

HOMES & COMMUNITIES COMMITTEE
30 SEPTEMBER 2019

TEMPORARY ACCOMMODATION – DEVELOPMENT APPRAISAL

1.0 Purpose of Report

1.1 To provide Members with an update on the progress to appraise the development of a new replacement temporary accommodation facility and seek approval to progress onto detailed design stage to be presented to the Committee at its meeting in March 2020.

2.0 Background Information

2.1 As part of the Housing Act 1996 the Council is under a statutory duty to provide temporary accommodation for all homeless applicants who meet the required criteria. Presently, this is delivered through the temporary accommodation provisions at Seven Hills, Quibells Lane, Newark and Wellow Green, Newark Road, Ollerton.

2.2 Due to the changing makeup of household sizes this has meant that the provision at Seven Hills is no longer fit for purpose, primarily because it does not provide the necessary flexibility of room sizes and configurations to best meet the needs of homeless households placed in this accommodation.

2.3 Despite the past investment and suggested further works required to remodel the scheme, it is recommended that, in order to provide fit-for-purpose accommodation that will better meet current and future demand and provide long term value for money, the current provision be replaced with a new facility.

2.4 The provision of a new facility is a key project that is included in the Newark & Sherwood Homelessness Prevention and Rough Sleeper Strategy 2019-2024 (informed by a Homelessness Review carried out in 2018, under the terms of the Homelessness Act 2002 and the Homelessness Reduction Act 2017) and within the Council's Community Plan 2019-2023.

2.5 Homeless figures continue to rise nationally and locally as does the use of temporary accommodation. In 2017/18 Newark & Sherwood experienced an increase in usage of temporary accommodation of 22% compared to the previous year. A report was presented to Homes & Communities on 11 March 2019 with a more detailed breakdown of homelessness figures and trends.

Project Objectives

2.6 The initial Project Initiation Document, which was compiled to ensure the Council provides fit for purpose and cost effective temporary accommodation solutions for homeless households owed a statutory accommodation duty whilst making best use of Council assets and strategic sites set out the following objectives:

- To respond to the impact of the Homelessness Reduction Act 2017 implementation, increased demand for temporary accommodation and changes to household types.;
- To address provision/usage of temporary accommodation that is no longer fit for purpose;

- To make best use of a strategic site allocated for housing at Quibells Lane;
- To make best of council assets and address affordable warmth concerns at Wellow Green *(to be considered in a separate report to members)*;
- To explore/maximize capital funding opportunities (LGA, MHCLG and Homes England) ;
- Explore opportunities in relation to income management and a revised operating model.

2.7 Options

As reported to Homes and Communities Committee on 11 March 2019, three options have been considered in respect of the current provision at Seven Hills, Quibells Lane:

- **Option 1:** Stay the same. This would see continued usage of the current provision, which has 12 decommissioned units, does not meet local need/household size and is not considered fit for purpose. This option therefore presents risks of legal challenge on suitability grounds and does not deliver the project objectives.
- **Option 2:** Reconfiguration. The estimated capital investment required to carry out remodeling works to provide 11 x bedsits and 9 x 2 roomed units is approximately £329,000. This is not considered to meet the project objectives either as it does not make best use of Council assets and the strategic site that is allocated for additional housing at Quibells Lane.
- **Option 3:** A new temporary accommodation facility – is the preferred option as detailed in the development appraisal. (The development appraisal attached at **Appendix A** is an exempt document at Item No. 12 on the Agenda.)

3.0 Proposal: Option 3 - A New Temporary Accommodation Facility

- 3.1 Members will be aware from the previous report presented in March 2019 that the Council's successful bid to the LGA Housing Advisor Fund secured 20 days consultancy support from Neil Moorland Consultants Ltd to work with the Project Team and produce the attached development appraisal. To support and inform this work, particularly the objective to make best use of the remainder site for additional housing, HTA Design LLP were commissioned to carry out a capacity study. (The capacity study attached at **Appendix B** is an exempt document at Item 12 on the Agenda.)
- 3.2 This report recommends to Members that Option 3 be progressed onto detailed design. This would require procurement of a multi-disciplinary design and construction service. The cost of this consultancy can be capitalised into the capital budget.
- 3.3 The cost to progress Option 3 to the next stage is estimated to be approximately £280,000, using a traditional design and procurement route, with the total cost of a new facility coming to £3.6m as set out in the financial appraisal below. It should be noted that at this viability stage. The high level budget figures (provided in **Appendix C** attached as an exempt document at Item 12 on the Agenda) have not been competitively tendered.
- 3.4 The capital costs identified are calculated without any grant funding. Further to discussions with Homes England it has been indicated that the development of new temporary accommodation scheme would be eligible for housing grant through the Affordable Homes Programme, subject to a successful bid. In terms of context to potential grant levels, the Council has achieved a grant rate of up to £40,000 per unit for phases 1 and 2 of the Council's housing development programme (which could total £800,000.00), these figures are only indicative at this stage and would be subject to a successful bid.

