

Report to: **Hub Committee**
Date: **7th March 2023**
Title: **Housing Crisis Update**
Portfolio Area: **Homes – Cllr Barry Ratcliffe**

Wards Affected: **all**

Urgent Decision: **N** Approval and clearance obtained: **Y**

Date next steps can be taken:

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RECOMMENDATION

That the Hub Committee:

- 1. Approves the use of up to £1.4m from the Government’s Local Authority Housing Fund and Homes for Ukraine funding allocations for the purchase of up to 5 properties;**
- 2. Authorises the Head of Assets, in consultation with the Head of Housing and Section 151 Officer, to identify within the available funding, up to 5 suitable properties and to take the necessary steps for the Council to purchase those properties;**
- 3. Subject to positive pre-planning application discussions, authorises the Head of Assets to prepare and submit a full planning application for the conversion and use of 20 Plymouth Road, Tavistock as temporary accommodation with at-risk costs of up to £30,000 being financed from the Homeless Prevention winter pressure grant; and**
- 4. Notes the progress on Springhill, Tavistock and Wonnacotts Road, Okehampton.**

1. Executive Summary

- 1.1 This report recommends acquiring up to 5 properties under the Local Authority Housing Fund (LAHF) providing accommodation for those displaced by the conflict in Afghanistan and Ukraine.
- 1.2 The LAHF provides 40% or 50% (depending on number of bedrooms) of funding to the Council and it is recommended that the Council uses funding from the Homes for Ukraine funds held by it and, subject to successful negotiations, by Devon County Council. No borrowing or other Council funding is required.
- 1.3 The report also considers the proposed conversion of 20 Plymouth Road, Tavistock for use as much needed temporary accommodation. Then, subject to the outcome of the pre-planning application, proceeding with a full planning application using funding from the Homeless Prevention winter pressure grant.
- 1.4 Finally, the report updates the Hub Committee with an update on the Wonnacotts Road and Springhill site preparation works.

2. Local Authority Housing Fund - Background

- 2.1 In December 2022, the Department of Levelling Up Housing and Communities released a prospectus (Appendix 1) regarding a £500 million capital funding opportunity known as the Local Authority Housing Fund (LAHF).
- 2.2 The fund aims to alleviate housing pressures on local authorities arising from conflict in Afghanistan and Ukraine. As part of this government's humanitarian response to these crises, over 170,000 people have been welcomed to the United Kingdom. This has unavoidably created additional demand for housing at a time when local authorities are already under strain.
- 2.3 The funding offer, made to selected Local Authorities of which West Devon was one, came with an allocation of 40% of the lower quartile of up to 8 properties in the Borough with 1-3 bedrooms. This equates to a total allocation of £811,712 subject to the number of properties purchased.
- 2.4 Further funding is available for larger properties of at least 4 bedrooms at 50% of the purchase price. This is part of the requirement of the funding allocation and the sum available for this is a further £204,395. This funding element can be progressed independently of the 8 properties. However providing a larger property is a prerequisite of accessing the balance of funding for the 1-3 bed homes.
- 2.5 Participation in the scheme is optional for Local Authorities who must fund the balance of the purchase. In the case of

West Devon this balance for 9 properties would equate to £1,421,936 if it were to purchase the maximum of 9 properties. It is therefore recommended in this report to consider purchase options for up to 5 properties, which dependent on agreement with Devon County Council, would not require additional funding or borrowing from the Council outside of Homes for Ukraine funding.

- 2.6 Neither Homes England grant funding nor Right to Buy capital receipts can be used to fund the purchase of the properties. However, Section 106 affordable housing contributions can be used, as can Local Authority Reserves or Public Works Loan Board borrowing.
- 2.7 LAHF is an opportunity for Councils to purchase property, in the first instance for a cohort of Ukrainians where there is already a homeless duty following placement breakdown, and to support Afghan families who are in the UK and currently residing in bridging hotels.
- 2.8 When the property is no longer required by the intended cohort, the Council can use the property to meet its housing need and will retain ownership of the asset in perpetuity.
- 2.9 Having reviewed the funding available to the Council, it is recommended to support the Government proposal and match fund the purchase of up to 5 properties utilising:
 - The bridging element of the West Devon allocation of LAHF funding to purchase 50% of a larger property (4-bed)
 - The main element of the West Devon allocation of LAHF funding to purchase 40% of the other property portfolio.
 - funding from the Homes for Ukraine fund and, part of the contingency Homes for Ukraine funding held by Devon County Council (subject to agreement with DCC) up to a combined total of £1.4million.
- 2.10 The properties are yet to be identified but it is likely they will be in the major settlements, close to public transport and other amenities. This is essential for Ukrainian and Afghan households and also for other homeless households where the Council has a duty to offer temporary accommodation.
- 2.11 **West Devon House Purchase Funding Model Example**
- 2.12 This shows an example based on a portfolio of 5 properties (1X4 bed, 1 x3bed and 3 x2 bed) advertised on the open market on 16th February 2023. It is recommended this is the maximum number of properties in the varying sizes that the Council can afford within the parameters of the scheme and without additional borrowing. It relies on a number of assumptions and it must be noted that the size, type and number of properties may change by the time we are in a

position to purchase. Assumptions are based on property on the open market as of 16th February 202. The recommendation to approve the spend of up to £1.4m in this report reflect the multiple variables for delivery.

