



ADUR & WORTHING
COUNCILS

Joint Strategic Committee
4 December 2018
Agenda Item 8

Key Decision: Yes

Ward(s) Affected: All

Housing Development Programme - update and progress report

Report by the Director for Communities

Executive Summary

1. Purpose

- 1.1 The purpose of this report is to update members on the progress of improving the supply of temporary and emergency accommodation, and creating new homes for rent from within the Housing Revenue Account (Adur District Council).
- 1.2 Authority is also sought to increase the budgets available to take forward a number of key projects as well as provide capacity to seek new opportunities to increase the supply of affordable units across Adur & Worthing.

2. Recommendations

2.1 The Joint Strategic Committee is recommended to:

- i) Note the progress to date on delivery of new affordable homes.
- ii) Recommend to Adur District Council to approve the creation of a £10m budget to facilitate the potential purchase or development of additional units for the HRA within the Adur area funded by a combination of prudential borrowing, RTB receipts, and external and S106 monies. Budget to be released on submission and approval of a suitable business case for each scheme, to the Adur Executive Member for Customer Services.
- iii) To recommend to Worthing Borough Council to agree an increase to the General Fund capital programmes of £11m to invest to save budget specifically for the purpose of increasing the supply of temporary and emergency accommodation. Budget to be released on submission and approval of a suitable business case for each scheme to the Worthing Executive Member for Customer Services and will be funded by prudential borrowing and external funding.
- v) To delegate to the Director of Communities the authority to award the construction contracts for Downview, Albion Street and Cecil Norris House in consultation with the relevant Executive Member for Customer Services.

3. Context

3.1 In March 2016 the Councils adopted its current housing strategy 'Housing Matters' and since that time the Councils have also developed their overarching strategy document 'Platforms for our Places'. In both of these strategies, the Councils commit to developing our approaches to securing emergency and temporary accommodation for those who present as in need of immediate support from the Councils, as well as delivering more affordable housing through the Adur District Council, Housing Revenue Account. This report seeks to update members on progress to date against these ambitions, whilst crucially seeking the release of further funding to support these workstreams

3.2 Emergency and Temporary Accommodation

Currently across Adur and Worthing 155 families are in emergency accommodation (EA). This accommodation is a mixture of leased and nightly paid accommodation. This includes self contained units and a small number of bed & breakfast accommodation, when there are no alternatives. The cost of providing such accommodation ranges from £18 to £81 per night (average of £47). The amount the Council can claim back is 90% of the January 2011 local housing allowance rate which equates to approximately £21 per night. Hence there is a growing gap between the amount such accommodation costs and the amount the councils can recoup in rent and housing benefit. In the past, councils were paid a sum of £60 per week for each person/family in EA. This payment was recently removed and replaced by the 'Flexible Support Grant'. Unfortunately the grant allocated is insufficient to cover this gap, and hence costs are rising month on month. The situation is exacerbated by a low number of affordable properties coming into the system each month, so move on from EA is slow.

- 3.3 In order to address this particular issue, officers are working to identify costs effective solutions that include:
- 3.4 A comprehensive, multi-agency programme of work to prevent homelessness and support families and individuals to sustain their tenancies. In recent months working closely with one registered provider, we have prevented more than 40 families from being evicted.
- 3.5 Leasing properties on a long term basis. Over the last two years, leases have been agreed for 42 units of more affordable accommodation as well as five houses (13 beds). The current pipeline of leased accommodation includes a further 16 units of which four, are wheelchair accessible. This is due to come on stream early in 2019. A further four units are being developed by Worthing Homes for the rental market, enabling the Council to discharge their housing duty at the earliest possible stage.
- 3.6 Both Councils have allocated funds for the acquisition of affordable EA. In November 2018, Worthing Borough Council secured the ownership of the Downview Pub site in West Worthing, for £1.2m. The site already has planning permission in place to convert the main property into nine units of accommodation, and develop the land into a further four houses although the Council is reviewing the site with the aim of increasing the number of units to be delivered. A tender specification for the development of the main building has been issued and we aim to complete this first phase by autumn 2019.

3.7 HRA Development Programme - progress

3.8 Adur District Council has not developed council housing for many years, consequently the skills and knowledge within the Council to deliver such development has been missing. The Council has now secured support and created a team of key individuals, buying in skills where required, to start to develop a programme of works for the first time. Key progress to date includes

3.9 Albion Street - planning approved and tender for construction work was issued

on the 19th November 2018. It is anticipated that work will commence on site before the end of March 2019, with demolition having been completed by early 2019, following the recent fire at the site. The project is due to complete by mid to late 2020. This report seeks the committee to delegate responsibility for the contract award to allow for the work to proceed swiftly.

3.10 Cecil Norris House - Planning application has been submitted and the tender for development will be issued shortly. It is also planned that work will start on before the end of March 2020 and this report seeks delegated authority to award the development contract to allow for this project to be taken forward swiftly.

