

**Wards Affected:**

All Wards

**ITEM 17****CABINET****12 OCTOBER 2015****INCREASING THE SUPPLY OF PROPERTY FOR HOMELESS HOUSEHOLDS**

Responsible Cabinet Member: Councillor O'Neill (Cabinet Member for Housing and Regeneration)

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**Executive Summary:**

The Council has a duty to provide accommodation to households that it accepts as statutory homeless and that have no immediate settled housing. Homelessness in Milton Keynes has been growing and a key feature of this has been the lack of supply in meeting a fast-growing population. Nevertheless the Council is committed to responding to and tackling the crisis. The report provides an update on the schemes currently being investigated and seeks endorsement to the idea of setting up a cross-party working group to share ideas and agree solutions that will increase the supply of accommodation for homeless households.

**1 Recommendation(s)**

- 1.1 That a cross party approach be enabled to finding further solutions that will increase the supply of properties for homeless households;
- 1.2 That a cross-party working group be set up to establish and agree shared solutions.

**2 Issues**

- 2.1 Milton Keynes Council has a duty to secure housing for households that it accepts as statutory homeless (within the meaning of Part VII of the 1996 Housing Act) or to provide interim temporary accommodation. This is increasingly out of area B&B as there is a shortage in Milton Keynes of alternative accommodation. While demand continues to increase, the supply of properties available for temporary or permanent rent is reducing. On the week ending 5<sup>th</sup> July the Council had 117 households in B & B. However there were a total of 18 properties available to let (including registered provider homes). By the week ending 20<sup>th</sup> September there were 162 homeless households but only 7 properties available.
- 2.2 B&B accommodation cost the Council's General Fund £979k in 2014/15 - in 2015/16 the cost is forecast to be £1.6m. In March 2011 the Council had 33 households in bed and breakfast: by September 15 this had increased to 155 households. B&B also provides an unsuitable environment for families to live in - short-stay rooms generally located out of the Borough away from work, schools, and friends and family, and without the facilities such as cooking and washing

that self-contained accommodation offers. The Council is working on a variety of short, medium and long-term options to reduce or eliminate its use.

### **2.3 Context**

- 2.4 Homelessness needs to be set in the context of a lack of housing available to meet the needs of the population. The Barker Review of Housing Supply noted that about 250,000 homes needed to be built every year to prevent spiralling house prices and a shortage of affordable homes. That target has been consistently missed - the closest the UK got was in 2006-07 when 219,000 homes were built. In 2012-13, the UK hit a post-war low of 135,500 homes, much of which was due to the financial crisis. Last year the figure recovered slightly to 141,000 homes. In May 2014, Mark Carney, governor of the Bank of England, complained that housebuilding in the UK was half that of his native Canada, despite the UK having a population twice the size. The consequences have been rocketing prices in London, the South East and some other parts of the country.
- 2.5 In Milton Keynes the Core Strategy has a target to build 1,750 new homes to keep pace with the growth in the Borough's population. However the target has only been met once in the last 10 years. This has an inevitable knock-on effect for affordable housing.
- 2.6 The population is growing by around 5,000 people per annum. In 2012 the population was 252,400 people. By 2015 this had risen to 262,200 people & the population is forecast to rise to 273,700 people by 2017.
- 2.7 This is leading to further pressures in the housing market. In the last five years average property prices in Milton Keynes have risen from just over £151,000 to just under £185,000 in April this year. Wages and incomes however have not kept pace. The average house price to earnings ratio in MK (Feb 15) was 10 (up from 8 in 2014). Median private sector rents in Milton Keynes are now £738 per month, above the median of £600 for England.