Portfolio cost is likely to be (A) for the purchase of up to 5 properties	£1,368,000
Government Grant – LAHF (40% of 2/3 bed + 50% 4 bed) (B)	£610,251
The Council’s proportion to fund (A-B=C)	£757,749
To be funded by:-	
Homes for Ukraine fund capital available for use (D)	£545,124
DCC contingency funding required subject to negotiation (E)	£212,625

Table 1 example figures for the acquisition of 5 properties

3. Proposal

- 3.1 The proposal recommended to the Hub Committee is for the purchase of up to 5 new properties (not more than 10 years old), using:
 - Part of the West Devon allocation of LAHF funding,
 - funding from the Homes for Ukraine fund,
 - part of the contingency Homes for Ukraine funding held by Devon County Council
- 3.2 The modelling for purchase is predicated on utilising a proportion of the Homes for Ukraine contingency fund held by Devon County Council. The County are supportive in principle of the proposals within this report however the funding is subject to ongoing negotiation.
- 3.3 Homes will be offered on non-secure tenancies only. This prevents security of tenure or right to buy provisions, so ensuring the properties remain permanently available for temporary housing. The management of these homes will be provided by Seamoor Homes, who already have experience with accommodating refugees.
- 3.4 The purchases will provide the Council with a portfolio of self-contained accommodation for future use as temporary accommodation and enable the Council to discharge its statutory homeless duties.

3.5 There is a Government expectation that to secure the funding allocation, monies will be committed by November 2023. The ability to realise this opportunity will be dependent upon the following:

- The signing of a Memorandum of Understanding with Department of Levelling Up Housing & Communities by 15th March 2023,
- The availability of suitable housing stock in the Borough,
- Successful negotiation on the Homes for Ukraine contingency funding held by Devon County Council
- Ability to agree acceptable terms with vendors in a timely manner and Exchange contracts on properties prior to November 2023.

4. 20 Plymouth Road, Tavistock - Background

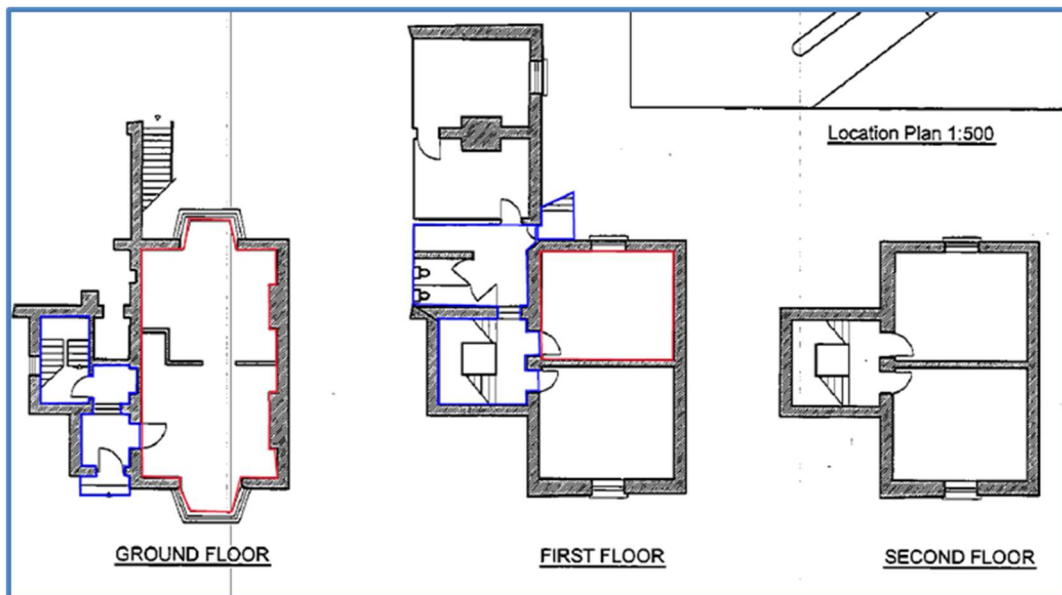
4.1 The Council own 20 Plymouth Road, Tavistock. This property which was originally a pair of semi-detached houses, was built in the early 1900's with accommodation over 4 floors, including a basement. Historically, it appears the property was let as 3 separate flats.





4.2 The property provides small, poor-quality offices with limited headroom. Over the last 5 years, it has been advertised consistently on Rightmove and the Council's website but has remained underoccupied and for the last two years has only had one tenant.

4.3 The existing layout is shown below.



4.4 It was therefore identified as unviable for continued letting as office accommodation, particularly as the Council has other vacant office space in Tavistock for example at Kilworthy Park.

4.5 In addition to the existing office space, there is an adjoining space, previously used as the Bus Station kiosk which is currently unoccupied.

4.6 Discussions therefore commenced ahead of any disposal to consider whether the Council had a continued need for the

building and an opportunity was identified to retain 20 Plymouth Road and convert to residential accommodation, to support local housing need, particularly for temporary housing.

5. Housing need

- 5.1 There has recently been an increase in the amount of time it takes to source suitable long-term accommodation for those requiring it. This has led to an increase in the amount of time applicants are staying in our temporary accommodation from an average stay of 33 nights in B&B and 78 in self-contained accommodation in 21/22 to an average of 64 nights B&B and 113 in self-contained accommodation in 22/23 (to date).
- 5.2 Temporary accommodation costs are predominantly met through the housing benefit claims made by applicants. The maximum subsidy we can claim from the DWP for single person (inc. couples) accommodation is £98.08 a week. The cost of spot purchased B&B averages at £57.93/night or £405.51/week (2021-22 average). The resulting shortfall is met by WDBC.
- 5.3 The redevelopment of Plymouth Road will enable us to meet our temporary accommodation requirements while turning a cost into a self-sufficient asset.

6. Potential Residential Conversion

- 6.1 Architects have been appointed to provide a preliminary feasibility study outlining various options for the conversion of the property.
- 6.2 From this, a three flat conversion of the main property to 2 x 1 Bed and 1 x 2 Bed flat was selected as being the most suitable conversion of the premises. This maximises available accommodation to meet housing need and represents a cost-effective solution working within the existing parameters of the building.
- 6.3 Also included within the pre-application submission, was the possible conversion of the previous Bus Station kiosk/waiting room to a 1 x 1 Bedroom flat. Any future conversion of the kiosk would be subject to consideration of other potential operational requirements. The proposed layout is attached at Appendix 2.

- 6.4 Initial planning advice confirmed a planning application would be required to secure a change of use from commercial to residential. The main policy restraint is DEV14 (Maintaining a flexible mix of employment sites):

A flexible supply of employment land and premises will be maintained to support investment and expansion of existing businesses as well as for the inward investment of high-value businesses, particularly but not exclusively those involved in the marine sector, advanced manufacturing and knowledge based industries. The following provisions will apply:

- 1. Change of use of existing employment sites (including vacant sites whose lawful use is for employment purposes) will only be allowed where the following applies:
 - i. The proposal is specifically provided for by the local plan to deliver wider strategic objectives, or*
 - ii. There are overriding and demonstrable economic, regeneration and sustainable neighbourhood / communities benefits from doing so, or*
 - iii. There is no reasonable prospect of a site being used for employment use in the future.**

- 6.5 Accordingly, a pre-planning application was prepared and submitted on 20th January 2023. An initial site visit is scheduled for early February 2023.
- 6.6 Alongside this a structural assessment of the building has been carried out to assess the existing condition and review the implications of the proposed options and their feasibility.

7. Next Steps

- 7.1 Await the outcome of the pre-planning application, anticipated by the end of 22/23 Q4.
- 7.2 In the event of a positive response relating to the proposed conversion to residential accommodation, commission the preparation of a full planning application based upon the proposed layout (or revised subject to the pre-planning advice).
- 7.3 Estimated costs to complete the planning application, to include required surveys is circa £30,000 (including any works to date). This would be at risk spend and can be financed from the Homeless Prevention (inc. Winter Top Up) government funding.
- 7.4 It is anticipated a planning application will be made in Q 1 2023/24, with a full report to Hub Committee reporting on outcomes to be brought in Q 2/3 2023/24.

8. Springhill Update

- 8.1 Following the approval of the recommendations contained within the October Housing Hub Committee Report, a Pre-Construction Services Contract was entered into with a preferred contractor.
- 8.2 The Council are currently working with the contractor to review the design and develop a final construction cost. Should the cost be deemed acceptable and approved at full Council it is the intention to immediately enter the final construction contract.
- 8.3 Officers are likely to have the results and the construction cost in March 2023. An update to Hub Committee will follow.

9. Wonnacotts Update

- 9.1 Further to the October Hub Committee report, officers continue to progress the plan to bring forward the development of the site at Wonnacotts Road, a site in its ownership in Okehampton.
- 9.2 An architect has been engaged to inform on site constraints and produce a massing plan to establish baseline viability and inform the pre-planning application process.
- 9.3 This work is due to complete in Q1 of 23/24 with an update to Hub Committee to follow. This will report on feasibility and potential delivery options for example, whether the Council delivers the scheme itself or works with a Registered Provider.
- 9.4 It is anticipated that a business case will be presented to members in Q3/4 of 23/24.

10. Report Conclusions

- 10.1 This report brings forward recommendations on a number of positive interventions to support the Housing Crisis:
 - Securing 40% Government funding and utilising Homes for Ukraine monies to purchase up to 5 properties for people displaced by the conflict in Ukraine and Afghanistan in the first instance whilst remaining a Council asset and creating an income from the rental element of the properties on a permanent basis.
 - If the planning application is successful and the Council is able to deliver 4 units of temporary accommodation at 20 Plymouth Road, the Council will be transforming an underused building into much needed housing for vulnerable people in the Borough, so avoiding the need for costly and disruptive pay per night accommodation.

- On-going work at Springhill and Wonnacotts further supports the Council's ambition around our priority of housing whilst recognising the complexities of both sites.

11. Implications

Implications	Relevant Y/N	Details and proposed measures to address
Legal/Governance	Y	The property portfolio through LAHF will create a Landlord/tenant relationship with any occupants. Because the properties will be offered as temporary accommodation on Licenses or non-secure tenancies the Council the risk of an occupier establishing a right to buy will be minimised.
Financial implications to include reference to value for money	Y	<p>The Council is unable to commit to the full allocation of 9 properties through LAHF as there are current funding commitments towards Springhill.</p> <p>The Homes for Ukraine funding is not ringfenced and therefore can be utilised for capital expenditure projects. The alternative for placement breakdown is temporary accommodation on a pay per night basis (Bed & Breakfast). This funding gives an opportunity to fund the purchase of self-contained accommodation with long term use for the Council.</p> <p>The proposal recommended to the Hub Committee is for the purchase of up to 5 new properties (not more than 10 years old), using part of the West Devon allocation of LAHF funding, funding from the Homes for Ukraine fund and part of the contingency Homes for Ukraine funding held by Devon County Council as set out in 2.12.</p>
Risk		<p>The purchase of up to 5 properties through the LAHF within the timescales set out by Government is a significant project. The fund makes a further £20k available per property to assist in conveyancing, legal work, furnishing, floorings and white goods, which whilst reducing the risk does not alleviate it completely with the number of external factors influencing progression.</p> <p>Project management and a government requirement for 2 monthly returns will further manage this risk.</p>

Supporting Corporate Strategy		Homes
Climate Change - Carbon / Biodiversity Impact		The purchase of new residential units will increase our operational carbon emissions, as buildings we will own, but not directly occupy, an increase will be found in our 'scope 3' emissions for electricity (and gas if available) arising from occupier use. Whilst these new buildings will need to be decarbonised if we are to reach our climate emergency declaration aims to become net zero as an organisation by 2030, its important to be aware of emissions forecasts up to 2030. Whilst the emissions factor for gas is largely unchanged (as gas will always emit CO2) the total emission factor for electricity is forecast to be 0.089 kg CO ₂ e/kWh by 2030 (down from 0.267 kg CO ₂ e/kWh currently). This effectively means under a "do nothing" approach, emissions from any electricity consumption will fall by 71% between the most recent year of data and 2030. We haven't been able to calculate the emissions additions associated with these buildings as information isn't available to do this. However, as the building will add to our overall emissions by virtue of increase gas and electricity consumption, based on future grid decarbonisation forecasts, the likely cumulative effects of electricity emissions will fall naturally over time. Works instead will need to focus on moving properties off gas.
Comprehensive Impact Assessment Implications		
Equality and Diversity		None directly as a result of this report
Safeguarding		None directly as a result of this report
Community Safety, Crime and Disorder		As the accommodation will be utilised by Ukrainian, Afghan and other vulnerable homeless households we will work with the police and the Community Safety Partnership to ensure purchase of properties are in safe locations
Health, Safety and Wellbeing		The LAHF opportunity represents an opportunity for the Council to offer self-contained accommodation, in sustainable locations to households who would otherwise need to access pay nightly accommodation, lacking cooking or laundry facilities or holiday lets, at not only significant cost to the taxpayer but at detriment to the health and wellbeing of the household, including any children.

Other implications		
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Supporting Information

Appendices:

Appendix 1: Department of Levelling Up Housing and Communities prospectus regarding a £500 million capital funding opportunity known as the Local Authority Housing Fund (LAHF); and

Appendix 2: 20 Plymouth Road, Tavistock Proposed Residential Conversion Floor Plan

Background Papers:

Local Authority Housing Fund prospectus and guidance