



**Isle of Wight Council
Acquisition Strategy –
Homeless Accommodation
2023-2026**

1 Document Information

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Version History		
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1.0	130323	Draft to Cabinet 130723
1.1	170723	Updated for comments from Scrutiny

2 Introduction

- 2.1 The Acquisition Strategy sets out the approach that the Isle of Wight Council (IWC) is putting in place to address the impact that homelessness has on individuals and families who are in housing need. The strategic focus to provide temporary accommodation is short term and aimed to relieve financial pressures faced by the Council.
- 2.2 This Strategy focuses on the consideration required in respect of strategic acquisitions and buy-backs, establishing a set of criteria upon which acquisition decisions can be made.
- 2.3 The provision of any affordable housing for temporary accommodation by the General Fund, will need to be closely aligned with the identified need for housing on the Island, as dictated by the housing waiting list, which is reviewed periodically to ensure it is representative of current need.

3 Temporary Accommodation

- 3.1 The cost of temporary accommodation is set out below:

	2021/22 Actual	2022/23 Actual	2023/24 Budget
Bed & Breakfast	257,155	477,924	573,248
Caravan/Holiday Let	119,929	384,901	425,000
Hostel	242,368	233,532	249,879
Leased Accommodation	1,084,415	1,116,680	1,134,071
Total Expenditure	1,703,867	2,213,037	2,382,198
Income	(967,014)	(1,070,942)	(1,222,099)
Net Cost	736,853	1,142,096	1,160,099

- 3.2 The Council uses a range of options to deal with individuals and families who need to access temporary accommodation. The weekly cost of the different types of provision are set out below:

Type	No of times per year	Estimated costs per bedspace/caravan per week Based on 2023/24 Budget
Bed & Breakfast (Emergency Accommodation)	584 placements in B&B totalling 12,975 nights over 2022/23	£309
Caravan	16 caravans block booked	£409
Leased Accommodation	95 direct leases to IWC 25 leased from Vectis HA 26 leased from Southern Group	£149
Hostel	20 units	£35

- 3.3 The number of households in temporary accommodation at 31 March:

Year	Number
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2022/23	220
2021/22	203
2020/21	205

3.4 Snapshot of the accommodation in use at 31 March 2023:

Household type	Bed & Breakfast	Caravan/ Holiday Let	Hostel	Leased Accommodation	Total
Singles/Couples	25	0	0	20	45
Families	10	17	18	130	175
Total	35	17	18	150	220

3.5 Housing Register numbers at 31 March 2023:

	1 bed	2 bed	3 bed	4 bed	5 bed	6 bed	Total
Band 1	1	2	0	0	1	0	4
Band 2	173	40	34	20	11	4	282
Band 3	670	350	214	54	2	0	1,290
Band 4	259	269	146	33	1	0	708
Band 5	97	71	18	3	0	0	189
Total	1200	732	412	110	15	4	2,473

4 Strategic Context

4.1 Corporate Plan 2021-25

One of the key areas for action within the Corporate Plan is “Provision of affordable housing for Island residents”.

The Island has faced a significant housing crisis since the pandemic with over 80 per cent of its private rented stock becoming unavailable for long term lets. Approximately 15,000 households struggle to accommodate themselves in the local housing market. Those on the lowest incomes and highest needs struggle to afford current market rents and prices, well below the Government’s accepted standard definition of affordable housing.

The Strategy has set the following as an indicator of progress in addressing the homelessness:

- The number of temporary housing units delivered (annual measure);

4.2 Homelessness Strategy and Rough Sleeping Strategy 2019-24

Losing a home can be the consequence of different social economic or personal reasons. In the past ten years, the number of households affected by homelessness has increased across the country. During this time, welfare reform has introduced the freezing of the local housing allowance, benefit caps for low-income families, and universal credit replacing several other forms of benefit; average rents in the private-rented sector have increased, whilst demand for social affordable housing has grown, significantly outstripping supply

The impact of homelessness is devastating for individuals and families. It can affect both physical and mental health, educational and employment opportunities (for both adults and children) and has long term consequences for those affected.

Key outcomes from the Homelessness and Rough Sleeping Strategy that will specifically be supported by the Acquisition Strategy are set out below:

- We will endeavour to reduce the use of bed and breakfast for homeless households without children by 50 per cent.
- Deliver and facilitate a programme of 100 homes per year through council-led activity over the life of the strategy, mainly affordable homes. (Isle of Wight Council Housing Strategy 2019-2024).

4.3 Housing Strategy 2020-24

The Housing Strategy vision is “To enable everyone living on the Island to have a place they call home”. There are six strategic priorities that underpin this vision:

- Strategic priority 1: New housing supply – Ensuring the right supply and mix of new homes and increasing affordable housing delivery through the efficient use of land and capital resources including those the council owns or has control of.
- Strategic priority 2: Housing affordability – Defining “affordability” on the Island through detailed and on-going research of both incomes and housing costs to inform both planning and housing policy going forward.
- Strategic priority 3: Private sector housing – Ensuring that the private housing sector provides enough good quality market housing through support for developers and landlords and, where necessary, robust quality control and regulation.
- Strategic priority 4: Partnerships – Enabling housing associations and our other partners to build more new affordable homes for Island residents while maintaining their current homes to a high standard.
- Strategic priority 5: Homelessness and housing need – Reducing homelessness and rough sleeping through effective prevention work and building a new homeless pathway through property solutions and wrap-around services.
- Strategic priority 6: Special housing needs and vulnerable people – Ensuring that specialist accommodation is available for vulnerable people including primarily extra-care housing for older people and people with disabilities.

The key activity is to deliver and facilitate a programme of 100 homes per year through Council led activity over the life of the strategy, and these should mainly be affordable homes. The acquisition of properties will indirectly support the delivery of this objective.

4.4 Housing Needs and Tenure Types

Locally across the Isle of Wight, the issues around the need for additional homes and an increase in housing supply across all tenures and typologies (houses, bungalows, flats, studios & HMO's) was recognised in the Housing Strategy. Demand as indicated by the housing waiting list supports this.

5 Key Objectives

The key objectives of this strategy are to:

- 5.1 Improve the delivery offer for homelessness individuals and families who require temporary accommodation by having Council owned homes available for direct provision.
- 5.2 Improve the cost effectiveness of the homelessness provision of temporary accommodation.
- 5.3 Take advantage of grant funding opportunities for the provision of housing.
- 5.4 Support the delivery of other relevant strategies including Housing, Homelessness and Rough Sleeping Strategy and Empty Property (Residential).

6 Acquisition Criteria

- 6.1 Each potential acquisition will be assessed on an individual basis, in line with the criteria set out below, considering the financial implications of the acquisition and the relative merits in value for money terms.
 - The portfolio of properties acquired will reflect the Housing Register requirements (as set out below) and also take into consideration the homelessness priorities.

Property Size - Beds	Portfolio % Based on all Priority Needs Bands	Portfolio % Based on Priority Needs Bands 1 to 3 bed only
1	48%	53%
2	30%	25%
3	17%	16%
4	4%	5%
5	1%	1%
6	0%	0%

- Building condition, including the costs to bring the property up to a lettable standard
 - EPC C or higher
 - Consideration will be given to the purchase of Net Zero homes or retrofitting properties purchased.
- 6.2 A proposed acquisition will only be progressed if the criteria are met, and the relative financial benefits can be demonstrated. The key criteria proposed are as follows:

- A property in specific or high demand at any time.
- Market units on existing or future development sites.
- An Isle of Wight Council Shared Ownership unit.

6.3 **Property in specific or high demand**

This key criterion would enable the purchase of suitable dwellings on the open market, in areas of high demand and to meet an identified housing need.

Housing need is evidenced by the number of individuals and families on the Island Home Finder (the Council's waiting list for housing).