### **2.8 Current Position**

- 2.9 The Council has been working hard to try and tackle these problems. There is not a single solution to the problem – there are both demand- and supply-side approaches, but a range of solutions will need to be adopted to deal with the differing needs of various groups within the homeless, and the differing possibilities in various parts of the housing and development market.
- 2.10 With regards to the short term (within 6 months), the Council has secured an interim lease on 13 properties in Bedford. It has also secured 16 rooms in 4 houses in Milton Keynes. A further 32 rooms (in 8 houses) will be secured with by mid-October. The Council house building programme is moving ahead with 13 bungalows already completed at Stacey Bushes and another 13 under construction on 3 garage sites in Bletchley. A small office conversion at Two Mile Ash is due to deliver 3 properties in December. Other commercial and retail properties owned by the Council are currently the subject of feasibility studies. Discussions have started with a private sector firm called to secure access to an expanding portfolio of private temporary accommodation in the Luton/Leighton Buzzard/Tring area.

- 2.11 With regards to the medium term (6 months to 1 year), the most promising scheme is the Real Lettings scheme that is due to be presented to Cabinet in October and then to full Council. If approved, this will between secure 60 – 70 properties in Milton Keynes over an 18 month period starting in the New Year. Discussions are also underway with a housing association that could lead to 20 private properties being purchased using private finance and leased to the Council. A scheme to lease 14 flats in Northampton is also being progressed, as is a proposal to lease/purchase some hotels from a local hotelier.
- 2.12 With regards to the long term (over 1 year), a combination of the Council's house building programme (around 200 homes), tenure changes to low cost/reduced cost sale properties (as reported to Cabinet in September 2015 – current changes achieving 130 homes) and an overall rise in planning applications/construction activity (such as the Western Expansion Area) should all contribute to bringing about an increased supply. Some local landowners have also been in touch with a range of proposals that could, subject to planning, deliver between 350 – 850 homes, many of which could be affordable.
- 2.13 Some schemes are still being investigated. Others will need more specialist staffing resource (e.g. to deal with conversion of offices/shops into homes, compulsory purchase of problematic empty private sector homes). Whilst this report does not ask for extra resources at this time, the Cabinet is asked to endorse the principle of considering future requests favourably in order to tackle the crisis.

### 3 Options

- 3.1 **Do Nothing** - as there is insufficient alternative permanent and temporary accommodation available locally, the Council would continue to place homeless households in expensive and largely out of area B&B with an increasing cost to the General Fund. Homeless families would be placed in an unsatisfactory and disruptive environment.
- 3.2 **Accept the recommendations made in this report** - This would need political cross-party political support. Not all schemes can or would come to fruition. Nevertheless they provide a good platform for increasing the supply of accommodation for homeless households.

### 4 Implications

#### 4.1 Policy

It will contribute towards the Housing Strategy 2012 objective - Reduction of the number of Households in Bed and Breakfast. Housing performance measures it will help to achieve are: B&B cost reduction

#### 4.2 Resources and Risk

Failure to respond to the homelessness crisis would result in continuing spending on B&B accommodation, which gives rise to continuing pressures on Temporary Accommodation, Housing Benefit Subsidy, and Home to School Transport budgets. These pressures, together with savings anticipated from measures implemented and imminent, have been included in the Medium Term Financial Plan for 2016/17-2019/20.

This report focuses on potential “supply side” solutions. Each of those described in the body of the report, and those that may be identified henceforth, will have different requirements for revenue and/or capital investment, different risks and benefits, and may have different interfaces with the Housing Benefit (and imminently Universal Credit) regime. Consequently, each potential solution requires financial modelling and sensitivity-testing in order to demonstrate that value for money is achievable.

There is a formal project managed through the MK Approach to coordinate a holistic approach to increasing the supply of accommodation.

Y	Capital	Y	Revenue	N	Accommodation
N	IT	Y	Medium Term Plan	N	Asset Management

#### 4.3 Carbon and Energy Management

None.

#### 4.4 Legal

4.5 The Council has a legal duty to secure housing for homeless families (Housing Act 1996).

4.6 The Homelessness Act 2002 requires local authorities to have a strategy for preventing homelessness in their district.

#### 4.7 Other Implications

Y	Equalities/Diversity	N	Sustainability	N	Human Rights
N	E-Government	N	Stakeholders	N	Crime and Disorder

Background Papers:           None