



WORTHING BOROUGH
COUNCIL

Worthing Joint Strategic Sub-Committee
13 June 2023

Key Decision [Yes/No]

Ward(s) Affected: Marine
Cabinet Portfolio: Citizen Services

Redevelopment of 24 Marine Place Worthing to provide Temporary Accommodation

Report by the Director for Place

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Summary

1. Purpose

- 1.1. The report seeks approval for the re-development of the Council owned property at 24 Marine Place Worthing to provide temporary accommodation and for a budget to complete the development of the site.
- 1.2. The report follows the publication of the Adur and Worthing Housing Strategy for 2020-2023, 'Delivering Pathways to Affordable Homes' document and subsequent Delivery Plans where plans for a housing development programme were set out.
- 1.3. This report outlines the increasing demand for emergency and temporary accommodation (EA/TA) in Worthing, the Council's commitment to owning its own stock of EA/TA, and reviews the options available to the Council for the future of the building with development of the site as temporary accommodation the preferred option both economically and in terms of meeting an established local need.

2. Recommendations

- 2.1. To approve the preferred option for the future of the building at 24 Marine Place set out within this paper to enable the council to fulfil its statutory housing duties under S188 and S193 of the Housing Act 1996.
- 2.2. To approve a budget of £1,100,000 from the unallocated temporary and emergency accommodation budget to deliver the project, and to note that the actual sum required from this budget will be lower should we be successful in an application for grant funding from Homes England's Single Homelessness Accommodation Programme (SHAP) for which Worthing Borough Council has been identified as a target authority.
- 2.3. To delegate authority to the Director for Housing and Communities to invite tenders for the construction work, and to enter into all necessary contracts to enable the project to progress through the construction phase to completion.

3. Context

- 3.1 The building at 24 Marine Place and its adjacent small car parking area is owned by Worthing Borough Council and is situated in the South Street Conservation area in central Worthing. It was used as a youth drop in centre by WSCC for some years up until 2021 and most recently as a winter night shelter for the homeless. It is currently unoccupied.
- 3.2 Redevelopment options for the building have been considered and the scope for its conversion and extension have been assessed and discussed with planning officers. In planning terms the current use is 'sui generis' or without designation so it has the potential to serve a number of uses. The current proposal is to convert the building to provide urgently needed temporary accommodation for homeless households and the policy background to support this is set out in the paragraphs below.
- 3.3 Chapter 3 of the Housing Strategy outlines the local need for affordable housing, in the context of increasing prices and rents. Based on demographic projections, there is a need for 653 additional affordable dwellings (of all tenures) per annum across the region.

- 3.4 Priority 3 of the Housing Strategy demonstrates the Council's commitment to the delivery of affordable housing, including a commitment to the delivery of 250 homes directly by Adur & Worthing Councils. This commitment is reiterated in 'Delivering Pathways to Affordable Homes' which was adopted in March 2021.
- 3.5 Adur & Worthing's Temporary Accommodation Strategy was adopted in 2017 and focuses on the placement and procurement of accommodation. There is recognition in the Housing Strategy that the Temporary Accommodation Strategy should be reviewed and updated with extra emphasis on developing our own accommodation for these purposes.
- 3.6 Since April 2021, placement of households in emergency accommodation (EA) and temporary accommodation (TA) has increased by 35%, from 215 to 329. Currently the Council has 200 rooms secured on a long lease, with 137 placements spot-booked (the most expensive type of accommodation). Most recent projections have put the number of units needed by March 2025 at 459. Without securing our own stock of EA/TA (whether owned or leased), the additional requirement will need to be accommodated through spot-booked accommodation, potentially outside the area.
- 3.7 In addition, the cost of providing EA and TA accommodation continues to rise. Net average annual cost per placement is £9,150, a year on year increase of 13%. Consequently, considerable savings are possible with the Council owning its own stock of EA/TA.

4. Issues for consideration

4.1 Option for retention in its current use

- 4.1.1 WSCC's Youth Service were the most recent long term occupier of the building and paid a below market rent of £6,000 p.a.
- 4.1.2 The building could be relet for a similar community or office use but would need upgrading to meet current standards; in particular the heating system needs to be replaced. A market rent of around £10,000 might be expected which would produce a capital value of around £400,000.

