



ADUR & WORTHING
COUNCILS

Joint Strategic Committee
7 June 2022

Key Decision Yes

Ward(s) Affected: Widewater

Delivery of housing for Emergency & Temporary Accommodation - South Street, Lancing

Report by the Director for the Economy

Officer Contact Details

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Executive Summary

1. Purpose

- 1.1. This report follows the publication of the Adur and Worthing Housing Strategy for 2020-2023, 'Delivering Pathways to Affordable Homes' document and subsequent Delivery Plans.
- 1.2. This report outlines the increasing demand for emergency and temporary accommodation (EA/TA) in Adur, the Council's commitment to owning its own stock of EA/TA and benefits to the Council of doing so, and the suitability of the South Street site to deliver this type of accommodation, owned and managed by the Council.
- 1.3. The report seeks agreement of Members to redevelop this site for the purpose of providing Council owned EA/TA and approval of a budget to progress both a planning application and development on site.

2. Recommendations

- 2.1. To approve the approach to development of the South Street Car Park site 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 release £2.336m from the Temporary and Emergency Accommodation budget to enable the project to progress through planning and to completion of the construction stage.
- 2.3. To delegate authority to the Head of Major Projects & Investment 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, in consultation with Executive Members.
- 2.4. To note that a further report will be presented to the Executive Member post procurement, to confirm the final costs associated with the scheme and the viability of the proposal.

3. Context

- 3.1. South Street Car Park is located off South Street in Lancing. Access is via South Street and egress is via the north on Penhill Road. The car park is owned and managed by Adur District Council for the benefit of the public. Capacity of the car park extends to 32 cars.
- 3.2. The car park is considered underutilised and by a margin is the least income-producing pay and display car park in Adur. South Street Car Park is one of five car parks in central/south Lancing; in addition, parking on the streets adjacent to South Street Car Park is generally unrestricted.
- 3.3. The site is identified in Adur District Council's Strategic Housing Land Availability Assessment (SHLAA, 2021 update) as a potential development site but was rejected due to its current use as a car park. Since then, with the Council's commitment to housing delivery demonstrated in the Housing Strategy 2020-2023 and 'Delivering Pathways to Affordable Homes', the site's suitability for development has been re-evaluated.
- 3.4. 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.

- 3.5. Priority 3 of the Housing Strategy demonstrates the Council's commitment to delivery of affordable housing, including a commitment to 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.
- 3.6. Adur & Worthing's Temporary Accommodation Strategy was adopted in 2017 and focuses on 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.
- 3.7. Demand for emergency accommodation is increasing and the council is required under a statutory duty to provide this. Since 2017, placement in emergency accommodation (EA) and temporary accommodation (TA) has been increasing at a net average of 3 per month. This data does not include COVID-19 placements, which has increased the net placement even higher.
- 3.8. In March 2022, Delivery Plans for Pathways to Affordable Homes were put together to describe how Adur and Worthing intend to meet the housing need and act on commitments set out in Delivering Pathways to Affordable Homes. The proposals recommended programmes of delivery across accommodation of different tenures, including Temporary Housing.
- 3.9. Within the Delivery Plans, there was a recognition that 95 units of EA/TA are needed (whether owned or leased) in Adur between 2021 and 2023 to meet demand. However, the cost of providing EA and TA accommodation continues to rise. Net average annual cost per placement is £7,950. Considerable savings are possible with the Council owning its own stock of EA/TA; as a result, the Delivery Plans outline an aim of 38 units (40% of total demand) to be directly built, owned and managed by the Council.
- 3.10. In December 2017, Adur & Worthing Councils commissioned a 'Hidden Homes Study', aiming to identify potential sites for delivery of affordable housing. 9 sites identified within this study were bought forward to form the Council's 'Small Sites' programme. Subsequently, in September 2020, another 9 sites were assessed for suitability as Council Development sites, and it was in this study that South Street

Car Park was identified as having capacity for c.8 units of Council-owned accommodation.