3.11 101 North Road Lancing - Planning consent has been gained to develop two, one bedroom flats and renovation/development works are due to commence before the end of November 2018.

3.12 Two other small sites are being reviewed for conversion into single flat accommodation and designs are being drawn up.

3.13 Hidden Homes: in the report to the July 2018 JSC, members agreed to fund feasibility work, following an initial evaluation by Bailey Garner of infill, garage and other sites owned by Adur District Council within the HRA. This initial scoping exercise identified more than 40 potential sites. The feasibility work is nearing completion and will propose a shortlist of sites to review and develop a programme of work from. It is anticipated that officers will begin to review these in the new year and bring a more detailed update with a proposed development programme in 2019.

4. Issues for consideration

4.1 In light of the above the Councils are now asked to consider the release of funds for additional acquisitions and development opportunities as described

below. A number of commercial discussions are ongoing, however in order to be able to move swiftly, the Committee is asked to recommend to Council to approve the release of funds to secure property and/or land to support the ongoing need for both affordable temporary accommodation and additional units for permanent homes to be delivered via the HRA or other partnerships. Each proposal will be the subject of a suitable business case which will be approved by the relevant Executive Member for Customer Services prior to committing the Councils to the expenditure.

4.2 New schemes

4.2.1 Purchase of 32 flats in Central Worthing (Bunces / Lennox Gate)

Officers on behalf of the Councils have been in discussions with the developers of the property known as 'Bunces' in Lennox Gate. The proposal within this report is to purchase the entire development of 32 one and two bedroom properties which will be completed in March/April 2019, to add to the supply of affordable homes in Worthing. The Council is keen to use some of these units for emergency accommodation, but is also exploring partnership opportunities to provide longer term affordable accommodation in the town.

4.2.2 Purchase and conversion of a property in Worthing for up to 20 units of temporary accommodation

The Council has retained an option to purchase a large property in Worthing with the prospect of converting this into up to 20 units of emergency accommodation. The business case for this project is still being developed, however if acceptable, funds are sought to move forward with this project, subject to a suitable business case being approved by members.

4.2.3 General fund acquisition and development of property and sites within Adur

The Council is actively reviewing options to acquire land within Adur for the development of temporary and emergency accommodation and is in discussion with partners such as West Sussex County Council regarding the possibility of joint development on vacant sites. At this point in time none of these discussions has moved to the point of requiring the release of funds, therefore the budget currently available for this purpose (£3.1m by 2019/20) is deemed sufficient for any immediate needs. Should these projects move forward and require additional funding a further paper will be brought before the committee.

4.2.4 HRA acquisition of land or property within Adur District

Following the recent budget announcement, new legislative changes have abolished the HRA borrowing cap. This removes the current limit on the acquisition and development programme of new affordable homes by the HRA subject to an assessment of affordability. This offers the opportunity to not only progress current development schemes, as described above, but also to extend the current development and acquisition programme to further add to the supply of affordable homes within the HRA.

As with any potential scheme, the opportunity to purchase any land or property to add to the HRA portfolio will be subject to a full business case for Executive Member approval at the appropriate time.

However for the Council to be able to move swiftly and secure additional properties, financial capacity within the budgets needs to be created for any potential new schemes. A budget of £10m is recommended.

4.3 External funding

The Councils are actively seeking funding towards the costs of delivering additional units from MHCLG and other potential funding bodies. Members will be updated on progress in securing such funding.

5. Engagement and Communication

5.1 The Councils have developed a team around these projects to ensure there is comprehensive internal consultation with colleagues from relevant disciplines and with executive members to ensure that appropriate governance processes are followed.

5.2 In relation to the planning applications for Albion Street and Cecil Norris House, public consultation and engagement events were conducted and feedback has been incorporated into the final planning applications.

5.3 As indicated in the report, we will continue to seek external sources of funding to support all or any of these projects and in certain circumstances may partner with local key stakeholders to deliver the best outcomes for our residents and communities.

6. Financial Implications

6.1 Both Councils have already put in place funds for the delivery of temporary and emergency accommodation from within the General Fund.