- 4.1.3 If the property were relet or sold, the opportunity to provide further housing accommodation would be lost and it is felt that on balance a housing scheme aligns better with the Council's Corporate priorities.

4.2 Re-development proposal

- 4.2.1 The scope for a residential conversion has been considered. Architects CityZen have been appointed to draw up initial plans and have produced a proposal for conversion of the building to provide 5no 1 bedroom flats (3x studios and 2 x 1 beds) with 2 car parking spaces adjacent and a landscaped 'pocket park' taking up the remainder of the car parking area. An extension into the adjacent car park has been ruled out due to the impact on neighbouring buildings in terms of light and overlooking.
- 4.2.2 The proposal has been discussed with planning officers who have no objection in principle however a case for the loss of the current use would need to be made. The building is in a conservation area so any alterations will need to take account of this and conservation area consent will be required.
- 4.2.3 The homes would be managed by the Council's Housing Needs Management team as Emergency/Temporary Accommodation and would help meet the urgent (and growing) need for temporary accommodation for small homeless households set out in paragraph 3.6.
- 4.2.4 Development costs are estimated at £1.1m. The Development Management Team will bid for funding from Homes England's Single Homelessness Accommodation Programme (SHAP) to cover approximately 27% of the development costs. Worthing Borough Council has been identified as a target authority for SHAP which would supplement capital funding with revenue funding for support costs for a three year period following completion.
- 4.2.5 The remainder of the capital requirement (c.£800k) would be funded by Worthing Borough Council's General Fund as a spend to save initiative resulting in savings of approximately £12.5k in the first year and £2.3m over a 50 year appraisal period.
- 4.2.6 Subject to JSC approval of the scheme, the anticipated timeline is as follows:

- Further survey and design work: Summer 2023
- Submission of planning application: Autumn 2023
- Planning Approval: Winter 2023
- Contractor procurement: Winter 2023/Spring 2024
- Start on site: Spring/Summer 2024
- Scheme completion: Spring/Summer 2025

The team will look to commence contractor procurement whilst the scheme is in planning to expedite the works. Previous works of this nature delivered by the team have been taken in a period of 10-12 months from start on site to competition. Intrusive survey works would be carried out during summer 2023 to reduce unforeseen risks on-site and gain more certainty regarding the build cost.

5. Risks and Mitigation

Risk	Mitigation
Planning permission withheld	Early consultation with planning officers has taken place and further detailed input will be sought prior to further development of the plans and submission of the planning application
Unforeseen site conditions result in increased costs affecting viability	Full survey information to be obtained prior to acquisition, partial stripping out of retained property to be carried out prior to tender.
Legal restrictions constrain development	A report on title has been obtained which does not identify any issues of concern.
Costs increase due to inflation/ materials shortages	A contingency of 30% has been allowed for in the development costs
Funding from Homes England is not forthcoming where expected.	Early discussions have taken place to ensure the project is supported and funding likely to be available. Worthing is identified as a priority area for SHAP funding. The appraisal has assumed no Homes England funding and the project remains viable - therefore grant is considered a windfall.

6. Engagement and Communication

- 6.1 This approach has been developed through engagement with Cabinet Members, the Council's Housing Management Team and Affordable Homes Delivery Group.
- 6.2 Housing Management in particular has been integral to ensuring that the proposals meet the needs of their customer base and enable efficient, effective management.
- 6.3 The Council's Planning Team have also been consulted who support the principle of the scheme and have provided comments on the issues which will need addressing within a planning application.
- 6.4 As development proposals progress, the team will engage with local people through face to face and online consultation exercises and statutory planning obligations.

7. Financial Implications

- 7.1 The Council has an unallocated budget of £7.566m for the provision of temporary and emergency accommodation funded through borrowing which is released on the presentation of a business case. Elsewhere on the agenda is a report on the potential redevelopment of Shelley Road which has an estimated build cost of £3.68m (excluding the land cost) which means that potentially £3.886m would be available to support this project.
- 7.2 A financial viability assessment has been carried out by the finance team based on cost estimates.
- 7.3 It is expected that the scheme will attract funding from Homes England at £60,000 per unit which would provide a total of £300,000 reducing the Council's need to borrow.
- 7.4 Overall the scheme is expected to cost £1.1m which is broken down as follows:

	£
Conversion Costs	720,000
Allowance for optimism bias @ 30%	259,200
Professional fees	144,000
Fitting Out	20,000