Future Operating Model

- 3.5 It is recommended within the development appraisal that the Council source additional support to review and amend the operating model for the new temporary accommodation facility. In particular a review of the occupational agreements, rent model, support models, measuring and evidence impact of the service provision and resident engagement. It is therefore proposed that this be incorporated into the specification for appointing a multi-disciplinary design team with a funding contribution being made from the Council's Homelessness Reserve, if required.

Additional Housing

- 3.6 From the capacity study undertaken by HTA it shows that the site has capacity to deliver 6 additional units. The area of land the units sit on is within the ownership of the Housing Revenue Account (HRA).
- 3.7 If delivered as affordable housing units these can be captured within the later phases of approved 5 year HRA Council housing development programme, where capital finance has already been committed and therefore there would not be a requirement for additional finance through the temporary accommodation project.
- 3.8 The Seven Hills hostel and land surrounding it (in the Council's and Severn Trents ownership) is an allocated site in the Council's 'Allocations & Development Management Development Plan Document' for residential development providing around 86 dwellings - Policy NUA/Ho/2 Newark Urban Area - Housing Site 2. Whilst the site allocation policy does not explicitly require replacement provision of the hostel to occur elsewhere, this is implicitly reflected through the indicative level of development identified for the site. The principle of the six additional units would be consistent with the allocation of the site for housing, however should the emerging hostel scheme be pursued then it is unlikely that the remaining allocation would be able to support a level of development which approaches the 86 dwellings currently identified in the Plan. It is also at this stage unclear whether the new hostel units would be able to be counted as 'housing' for the purposes of maintaining a five year housing land supply. However this does not necessarily represent an unresolvable constraint from a planning perspective, with there being clear social benefits associated with the redevelopment and providing that the remaining Severn Trent land could be delivered independently. The ongoing review of the Allocations & Development Management DPD also offers the opportunity to amend the site allocation policy to better reflect the emerging hostel proposals. This review process will be progressed over the next year to year and a half.
- 3.9 It should also be noted that an alternative design layout, to maximise the sites potential in respect of additional housing whilst protecting the integrity and design of a new temporary accommodation facility, is currently being considered by the Council and HTA.

4.0 Equalities Implications

- 4.1 An Equality Impact Assessment (EIA) to fully assess any equalities implications will be considered as part of the detailed designs and recommendations that are put forward for committee's consideration.

5.0 Financial Implications – FIN19-20/2736

5.1 At this stage in the process, the only confirmed funding is the agreed £1m Capital Programme Funding in 2019/20 and £2m in 2020/21. Other sources of external funding (LGA, MHCLG, Homes England) are being explored at the present time. Additional capital costs above this amount will need to be funded from external provision.

6.0 Community Plan – Alignment to Objectives

6.1 In progressing Option 3 and including the delivery additional units of accommodation at this site it is expected that this would contribute to Objective 4 and 8 of the Community Plan:

- Accelerate the supply of new homes including associated facilities
- Reduce levels of deprivation in target area and remove barriers to social mobility across the district.

7.0 RECOMMENDATIONS that Homes & Communities Committee:

- (a) agree that the proposed option: Option 3 – a new temporary accommodation facility, is to be taken forward onto detailed design stage to be presented to Committee in March 2020;**
- (b) agree £280,000 be committed for this project from the £1m allocated in the Council's Capital Programme for 2019/20 approved by Full Council on 7 March 2019 to enable the Council to procure and appoint a multi-disciplinary design and construction service; and**
- (c) note that alternative design options will continue to explore opportunities for additional affordable housing provision on site.**

Reason for Recommendations

To ensure this project progresses with Member support to enable the Council to provide appropriate temporary accommodation to discharge its statutory homeless duties.

Background Papers

Homes and Communities Committee 11 March 2019 – Temporary Accommodation Project Update.

Policy and Finance Committee 21 February 2019, approved by Full Council 7 March 2019.

For further information on the content of this report please contact Leanne Monger - Business Manager – Housing, Health & Community Relations on ext. 5545.

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