

# **Project Documentation - Initial Project Proposal Document**

## **Project: Freeland Close**

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**Version: 1**

### **1. Purpose of Document**

The purpose of this document is to justify the purchase of a property in Freeland Close and explain how the property could be used to more effectively deliver our housing service and meet our corporate objectives, based on the estimated cost of delivery and the anticipated benefits to be gained.

### **2. Project Description**

The purchase of the Freeland Close property, comprising 3 self-contained 1 bedroom flats with shared communal lounge and an office, together with associated works to provide additional short term accommodation for homeless families and single vulnerable persons.

### **3. Background**

The Welfare Act 2015 has introduced a number of changes to benefit payments which makes it more difficult for the council to find housing for single people under 35 and for larger families. The housing interventions team is already being presented with increasing levels of homelessness and are having particular problems finding temporary housing for larger families. Over the last 12 months Westward House has been operating at almost full capacity. The council has become increasingly reliant on bed and breakfast for temporary accommodation which cannot be met in Westward House and has consequently incurred significant costs.

Local authorities owe a statutory duty under Part 7 of the Housing Act 1996 (as amended) to secure suitable accommodation for unintentionally homeless households who are in a priority need category. The use of bed and breakfast accommodation for families is considered unlawful by DCLG, except in an emergency and for a maximum of 6 weeks.

Registered providers have become increasingly commercial and more risk adverse, increasingly looking for economically active households who can pay their rent. This is restricting the availability of social housing for homeless people and those at risk of homelessness

The Corporate Plan focuses on “providing support for communities and individuals who are vulnerable”. The 2015 Homeless Review identified the need for appropriate support for vulnerable groups through partnership working to provide effective services to meet their changing needs. The council’s requirement for larger temporary accommodation is included in the council’s acquisition programme, as set out in the approved Asset Management Plan.

This property is adjacent to the Council’s homeless hostel. It was vacated in July 2016 and has been offered to the Council. Access and parking is owned by the council but shared between the two properties. Ownership of the whole site would provide the council with greater control and flexibility over the future use of the site. Should the council not purchase the site, it will be offered for sale on the open market. The most likely future use would be for private rented or student accommodation with potential conflicts between residents and those in Westward House.

#### **4. Outcomes to be Achieved**

- Additional temporary accommodation to meet the Council's statutory duty in respect of larger homeless families and vulnerable single people.
- Reduced costs to the Council, by providing cheaper accommodation than bed and breakfast.
- Investment in a flexible property asset with potential for future development.
- On-site support for families and vulnerable single people.
- Potential income for the Council, exceeding the interest earned on capital reserves.

#### **5. Timescales**

- Negotiate purchase of property – February/March
- Report to Cabinet April 2017 with a Project Implementation Document
- Legal acquisition June/July 2017
- Tender works Sept/Oct 2017
- Works commence – Nov 2017
- Units completed and available to let - April 2018

#### **6. Project Costs and Resources**

It is anticipated that the overall costs of the project (purchase price, conversion costs and fees) will be approximately £600,000 based on an option which would provide one 1-bedroom flat and two 4-bedroom flats, with the option of using the 4-bedroom flats as shared accommodation.

Homes & Communities Agency grant funding may be available towards the capital costs, though this would be subject to conditions and restrictions. There may also be additional government funding to support homelessness if further homeless prevention duties are introduced.

The tenancy support team based at Westward House has capacity to take on additional clients and staff if required.

#### **7. Benefits vs. Cost**

It is projected that the scheme would result in revenue generation of £26k per annum and would potentially save up to £20k per annum on the cost of placing households in bed and breakfast. A payback period table has not been included but will be undertaken once the acquisition costs are known and a detailed analysis of the projected running costs undertaken.

#### **8. Identify Risks**

- The vendor is not prepared to negotiate and sells on the open market.
- The property is purchased and the need for homeless accommodation declines resulting in high void levels and loss of income. This could be mitigated by offering the accommodation to WSCC and other local authorities to meet their statutory duties. Alternatively, it could be used accommodate asylum seekers as part of the Government's dispersal programme. The Council could also consider leasing the building, using it for offices (assuming planning consent) or selling it on the open market.