in spend
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Property purchase

- Funded through prudential borrowing
 - Rents at Local Housing Allowance plus a reasonable service charge
 - Costs should be covered by Housing Benefit.
 - Rental income will cover the cost of the loan repayment and interest, plus ongoing management and maintenance.
 - Option of disposing of properties at a later date to generate additional funds for BCC.
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Acquired properties

- Since 2017 57 HRA void (empty) acquired homes used for TA
 - 2 meanwhile use and 1 voluntary purchase
 - Rent and management charge is covered in full by Housing Benefit with no subsidy loss.
 - By end of 19/20 income collected will have covered the costs of bringing the properties into use and ongoing maintenance.
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Alternative options

- Balance between investing in TA and increasing the supply of affordable rented
 - Focus of new build development will be affordable rented accommodation.
 - Cost effective alternatives:
 - conversions of existing buildings on a “meanwhile use” basis
 - modular construction e.g Housing Festival (intermediate move on)
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Questions

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