4. Issues for consideration

- 4.1. To help meet the need for directly owned and managed EA/TA in Adur, and after assessment of a variety of sites across Adur District, it is recommended that Adur Council take forward development proposals at South Street Car Park to deliver 8-10 units of EA/TA.
- 4.2. Since the site was identified as having capacity for development in September 2020, further site due diligence has been undertaken, including design progression to RIBA Stage 1, review of buildability, title, services and utilities, planning likelihood and risks to development.
- 4.3. In bringing this scheme forward, the site will be decommissioned as a car park. The team has looked at the impact of closing the car park in financial terms, and whether it would cause congestion elsewhere.
- 4.4. In 2021/22, total income from car parking at South Street car park was £4,608. This is not much different to pre-pandemic levels; for example, in 2017/18 income was £4,407 and in 2018/19 income was £4,651. Total income for car parks in Adur in 2021/22 was £434.6k, meaning South Street represents around 1% of total income from car parking in the district.
- 4.5. In addition, a parking survey has been carried out to understand the impact of decommission on parking stress elsewhere in Lancing. A count was undertaken on Wednesday April 28th (considered to be a normal weekday). During operational hours (7am to 8pm), the car park had a total of 26 arrivals and 26 departures. The peak accumulation occurred at 14 vehicles. It is anticipated that car parks at Marlborough Road and Beach Green can accommodate this additional demand however this will be tested within a transport assessment which will accompany a planning application.
- 4.6. Working with architects HNW, we have devised a scheme of c.8 units of EA/TA in the form of small terraced houses with private gardens. Terraced homes are most appropriate in this location with precedent set by the building frontage on South Street and provides the most efficient type of accommodation, avoiding internal common spaces and

making best use of the site. Early thoughts suggest that a mix of 1b2p and 2b3p units would be optimal and respond best to the need identified by Housing Management for larger units appropriate for families, which also maximises savings from avoiding the placement of larger households in private temporary accommodation.

- 4.7. Designs are at an early stage, but include communal bin stores, bicycle storage and car parking spaces (number TBC). Access from South Street would be retained, as would egress onto Penhill Road. Rights of Way for neighbours to pass through the site to park their cars behind their homes will be maintained.
- 4.8. The homes will be managed by the Council's Housing Needs Management team, as Emergency/Temporary Accommodation; if demand for this type of accommodation diminishes, homes can be repurposed for General Needs and added to Adur Homes stock.
- 4.9. A high level cost estimate has been undertaken by calfordseaden which estimates total development costs at £2,336,000. The Development Management Team will bid for funding from Homes England to cover approximately 17% of the development costs, with the remainder funded by Adur District Council's General Fund as a spend to save initiative, resulting in savings of approximately £5m over 50 years.

4.10. Risks & Mitigation

- 4.10.1. A table identifying the key risks in progressing and delivering this project and the measures proposed to address them is provided below.

Risk	Mitigation/Alternatives
Issues with the site arise which make delivery more challenging	Early surveys have been undertaken to understand the constraints of the site, such as stats/utilities surveys, ground penetrating radar, tree survey, topographic survey, CCTV (for drainage) and Report on Title. The construction budget includes 20% contingency to manage any risks which have not yet been identified, e.g. ground conditions which require deeper foundations.
Planning permission not forthcoming	Early conversations held with Council's planning team (29th April 2022) who have no objection in principle to the

	proposed development, with steer provided on key issues which proposals must seek to address, e.g. access and egress. A second pre-app will be held prior to submission.
Costs increase due to e.g. inflation/materials shortages	A contingency of 25% has been included in the construction budget and appraisals constructed to include this contingency.
Funding from Homes England is not forthcoming	The development appraisal excludes anticipated funding and Homes England funding will be considered a windfall. The scheme has been introduced to Homes England who has confirmed that, provided that the scheme meets its requirements around affordability and tenure, it is potentially fundable.
Loss of parking exacerbates local parking issues	A parking technical note has been undertaken to measure use of the car park and count space elsewhere. It has been identified that there is sufficient local space (including in local car parks) to absorb the displaced vehicles.
Neighbours react negatively to proposals	<p>Key messages will be developed to address likely neighbours concerns or issues. These are likely to include:</p> <ul style="list-style-type: none"> - The need for this type of accommodation - The suitability of the site to provide it and why it has been chosen over others - Alignment with local policy and building regulations - Design features to minimise disruption to neighbours - Continuation of local access to rear of properties - Management arrangements of EA/TA and designing out/managing any ASB. <p>We will seek to engage with neighbours at next stage of design and prior to submission to provide an opportunity to feed into the proposals and air their concerns.</p>