Proposed Initial Cost

1,143,200

- 7.5 The proposed investment in 24 Marine Place is expected to generate savings in the cost of temporary accommodation in the first full year of operation as follows:

Annual costs	Purchase outright £	Bed and Breakfast £
Debt charges		
Interest	42,160	
Principal repayment	5,460	
Total borrowing cost	47,620	0
Maintenance	10,200	
Annual buildings insurance	2,550	
Cyclical maintenance	0	
Staff management costs	7,990	
Bed and Breakfast charges		82,710
Total costs	68,360	82,710
Less: Potential rental income	-28,920	-28,920
Allowance for rental voids	1,450	
Council Tax Void Allowance	370	
Net annual cost	41,260	53,790
Operation revenue saving - Year 1	12,530	

- 7.6 In the longer term, it is expected that the proposed development will continue to save the Council resources, with a more favourable net present value over the next 50 years.

	Net annual cost (first operational year)	Net cost / income(-) over 50 years	NPV over 50 Years
Conversion to Temporary Accommodation	41,260	2,227,350	631,300
Current B&B arrangements	53,790	4,550,800	2,143,270
Annual saving	£12,530		

Average annual saving over appraisal period		£46,469
% revenue saving	23%	51%
Saving over 50 Years build compared to B&B		£2,323,450
Internal Rate of Return for the conversion	1.12%	

Finance Officer: Sarah Gobey

Date: 10th May 2023

8. Legal Implications

- 8.1 Section 188 and 193 of the Housing Act 1996 places a duty on the Council to provide interim accommodation for those persons who are homeless, eligible for assistance, in priority need and not intentionally homeless, with emergency and temporary accommodation.
- 8.2 Under Section 111 of the Local Government Act 1972, the Council has the power to do anything that is calculated to facilitate, or which is conducive or incidental to the discharge of any of their functions.
- 8.3 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
- 8.4 Section 3(1) of the Local Government Act 1999 (LGA 1999) contains a general duty on a best value authority to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 8.5 s1 Local Government (Contracts) Act 1997 confers power on the Council to enter into a contract for the provision of making available assets or services for the purposes of, or in connection with, the discharge of the function by the Council.
- 8.6 When entering into a public contract for goods works or services, the authority is required to comply with the procurement procedures, found in the Councils' Contract Standing Orders found at Part 4 of the Councils' constitution. Where the Contract involves an above threshold contract for works or services, the Council should additionally have regard to the Public Contract Regulations 2015.

- 8.7 If the Council applies for and receives an amount of grant funding, it must ensure that the project officers are aware of and comply with, the grant funding terms and conditions.

Legal Officer: Joanne Lee

Date: 09/05/2023

Background Papers

- Adur & Worthing Councils Housing Strategy 2020-2023
- Delivering Pathways to Affordable Homes (March 2021)
- Pathways to Affordable Homes - Delivery Plans (March 2022)

Sustainability and Risk Assessment

1. Economic

This proposal will lead to the creation of emergency housing available to eligible local households at what is considered 'affordable' levels (no more than 80% of market rent or no more than the 90% of 2011 Local Housing Allowance; whichever is lower) - this helps ensure that the individuals in need do not have to worry about being able to afford the cost of the accommodation. During this time the Council's 'Opening Doors' programme will support residents into permanent accommodation.

2. Social

2.1 Social Value

The proposals will provide temporary homes which are purpose built and local - reducing the need to put households into substandard, small or cramped accommodation, or rehouse them outside the area.

2.2 Equality Issues

Worthing Borough Council has a responsibility under the Homelessness Reduction Act 2017 to provide interim accommodation to eligible households with the criteria for eligibility set and agreed by the Council.

2.3 Community Safety Issues (Section 17)

Delivery of purpose-built accommodation in small clusters removes the need for eligible families or individuals to be housed in hostels where the Council has less ability to influence or address criminal or antisocial behaviour.

2.4 Human Rights Issues

Matter considered and no issue identified.

3. Environmental

Homes will be designed to be well insulated and gas-free, thereby allowing present and future consumption of renewable electricity. Care will be taken to

design homes to minimise consumption of water, minimise run-off to sewers, address overheating risks and promote sustainable transportation measures.

4. Governance

The proposals in this report are in line with the Councils' Housing Strategy.