

## Appendix 4

### 1.0 SBC Housing First Business Case 2021/2022

1.1 This appendix details the expected operational and development costs for the 32 units that will be available for the Council to utilise as a Housing First approach for up to the next 12-month period.

1.2 The 32 units that are included within the Housing First programme are supported accommodation and separate from the Council's Emergency and Temporary Accommodation units. The management of these units is intensive and requires a focused approach.

1.3 The charge modelling includes costs for 2x Officers to manage these units along with other associated costs as detailed below in the Housing First specific sites compared to our standard EA/TA charging structure:

#### Housing Benefit / Rent Costings (Per Week)

Type	Normal EA/TA Shared Unit Costs	Housing First Specific
<b>Rent</b>		
Net Rent	£66.08	£66.08
<b>Enhanced Housing Management:</b>		
Housing Management	£	£46.75
Responsive and day to day repairs/maintenance	£3.01	£34.26
Planned Maintenance	£3.12	£3.12
HF Concierge/Security/ASB management		£85.00
<b>Eligible service charges</b>		
Provision of White goods	£	£2.29
Provision of furniture/equipment for tenants own areas	£	£7.05
CCTV systems	£2.03	£4.06
Refuse disposal and pest control	£	£
Window cleaning	£0.14	£0.14
Communal utilities	£	£2.94
	<b>Total:</b>	<b>£251.69</b>
<b>Ineligible service charges</b>		
Water		£3.01
Non-Communal gas and electricity	£8.82	£8.82

- 1.4 The housing related support element is covered through fixed term revenue funding allocated alongside the NSAP capital funds which will fund 3x support workers to work across the sites over the next 3 financial years. If this funding were to be stopped these complex needs support services would be factored into Hertfordshire County Council Housing related support contract requirements.
- 1.5 The costs associated with introducing these Housing First schemes are at a higher rate due to the intensive work required at the accommodation sites.
- 1.6 The above costs will not recoup the full costs of security and there will therefore be a deficit for the next financial year as evidenced below:

	Quote 1	Quote 2
Total cost of security	£482,821.49	£389,821.49
Number of Units with security on site	16	16
Number of Units with security providing patrols	16	16
Total recoverable amount from charges/HB	£141,440	£141,440
<b>Annual Funding gap*</b>	<b>£341,381.49</b>	<b>£248,381.49</b>

\* to be bid for through RSI funding/ or growth needed

- 1.7 In order to fund this deficit the Council will be applying for assistance from the RSI4 grant to cover the cost of security however there is no guarantee on an award. Therefore there is the potential that this would be a funding pressure for providing a security service.
- 1.8 The risks associated with not having security provided could lead to an increase in crime and disorder, increased time spent dealing with resident complaints and offer potential risk to staff.
- 1.9 During the placements made in the first lockdown there were a number of incidents in which caused concern around security and the Holiday Inn Express were only willing to continue with the provision with security on site. Incidents of concern have also been observed at the out of area hotel used during the second and current lockdowns where a number of clients have been warned or evicted due to anti-social or criminal behaviour.
- 1.10 Is it worth adding that the weekly charges proposed (excluding the deficit for security) will be covered by Housing Benefit and 100% of clients are expected to be in receipt of this.
- 1.11 This is an initial intensive accommodation solution and once an applicant is working and/or self-sufficient and able to sustain accommodation we would look to move the cases into alternative accommodation.

## 2.0 Proposals to mitigate costs

- 2.1 There is currently a deficit in funds to cover the security/ concierge service; as detailed at point 1.8 an application will be made to the RSI fund for the next financial year to cover the deficit of £248,381.49 for financial year 2021/2022.

The teams will also be exploring another security/ concierge offers, during the year, as we will have been able to monitor demands on the accommodation and requirements.

2.2 Therefore this business case proposes that for the initial first year of this scheme the Council will source external security/ concierge provision. For 2022/2023 we will investigate if providing this service in house is feasible. This security/ concierge provision could also offer opportunity a future commercial opportunity for the Council.

2.3 Executive are being asked to agree this approach in order to ensure that the Council are able to proceed with the Housing First proposals.

### 3.0 Development Costs

3.1 The proposed schemes have been subject to the Council’s standard viability assessments carried out by the Housing Development Service and supported by external cost consultants Beacon Partnerships. The table in paragraph 3.2 (immediately below) outlines the Net Present Value (NPV) and Internal Rate of Return (IRR) of each of the sites being developed as suitable accommodation. The NPV is calculated by utilising the anticipated rental income over the life of the scheme and subtracting the anticipated costs from repairs and investment. Assumptions are made in relation to the level of voids and bad debt that will occur at the properties. The table demonstrates that each of the sites will make a positive contribution.

3.2 The IRR outlines the level of return this contribution represents in comparison to the level of initial investment.

Housing First Scheme	Net Present Value (NPV)	Internal Rate of Return (IRR)
Site 1	£19,833	3.16%
Site 4	£123,716	6.59%
Site 3	£316,074	19.10%
Site 2	£258,264	17.47%
Site 2 Modular	£67,681	3.26%
<b>Total</b>	<b>£785,569</b>	<b>4.03%</b>

3.3 By comparison, the annual cost of housing 25 residents in bed and breakfast cost would be approximately £550,000. This therefore reiterates the benefit of

utilising Council owned accommodation as suitable accommodation for this client group.

#### 4.0 Identified Housing First Sites

Project	Purpose	Indicative timescales	Funding
Site 1– 8 units.	This will be managed by the Temporary Accommodation team. Property completed and schedule of works have been completed. Dedicated office space and staff and security provision. 2 Additional TA Officers will manage these units.	Works due for completion in late February/early March 2021	Property funded through open market Acquisition. HRA Cost of 2x 18 month fixed term TA Officers agreed in key decision of 30/9/2020 and ongoing cost through rent charge
Site 2 – 5 rooms in property and up to 16 modular units proposed in the grounds of the property.	Garden has been portioned off for development land and for the placement of modular units- discussions with the Haven to manage the site once available	Works underway on the main property, with an expected handover December 2020	Funding through NSAP capital grant HRA cost of 2x 18 month fixed term ta officers agreed in key decision of 30/9/2020 and ongoing cost through rent charge
Site 3 – 6 rooms in property.	Shared facility accommodation to be managed by the temporary accommodation team- 2 additional ta officers will manage these units	Works completed and property occupied as of 21/12/2020	Funded through open market acquisition. HRA cost of 2x 18 month fixed term ta officers agreed in key decision of 30/9/2020 and ongoing cost through rent charge
Site 4 – 5 rooms in property	Shared facility accommodation to be managed by the Temporary Accommodation	Being worked on and scheduled for handover from 12/02/2021.	Funded through open market Acquisition. HRA Cost of 2x 18 month fixed term

	team- 2 additional TA Officers will manage these units		TA Officers agreed in key decision of 30/9/2020 and ongoing cost through rent charge
Site 5- 8 rooms	Shared Facility accommodation with en-suite, use changed from EA	Property currently in use with 24/7 security and staffing and on site office	SBC owned property and change of use HRA cost of 2x 18 month fixed term ta officers agreed in key decision of 30/9/2020 and ongoing cost through rent charge