5. Engagement and Communication

- 5.1. This approach has been developed through engagement with executive members, the Council's Housing Management Team and Affordable Homes Delivery Group.
- 5.2. Housing Management in particular has been integral to ensuring that the proposals meet the need of their customer base and enable efficient, effective management.

- 5.3. A pre-application meeting was held with Council planners in late April 2022 where positive feedback on the proposals was received. It is agreed that the car park is an underutilised site and there is no in principle objection to redeveloping it.
- 5.4. As development proposals progress, the team will engage with local people and neighbours through face to face and online consultation exercises and statutory planning obligations.

6. Financial Implications

- 6.1. The Council currently has an unallocated budget of £2.9m for the provision of temporary and emergency accommodation which is sufficient to fund the proposed scheme.
- 6.2. Overall the scheme is expected to cost £2,336,040 which can be broken down as follows:

	£
Construction Costs	1,688,540
Fees	164,290
Allowance for optimism bias @ 25%	463,210
Fitting Out	20,000
Proposed capital investment	<u>2,336,040</u>

- 6.3. The proposed investment in South Street, Lancing is expected to generate savings in the cost of accommodation in the first full year of operation as follows:

	Develop	Bed and Breakfast
	£	£
Total debt charges	90,790	
Staffing costs	11,420	
Running costs	20,400	
Average costs of alternative accommodation		148,930
Total costs	122,610	148,930
Less: Income	-52,290	-52,290
Impact of voids	3,290	
Income from South Street car park		-4,690
Net cost	73,610	91,950
Net annual saving		18,340

- 6.4. 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 (cost / income(-))
	£	£	£
Development for Temporary Accommodation	73,610	3,270,100	1,216,987
Current B&B and car parking arrangements	91,950	7,776,870	4,033,090
Annual saving / cost	18,340		
Average annual saving over appraisal period		90,135	
% revenue saving over current arrangement	20%	58%	
Saving over 50 Years build compared to B&B		4,506,770	
IRR of proposed investment	1.89%		

- 6.5. The Council will apply for Homes England funding. If successful the viability of the scheme will improve as follows:

	Net annual cost (first operational year)	Net cost / income(-) over 50 years	NPV over 50 Years (cost / income(-))
	£	£	£
Development for Temporary Accommodation	64,020	2,780,500	1,056,622
Current B&B and car parking arrangements	91,950	7,776,870	4,033,090
Annual saving / cost	27,930		
Average annual saving over appraisal period		99,927	
% revenue saving over current arrangement	30%	64%	
Saving over 50 Years build compared to B&B		4,996,370	

- 6.6. However, given the level of uncertainty over inflation and interest rates, prior to letting the contract a further appraisal will be required once the final contract price is known to ensure that the scheme has remained viable.

Finance Officer: Sarah Gobey

Date: 11th May 2022

7. Legal Implications

- 7.1 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.
- 7.2 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
- 7.3 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.

- 7.4 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.
- 7.5 When entering into a public contract, 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.
- 7.6 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: 09/05/2022

Background Papers

- Platforms for Places: Going Further 2020-2022
- Adur & Worthing Councils Housing Strategy 2020-2023
- Delivering Pathways to Affordable Homes (March 2021)
- Pathways to Affordable Homes - Delivery Plans (March 2022)
- Strategic Housing Land Availability Assessment (SHLAA, 2021 update)

Sustainability & Risk Assessment

1. Economic

This proposal will lead to the creation of emergency housing available to eligible local families 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 family 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 families into substandard, small or cramped accommodation, or rehouse them outside the area.

2.2 Equality Issues

Adur District 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 and Platform for Places document.