

Review of Rent and Service Charges for Homeless Accommodation in Powys

Introduction

Rents and Service Charges for our temporary accommodation were last reviewed in 2005. Since that time there have been a number of changes that have affected our costs for providing this service. These changes are associated with temporary accommodation generally and leased accommodation in particular; these include:

1. The likely removal of subsidy for leased accommodation.
2. The removal of PIG funding for the ATOM (North) post.
3. The increased portfolio of temporary accommodation.
4. The increased use of on the spot management and support contracts.

These have all increasing the costs that must be bourn out of the rental income. In light of these changes we have sought to capture costs and review the rent and service charges.

This report sets out how the new charges we wish to make and the methodology, together with assumptions made to calculate these figures.

Background

Our portfolio of temporary accommodation is diverse comprising of former council accommodation and leased accommodation. Some have shared facilities and others are single occupancy. We have (or are planning to have) 46 units of accommodation across the county – see appendix A for a list of accommodation provided.

In addition to this accommodation we are also working with Mid Wales Housing Association to develop further homeless provision in Llandrindod Wells, at Gwynfa.

Similarly, we are working with Wales and West Housing Association to develop Stonleigh, a homeless unit Brecon.

Both of these schemes will be owned by the RSL partner, with the Local Authority having 100% nomination rights. It is anticipated that all of the costs associated with these two schemes will be funded through their rental income and Supporting People. Therefore, these schemes are excluded from the considerations held within this report.

Our homeless accommodation is currently in the HRA, this report does not recommend changing that arrangement. The costs for all homeless accommodation we own or lease have been pooled and a single rent charged across the county based on the size of the family. Pooling the costs and charges means that the portfolio of accommodation can sit in either General Fund or HRA, but it should not be split between the two as this will distort the costs and income.

Benefits of New Charges

The proposed new charges should ensure that the authority can afford to provide the accommodation with the removal of Private Sector Lease Subsidy.

The new charges also future proof the role of ATOM (North) to ensure we retain the in-house resources to manage the stock.

Summary of new charges

It is proposed that we impose the following charges as a matter of urgency.

	Charges*	Single Person	Double**	Family
Current Charges	Rent	£98.76	£118.51	£138.26
Current Charges	Service Charge	£11.05	£11.05	£20.30
Proposed Charges	Rent	£128.59	£146.29	£165.31
Proposed Charges	Service Charge	£12.53	£15.58	£22.38

*NB all charges are weekly charges based on 52 weeks a year

**"Double" includes couples and mother and baby (child under 2yrs)

It is calculated that these new charges will cover all of our principal costs associated with providing temporary accommodation. These costs include:

1. Salary and on costs for Accommodation and Tenancy Options Manager (North)
2. All lease costs.
3. Repairs and Maintenance
4. Fixtures and Fittings including furniture, carpets, bedding etc
5. Council Tax
6. Utility Bills (Gas, Electric and Water)
7. Communal Cleaning
8. Management Fees to managing agent

Full workings are shown at appendix B.

Assumptions

Detailed financial data was not available for many of the costs and so certain assumptions have been made:

Cost Assumptions (all based on an annual cost):

1. Average Electricity Bills - £400 per family and £250 for a single person
2. Average Gas Bills - £500 per family and £250 for a single person
3. Average Water Bills - £300 per family and £150 for a single person
4. Council Tax - £750 per unit
5. Repairs - £500 per unit
6. Gas Servicing - £100 per unit
7. Fixtures and fittings etc - £300 per unit

Service Charge Assumptions:

1. 75% of the electricity cost is included
2. 80% of gas cost is included
3. 80% of water cost is included

Other Assumptions:

1. The 46 units of accommodation include an average usage of 10 Double Rooms, 14 Single Rooms, 22 Family Rooms.
2. We will have a 10% void rate
3. Our rent arrears will run at 10% of collectable rent (including service charge).

David Roffey
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Appendix A: list of Accommodation

	Total	Family	Singles
Llandrindod Wells			
Fairview	8	8	
50 Trefonen	1	1	
31 Trefonen	1	1	
Ystradgynlais	5	3	2
Newtown			
529 Fern Square	1	1	
284 Lon Rhosod	1	1	
Tawelon	7	1	6
2 Chapel; St	1	1	
3 Chapel St	1	1	
6 Chapel St	1		1
25 Commercial St	4		4
259 Gelli	1	1	
14 Broad Street*	7		7
117 Long wern	1	1	
Brecon			
17 Cae Derw	1	1	
Machynlleth			
5 Maes Glas	1	1	
7 Maes Glas	1	1	
Welshpool			
Chalfont*	3	3	

*NB these properties are in the development phase