

DECISION NO:

For Member Services use only

Concurrence No: 066432

Action under delegated authority of Chief Executive

Action under delegated authority of Director of Finance and Cabinet Member for Finance

Action taken by Chief Executive in consultation with Cabinet Member(s)

X

Subject: **LEASE AN ADDITIONAL 24 'HUGG HOMES' FROM INLAND HOMES AT DELAMARE ROAD**

Signature and designation of officer(s) taking action:

Chief Executive

26/11/2020

Date

Director of Finance

24/11/2020

Date

24/11/20

Head of Finance

Date

Name of Cabinet Member(s) Consulted:

I have been consulted and concur with the proposals set out below:

Councillor P Mason
Cabinet Member for Finance and Business Services

Signature: 30/11/2020
Date:

Councillor S Monaghan
Cabinet Member for Housing and Community Services

Signature: 27/11/2020
Date:

Name of any member who has declared a conflict of interest in relation to this decision: _____

THIS DOCUMENT WILL BE PUBLISHED ON THE COUNCIL'S WEBSITE

The report overleaf sets out the decision to be taken, the reasons for the decision, and the details of alternative options, if any, considered and rejected.

Officer decisions are available for public inspection, both at the Borough Offices and on the Council's website. Officer decisions are kept for a period of six years at the Borough Offices and for six months on the website after the decision is made. Background papers are available for four years.

RECOMMENDED that: approval be granted to enter into a lease with Inland Homes for a further 24 units on the Delamare Road site.

Purpose

To request approval for the proposal that the Council enters into a lease with Inland Homes for 24 two-bedroom 'modular homes' (branded 'HUGG') at Delamare Road in Cheshunt, in addition to the 32 homes already leased from Inland Homes on the same site.

Introduction

Inland Homes has applied for planning permission to site 48 additional modular homes on the above site which is, in the long term, earmarked for the development known as 'Cheshunt Lakeside'.

The proposal is to provide 48 units in two phases of 24 units each. The planning application was considered and approved by Planning Committee on 10 November 2020.

These units are in addition to the existing 32 units leased by the Council for use as temporary accommodation. The existing units were provided on this site and have been occupied since 2019, they will be withdrawn in June 2022 when the lease expires.

The Project

The first phase of 24 units are planned to be delivered as soon as possible and the Council has an immediate need for these units, work has started to agree the heads of terms for the lease.

The Council will control the trigger for the second phase of the development. The Council will trigger the second phase when additional two bedroom units of temporary accommodation are required which will be based on evidence of demand at the time. At this stage, it is envisaged this trigger will only be met when the lease on the current units expires in 2022.

At present the Council does not require all 48 units of two bedroom temporary accommodation in addition the 32 units that are already leased, hence the phased approach. Furthermore, it is considered that providing a further 48 units all at the same time would lead to a very high concentration of temporary accommodation at this one location.

The provision of an additional 24 additional Hugg Homes through the first phase would provide a balance between meeting the demand for temporary accommodation of this type and size, representing value for money to the Council and providing a manageable number of units of accommodation.

This proposal is based on the same terms as the lease of the existing units between the Council and Inland Homes. This means the Council would manage the units day to day, including repairs and maintenance, select who resides in them and be responsible for setting and collecting the rent.

Financial, Legal and Risk Management Implications

Financial

The cost of the lease on the current 32 units is £354,233 for 2020/21. This cost is covered by income generated by from the rent, which also covers the costs of repairs, maintenance and insurance. Occupants pay their own utility bills and council tax.

Based on 2020/21 rates, the costs of the lease for the first phase of 24 additional units will total £266,000 in the first year. The rental income generated will be £333,000 per year so income from the scheme would be expected to cover the leasing cost, as well as repairs, maintenance, insurance and an element of the staffing costs in managing temporary accommodation.

The cost of the lease on 56 units (the existing 32 plus an additional 24) will therefore be in the region of £620,000.

There will be a one off cost for furnishing 24 additional units ready for occupation, which will be in the region of £27,000.

Current nightly paid usage

The number of households reliant on nightly paid units changes depending on supply and demand but on average during 2019/20 there were 90 nightly paid units in use at the end of each month. As at October 2020, 91 units of nightly paid temporary accommodation were required to accommodate homeless households and the demand for two bedroom nightly paid units was 23. The first phase of 24 Hugg Homes would therefore significantly reduce the Council's requirement to procure two bedroom nightly paid units based on current levels of demand.

The cost of the modular units is significantly lower than the typical cost of procuring accommodation in the nightly paid market.

Legal

The proposal would require the Council to sign a lease agreement with Inland Homes. Inland Homes has proposed heads of terms for the lease agreement for the first phase of 24 units which are being considered. The lease would be for a period of three years with the cost being £266,000 for the first year.

Risk

This proposal is designed to mitigate financial risk by acquiring temporary accommodation that represents better value for money than the nightly paid alternative, and to enable compliance with the enhanced levels of responsibility under the Homelessness Reduction Act to place people locally. The initial scheme of units which was introduced in 2019 on the same site provides assurance as to the success of a scheme of this type.

All of the existing 32 units on the Delamare Road site are occupied, void periods only consist of the time required to prepare the units for re-letting.

There are concerns about the implications of the six-month limit on occupancy for each household. The Council seeks to find alternative settled accommodation for homeless households as quickly as possible in all cases. Unfortunately, it is not always possible to move homeless households on to permanent settled accommodation within a six-month period due to the multiple and complex issues affecting homeless families. In

these circumstances, and in order to comply with the six-month criteria wherever possible, households will be moved to alternative temporary accommodation and another homeless household will be moved into the vacant unit. This results in Council resources being used to carry out unnecessary moves, source alternative suitable accommodation, as well as disruption for the household concerned.

Alternative Options Considered and Rejected

The alternative is to place households in nightly paid accommodation. This is more expensive than the option set out in this proposal. The total cost to the Council of procuring equivalent nightly paid accommodation is in the region of £385,400 for a year. Therefore, this scheme is cheaper than procuring property to use as temporary accommodation, on average, in the private sector market.

Contribution to the Council's Objectives and Environmental Sustainability Priorities

This project contributes to the following corporate objective:

Deliver affordable homes for local residents and reduce homelessness.

Conclusion

This proposal represents an opportunity to obtain temporary accommodation of the right size and quality, at a lower cost than the nightly paid alternative and represents an extension of an already successful scheme on the same site. As such, it represents a significant opportunity to reduce costs, meet the Council's statutory obligations and contribute to its strategic objectives.

Contact Officer: Lee Anne Hill

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Date 3 November 2020

Action reported to the Cabinet on:
