

# **Report to the Commercial Property Investment Board (CPIB)**

## **27<sup>th</sup> March 2025**

The Commercial Property Investment Board consists of:

- Chief Finance Officer or deputy
- Head of Place and Commercial Services
- Solicitor to the Council or deputy
- The Leader of the Council or deputy
- Executive PH for Corporate Resources
- Chair of Overview & Scrutiny Committee and Leader of Opposition if different
- Chair of Audit Scrutiny
- Any Group leader with 10% of the Members

Purpose – That the CPIB approve the acquisition of Harewood House, Kingskerswell to provide temporary accommodation to meet the statutory duties of local councils towards homeless households. The property will complement the Councils current temporary accommodation at Albany House, Newton Abbot and 3 Luscombe Terrace, Dawlish.

### **Harewood House, Kingskerswell**

This large 5 bedroomed house is currently in private ownership with planning permission to be used as a guest house but is currently being used as an Air B and B. The property was on the market with a guide price of £550,000 to £600,000.

An offer of £550,000 has been accepted by the vendor, subject to TDC being able to secure a change of use planning application to a House in Multiple Occupation. There is a 6-month period for Teignbridge to achieve this. The vendor has agreed for the property to be taken off the market subject to Teignbridge agreeing to underwrite up to £5,000 legal and professional fees should the sale not proceed.

The opportunity to purchase has been agreed by Housing Services for homelessness purposes to be run as a supported accommodation hostel. The property would be reconfigured to provide 5 ensuite rooms and shared bathroom on the first floor with 2 further rooms on the ground floor together with shared kitchen and dining facilities. The property has a level garden and a mobile home within the curtilage of the property, intended to be used as staff office facilities.

Estimates of the internal works, CCTV, fire precautions, emergency lighting and renovations are estimated at £201,220 including contingency and fees giving an estimated grant total cost of **£751,220**. This figure includes Stamp Duty Land Tax which will be payable initially but fully recoverable through HMRC.

The property will be managed by Teignbridge Housing Options Team who are responsible for meeting the local authorities' duties under the homeless legislation. Support will be provided to households resident in Harewood House and is likely to be a blend of single persons and families. As with all temporary accommodation managed by Teignbridge District Council, risk and support plans assessments are completed before and during their placements to support them sustain the accommodation and successfully move on.

This opportunity has three aims –

1. To contribute to the Homes 4 Teignbridge pipeline
2. To set a further exemplar for the HMO market in Teignbridge
3. To reduce / mitigate the Councils temporary accommodation costs.

### **Comments of Private Sector Housing**

This property will not require an HMO Licence as we, the Local Housing Authority, would be the person managing or having control of it. (Housing Act 2004 (legislation.gov.uk)) However, the proposed layout detailed above will still comply with conditions relating to housing standards and the Councils draft HMO Amenity Standards.

Funding will be provided by funds within the current capital programme associated with the Homes 4 Teignbridge programme (Formally T100)

### **The Business Case**

Financial and Social Benefits of Local Authority owned supported accommodation over Bed and Breakfast accommodation.

### **Social & Legal**

- Bed and Breakfast lacks cooking facilities. These are provided within a supported accommodation setting.
- High demand for B & B means that we frequently have to place households out of area, away from schools and support networks.
- We can legally only place a family or expectant mother in B & B accommodation for a maximum of 6 weeks because it is considered to be unsuitable temporary accommodation. There is no time limit relating to length of stay in a local authority supported accommodation setting.
- Support for residents can be provided on-site within a supported accommodation setting.

### **Financial**

- With bed and breakfast accommodation we are limited in terms of the subsidy we can claim through Housing Benefit. It is capped at the 2011 local housing allowance rate for a single room (£99.92 per week).
- A supported temporary accommodation project such as Albany House and Luscombe Terrace is classed as a Local Authority owned hostel and is therefore deemed to be specified exempt accommodation for housing benefit purposes. This means that the vast majority of running costs, including; the provision of housing-related support, an allowance for voids and bad debt, housing management costs, and reactive and cyclical repairs are fully recouped through the rent charged. The remaining utility costs are recouped through a small service charge (£15-£20 per week).

NB: Harewood House (like our other schemes) would therefore be run on a completely cost neutral basis and would provide the additional savings to our B & B budget outlined below. It also has the potential to make a surplus which could contribute to a sinking fund.

Potential maximum savings to the B & B Budget:

NB: With bed and breakfast accommodation we are limited in terms of the subsidy we can claim through Housing Benefit. It is capped at the local housing allowance rate for a single room (£99.92 per week).

If Harewood House is configured as proposed the following savings to our B & B budget could be realised:

In August 2024, the cost of nightly-paid B and B accommodation was collated and after allowing for the housing benefit subsidy the average cost to the Council was £283.92 per week per household in accommodation.

Our intention is to create 7 bedspaces at Harewood House which we expect to receive full housing benefit subsidy; using the above figure as a comparative cost, this would yield savings in the region of £103,348.

However, it must be noted that the demand for B and B accommodation remains high. Therefore in reality the “savings” are more likely to be a suppression of a budget pressure rather than a substantial budgetary saving whilst providing a better service to our homeless clients.

**The financial appraisal shows a 12% yield to Teignbridge over a 35 year period.**

Appendix A for information - Agreed terms of sale from Waycotts.

Graham Davey.  
Housing Enabling and Development Manager.  
March 2025.