



ADUR & WORTHING
COUNCILS

Executive Members for Customer Services
24 January 2018

Decision to be taken on or after
1 February 2018

Key Decision: No

Ward(s) Affected: Tarring

Delivering Our Housing Strategy: Supporting the delivery of Affordable Homes in Worthing - Investment into 35 Parkfield Road, Worthing, BN13 1EP

Report by the Director for Communities

Executive Summary

1. Purpose

- 1.1. To set out a proposal to work collaboratively with Worthing Homes to create four affordable two bedroom flats for people with housing need and;
- 1.2. Request that the Executive Members for Customer Services approve grant funding to Worthing Homes of £160k to enable the proposal in exchange for Council nomination rights for 30 years.

2. Recommendations

- 2.1. That the Executive Members for Customer Service approve the provision of grant funding of £160k to Worthing Homes by the Council from the Worthing Borough Council Affordable Homes Budget as included in the current capital programme, to enable the conversion of a disused children & family centre in Parkfield Road Worthing, into four affordable two bedroom flats and to secure Council nomination rights for 30 years.

3. Context

- 3.1. People with housing needs are continuing to experience great difficulties securing suitable and affordable accommodation in Adur and Worthing.
- 3.2. Demand for social housing is high and in most cases the housing register cannot be relied upon as an immediate solution to prevent or relieve homelessness.
- 3.3. Additionally, there continue to be a number of barriers that prevent some people from securing affordable private rented accommodation, including: the disparity between the Local Housing Allowance and market rents; welfare reform; lack of a suitable guarantor; and poor credit history. These barriers are compounded by the reluctance of some landlords to accept housing benefit due to concerns that it may expose them to greater risk of financial loss and tenancy issues.
- 3.4. Adur and Worthing have seen a rise in the number of people presenting homeless. This has resulted in an increase in demand for emergency temporary accommodation. The number of households in such accommodation has increased by 108% over a 20 month period. In April 2016 there were 60 households in emergency accommodation across both councils. This number is now 125, with 63 of these requiring a two bedroom property, which is in very short supply.
- 3.5. A Limited supply of affordable accommodation means many of these households will remain in temporary accommodation for a number of months (or in some cases years) until suitable accommodation can be provided. This is not only very costly to the Councils, but is also of great detriment to those concerned.
- 3.6. There is therefore a great need to increase the availability of affordable accommodation to prevent homelessness and create opportunities for people to move on from temporary accommodation.
- 3.7. The proposal set out in this report contributes to three out of four of the following key strategic foundations as set out in the [2017 – 2020 Housing Strategy - 'Housing Matters'](#):
 - Preventing homelessness whenever possible
 - Developing and encouraging the supply of new homes

- Working more effectively with partners to help those in greatest need.

4. Issues for consideration

4.1. The property is a disused children and family centre owned by Worthing Homes and has been vacant for around 18 months. During this time a number of options have been considered.

Option 1: Convert into 8 units of self-contained emergency accommodation with a Council grant of £500k for the conversion works. The property would be leased to the Council on a full repairing lease for a period of 25 years.

Conclusion: The financial appraisal was viable in comparison to nightly booked B&B; however, it was found to be unfavourable by Worthing Homes' Development Committee.

Option 2: Convert into four two bedroom flats for social rent with a Council grant of £200k for the conversion works.

Conclusion: This would help to increase supply of much needed social housing; however, the properties would be absorbed into the housing register and would therefore not directly assist with homelessness prevention or provide 'move on' housing for those currently residing in costly emergency temporary accommodation.

Option 3: Create four affordable 'private rented' two bedroom flats with a Council grant of £160k for the conversion works. The Council will have nomination rights for 30 years and Worthing Homes will rent the flats to homeless households using 12 month fixed term Assured Shorthold Tenancies at affordable Local Housing Allowance rents.

Conclusion: This is the recommended option for the following reasons:

- The properties can be offered to prevent homelessness, or direct nominations can be made to discharge the full housing duty to applicants currently residing in costly B&B accommodation. These powers were introduced by the Localism Act 2011, which amended Part 7 of the Housing Act 1996 to allow Local Housing Authorities to discharge the housing duty with a suitable offer of an Assured Shorthold Tenancy with a fixed term of 12 months..
- The Council will not be exposed to ongoing financial liabilities associated with leased or block booked temporary accommodation, such as staffing;

repairs; damage; rent arrears; management; provision of furniture; and void and eviction costs.

- The Council should receive fewer challenges on suitability of accommodation as the properties will be affordable, of adequate size and located within the Borough.