	2018/19	2019/20	2020/21	2021/22	Total
	£	£	£	£	£
Adur	2,169,940	1,000,000	1,000,000	1,000,000	5,169,940
Worthing	3,740,060	2,000,000	2,000,000	2,000,000	9,740,060
	<u>5,910,000</u>	<u>3,000,000</u>	<u>3,000,000</u>	<u>3,000,000</u>	<u>14,910,000</u>

6.2 However, the opportunity for Worthing Borough Council to purchase the 'Bunces' site; and to acquire and convert a property within Worthing results in the need to increase the current budgets as follows:

	No of units	2018/19	2019/20	2020/21	2021/22	Total
		£	£	£	£	£
Downview project	19	1,636,230	2,433,330	330,440	-	4,400,000
Large residential unit	20	1,990,500	1,100,000	33,000	-	3,123,500
Provision for new schemes	32+	835,000	8,365,000	2,000,000	2,000,000	13,200,000
Total	71+	4,461,730	11,898,330	2,363,440	2,000,000	20,723,500
Current budget		3,740,060	2,000,000	2,000,000	2,000,000	9,740,060
Additional budget provision required						<u>10,983,440</u>

6.3 In addition to the resources within the General Fund, the HRA has a development programme that was approved in July as follows:

	Number of units	Total Budget	2018/19 £	2019/20 £	2020/21 £	2020/21 £
Albion Street	15	2,100,000	583,300	1,400,000	116,700	
Cecil Norris	15	3,300,000	200,000	1,550,000	1,550,000	
North Road Lancing	2	160,000	160,000			
Hidden homes - feasibility work	Not yet known	275,000	275,000		1,000,000	1,000,000
Total development programme		7,835,000	1,218,300	2,950,000	2,666,700	1,000,000
Buy-back allowance (up to 2 units per unit)		1,080,000	270,000	270,000	270,000	270,000
Total expected programme		8,915,000	1,488,300	3,220,000	2,936,700	1,270,000
Financing:						
Set aside RTB receipts (1-4-1)		2,290,700	383,040	772,550	817,560	317,550
Capital receipt from sale of land		1,600,000	408,310	1,110,000	81,690	
New Development Reserve		160,000	160,000			
Homes England Grant		227,000		227,000		
Borrowing		4,637,300	536,950	1,110,450	2,037,450	952,450
		8,915,000	1,488,300	3,220,000	2,936,700	1,270,000

6.4 However, the current HRA programme does not allow any budget for new schemes to be developed and delivered over the next 12 - 24 months, therefore additional budget provision is required.

6.5 Members are reminded that the budgets can only be released on the submission of a business case to the relevant Executive Member.

7. Legal Implications

7.1 Section 124 Local Government Act 1972 provides the Council with the power to acquire land or property.

7.2 Section 8 Housing Act 1985 places a duty on every local Housing Authority to consider housing conditions in their District/Borough and the needs of the

District/Borough with respect to the provision of further housing accommodation.

- 7.3 The Councils' Head of Housing has a delegation at para 3.1.18 of the Officer Scheme of Delegations to acquire land or property in connection with the Council's housing function for the purpose of providing emergency and temporary accommodation. This delegation is only to be exercised after consultation with the Leader, the Executive Member for Resources and the Chief Financial Officer of the relevant Authority.
- 7.4 Paragraph B16 of the Financial Procedure Rules provides that Executive Member approval is required for the release of the budget for any capital project of more than £250,000.
- 7.5 The Limits on Indebtedness (Revocation) Determination 2018 which was approved by the Secretary of State on the 25th October 2018 removed the limit on HRA debt.
- 7.6 In awarding the construction contracts for Cecil Norris House, Downsview and Albion Street, the Director for Communities will need to comply with procurement legislation and the Council's Contract Standing Orders.

Background Papers

Acquisition of land in West Worthing - Report to the Executive Member for Customer Services dated 17th September 2018.

Delivery of new homes through the Housing Revenue Account - Report to the Joint Strategic Committee dated 10th July 2018.

Adur and Worthing Housing Strategy 2017-2020 'Housing Matters' - report to the Joint Strategic Committee March 2017 and April 2018.

Officer Contact Details:-

Sarah Gobey
Chief Financial Officer
Sarah.Gobey@Adur-Worthing.Gov.Uk

Akin Akinyebo
Head of Housing
Akin.Akinyebo@Adur-Worthing.gov.uk

Mary D'Arcy
Director for Communities
Mary.D'Arcy@Adur-Worthing.Gov.Uk

Sustainability & Risk Assessment

1. Economic

The proposals set out in the report to deliver additional affordable rented homes will mean that residents of the new homes will be able to be work more easily and be economically active.

2. Social

2.1 Social Value

New affordable housing brings tremendous social value as residents of all incomes can be part of the community. Affordable homes keep families together and bring stability for households to feel settled and belonging to an area.

2.2 Equality Issues

Affordable housing traditionally helps those with less equal life chances and therefore brings a positive benefit for equalities issues.

2.3 Community Safety Issues (Section 17)

It is well known that good quality well designed new homes improve community safety being secured by design and developed to reduce the options for antisocial behaviour and crime.

2.4 Human Rights Issues

New affordable homes help residents to enjoy article 8 'the right to respect for a private and family life, his home and his correspondence'.

3. Environmental

New affordable housing brings benefits to the environment due to its much improved energy efficiency eg modern day specifications for insulation, heating systems, windows and doors.

4. Governance

The proposals in this report help the Council to deliver its commitments in the Housing strategy 2017 - 21 and platforms for our Places.