6.6 **Market units on existing or future development sites**

Working with registered providers, and potentially developer partners, in delivering housing on our own development sites there may be an option to acquire new build dwellings direct from the developer, purchasing some of the dwellings initially identified as market housing. This would increase the supply of affordable housing delivered on any of these sites, with potential opportunities to acquire both general needs and shared ownership housing.

6.4 **Shared Ownership**

The Council has 55 shared ownership homes. If the owner is looking to sell they have a requirement to notify the Council and give us an opportunity to purchase back their share.

- 6.5 From time to time there may be other opportunities to acquire an existing dwelling. In these circumstances a business case will be prepared to demonstrate the financial viability of any proposed acquisition.

7 **Financial Criteria**

- 7.1 The ability to demonstrate value for money in respect of any acquisition is key, with the following tools identified to support the Council's ability to effectively demonstrate this:

- Financial appraisal will be carried out, ensuring that the financial impact of the proposed acquisition or disposal is clearly demonstrated. The key criteria to ensure that the acquisition is financially viable and does not have a negative impact on the overall financial position of the Council are:
 - Breakeven point to be year 1 to minimise the impact the purchase has on the council's financial position
 - Overall viability of cashflow over 50 years
 - Net savings from Temporary Accommodation to be taken account
- The financial assessment will take account of the management and maintenance cost for the property and include appropriate allowances for voids, bad debts, etc.
- Funding for schemes will be provided in the form of loans, grants or other capital funds. Revenue savings from Temporary Accommodation budgets will also be available.
- Appropriate surveys will be conducted, and could include valuation, condition, full structural, dilapidations, ground condition and asbestos surveys. These surveys should result in an estimate of the potential initial and future investment need for a property, whether it be to support the proposal to dispose of a dwelling or for inclusion in the

business case for a purchase, to ensure that the rental stream for a property can support the required investment to render the property lettable.

7.2 In order to achieve the desired policy outcome and achieve value for money the Council will need to take the following factors into consideration when determining the extent to which it should subsidise the acquisition of affordable housing:

1. The number of housing units that it wishes to acquire from its £1m allocation contained within the Capital Programme e.g., a £25,000 per unit subsidy would provide 40 additional social housing units (assuming this was sufficient subsidy to ensure that no additional cost fell to the Council's budget)
2. The subsidy per unit generally provided by other agencies such as Homes England and therefore deemed to be a reasonable public subsidy and cost to the taxpayer
3. That the use of the subsidy for the number of units provided could not be used for an alternative purpose with a greater public outcome - e.g., £1m for 40 units provides an overall better outcome than £1m spent on an alternative public use

As a comparator, Homes England provide subsidies on schemes as follows:

- Social rent grant not above 40% of total scheme costs
- Affordable rent around 25% of total scheme costs

7.3 Rents

Any properties acquired will be let at rent levels that demonstrate that the acquisition is financially viable and does not have a negative impact on the overall financial position of the Council. Ideally this would be at social rent levels, however it is recognised that affordable rent levels are likely to be needed from a financial perspective in most instances.

8 Related Documents

Please refer to the following related plans and strategies.

- Corporate Plan 2021-25
- Medium Term Financial Plan 2021-25
- Homelessness and Rough Sleeping Strategy 2019-24
- Housing Strategy 2020-25
- Empty Property (Residential) 2023-28

9 Acquisition Strategy - Action Plan

Key Objective	Lead Officer	Outcome	2023/24	2024/25	2025/26
Improve the delivery offer for homelessness individuals and families who require temporary accommodation by having Council owned homes available for direct provision.	Strategic Manager - Housing Enabling & Delivery	<ul style="list-style-type: none"> Deliver up to 50 properties over the life of the strategy 	10	20	20
Improve the cost effectiveness of the homelessness provision of temporary accommodation.	Strategic Manager - Housing Enabling & Delivery	<ul style="list-style-type: none"> Revenue savings 		X	X
Take advantage of grant funding opportunities for the provision of housing.	Strategic Manager - Housing Enabling & Delivery	<ul style="list-style-type: none"> Maximise income from external grants 	X	X	X