5. Engagement and Communication

5.1. Summary of actions and steps agreed to date

- Worthing Homes' will lead the project through to completion.
- Worthing Homes are the landlord and will be wholly responsible for management and maintenance of the properties and tenants.
- The Council to have nomination rights for 30 years (subject to approval).
- A grant of £160,000 to be provided to Worthing Homes by the Council from the Affordable Homes Grant Budget (subject to approval)..
- Rents to be set at the appropriate two bed Local Housing Allowance rate.
- The properties will be designed in consultation with Planning, Private Sector Housing (Environmental Health) and Building Control.
- The Councils' financial officers have been consulted and have produced a financial appraisal.
- Based on the current demand for emergency accommodation it is likely that all four properties would be occupied within days of completion.
- Careful consideration has been given to minimise the impact on local residents and amenities. Adjoining neighbours and other relevant parties will be consulted as part of the planning process.
- Completion is expected in the fourth quarter of 2018.
- In accordance with band C3 of the Councils' Allocations Policy, those who are offered these properties will, in most cases, be permitted to remain on the housing register. Current estimates suggest that those in Band C should expect to wait around five years before they successfully bid for social housing. It is therefore anticipated that the turnover of the properties will be around five years; however, it is important to note that this period may be longer as the applicant is not obliged to bid for social housing.
- Executive members consulted.

6. Financial Implications

- 6.1. The Councils have approved unallocated capital budgets for 2017/18 which are held for the purpose of improving the supply of affordable housing as follows:

Adur District Council: £1.0m
Worthing Borough Council: £0.99m

This grant will be funded by Worthing Borough Council.

- 6.2. The financial appraisal detailed at Appendix 1 demonstrates that the project will produce the following savings over emergency accommodation costs:

	Net annual cost £
Debt charges per year on proposed grant	7,140
Current B&B arrangements	60,440
Annual saving	<u>53,300</u>

7. Legal Implications

- 7.1. s1 of the Localism Act 2011 empowers the Council to do anything an individual can do apart from that which is specifically prohibited by pre-existing legislation.
- 7.2. Regulation 25 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (SI 2003 No. 3146) extends the statutory definition of capital, on a proper practices basis, to include “the giving of a loan, grant, or other financial assistance, to any person, whether for use by that person or by a third party towards capital expenditure on any building in which the local authority does not have an interest, which would be capital expenditure if the local authority had an interest in that land or building.
- 7.3. Section 3.1(b) of The Regulatory Reform (Housing Assistance) (England and Wales) Order 2002 provides a power to Local Housing Authorities to provide *directly or indirectly* assistance to any person for the purposes of enabling him to adapt or improve living accommodation. Assistance may be provided in any form and may be unconditional or subject to conditions and may be made where the Council has adopted a housing policy document to this effect.

- 7.4. Grant funding to Worthing Homes is capable of being state aid, however where there is a public Service of General Economic Interest, grant funding may be exempt from state aid considerations. Alternatively state aid may be avoided by consideration of the Market Economy Investor Principle, in that a prudent investor acting in its best economic interests would have made the same arrangement.

Background Papers

- [‘2017 – 2020 Housing Matters Strategy’](#):

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Sustainability & Risk Assessment

1. Economic

- This proposal will contribute towards the councils' efforts to reduce the use of costly emergency accommodation.
- Having an affordable settled home helps remove barriers to paid employment, training, voluntary work and education and provides the necessary foundations for people to build their lives and become (or continue to be) economically active.

2. Social

2.1 Social Value

- Improving the supply of available accommodation is a crucial part of homeless prevention and will help to relieve the emotional distress and trauma caused by homelessness.
- The properties are located within the Borough which will enable people to retain their family and support networks.
- The rents will be set at Local Housing Allowance rates to reduce financial hardship for low income families.

2.2 Equality Issues

- Consideration has been given to incorporate adaptations for disabled access; however this has not proven to be practical or cost effective.
- There are no other identified issues.

2.3 Community Safety Issues (Section 17)

- Matter considered and no issues identified.

2.4 Human Rights Issues

- Matter considered and no issues identified.

3. Environmental

- Matter considered and no issues identified.

4. Governance

- This proposal will contribute to three of the four strategic aims set out by the Housing Matters Strategy 2017-2020.
- It will further raise the profile that Adur and Worthing Councils is committed to engaging and investing with partners to achieve strategic aims and improve the lives of the residents it serves.

Appendix 1

- Option 1 : Continue with the use of emergency accommodation
 Option 2: Provide a capital grant of £160,000 to Worthing Homes in return for 4 affordable units which are to be used as 'move on' accommodation which is used to prevent homelessness and avoids the need for expensive alternatives.

Summary of two options:

Annual costs	Grant	Bed and Breakfast
	£	£
Debt charges		
Interest	3,200	0
Principal repayment	3,940	0
Total borrowing costs	7,140	0
Bed and Breakfast charges	0	83,120
Total costs	7,140	83,120
Less: Potential rental income	0	-22,680
Net annual income	7,140	60,440
Annual saving		53,300

Comparison over 30 years

	Capital investment required £	Net annual cost £	Net cost / income(-) over 30 years £	NPV over 30 Years (net cost) £
30 Year Nomination Rights	160,000	7,140	214,318	160,000
Current B&B arrangements		60,440	2,452,126	1,466,562
Net annual saving		53,300		