

Report subject	Council Newbuild Housing & Acquisition Strategy (CNHAS) 2023-2028. Reallocations of funds and Individual Site Approvals.
Meeting date	22 May 2024
Status	Public
Executive summary	<p>£7.555 million of grant has been allocated to BCP from the Department for Levelling Up, Housing and Communities (DLUHC) to obtain accommodation for families with housing needs who have arrived in the UK via Ukrainian and Afghan resettlement and relocation schemes. This is within the Local Authority Housing Fund (LAHF) Funding Round 1 to 3, and part of the CNHAS Temporary Accommodation programme.</p> <p>To enable the increase of Temporary Accommodation within the CNHAS programme, additional capital is required. It is proposed to move budget with this CNHAS programme from the provision of Private rent homes (PRS) to temporary accommodation. This will reduce the reliance on Bed and Breakfast requirement within BCP. In turn this will reduce the growing financial revenue pressure. The 3 housing development schemes included within this report are also for provision of additional homes within the Temporary Accommodation programme.</p>
Recommendations	<p>Cabinet Recommends to Council:</p> <ul style="list-style-type: none"> (a) To approve the transfer of the existing Council New Homes Acquisitions Strategy (CNHAS) Private Rental Scheme (PRS) budget of £36.3m including delegated powers to the temporary accommodation budget (still within Programme 4a of CNHAS) to provide additional affordable homes. (b) To approve the Local Authority Housing Fund (LAHF) Round 1, 2 and 3 funding with the relevant grant funding agreements (Annexe 1, 2 and 6). (c) Approval of the Surrey Road Development as per Annexe 3. (specifically, the recommendations of that report) (d) Approval of the Crescent Road Development as per Annexe 4. (specifically, the recommendations of that report). (e) Approval of the Darracott Road Development as per Annexe 5. (specifically, the recommendations of that report)

Portfolio Holder(s):	Cllr Vikki Slade - Portfolio Holder for Dynamic Places Cllr Kieron Wilson, Portfolio Holder for Housing and Regulatory Services
Corporate Director	Graham Farrant (Chief Executive Officer)
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Wards	Council wide
Classification	For Decision

Background

1. In September 2021, the Council approved the Council Newbuild Housing & Acquisition Strategy (CNHAS), setting a 5-year vision, strategy, build standards and allocations of council owned sites to support the delivery of new homes. The ambition was for a diverse range and type of up to 1300 homes including new build and street acquisitions.
2. As we approach the third year of the programme, this report seeks decisions to support progression and considers the acute need for additional temporary accommodation.
3. Increases in homelessness and demand for temporary accommodation are presenting a significant challenge, notably relating to cost of living, the private rented sector (PRS), inflation and interest rates.
4. An increase in homelessness approaches, challenges in preventing and relieving homelessness, have increased the number of households living in bed and breakfast (B&B). At the time of writing this report, 179 households were placed in B&B. The overwhelming reason for the increase in homelessness is the contracting of the PRS, with landlords exiting the market due to increases in borrowing rates increasing non fault evictions and reducing the options for sourcing alternative accommodation.
5. In addition, local private rented sector rents have risen significantly and sit above Local Housing Allowance (LHA) levels even after taking account of the forthcoming increase in the LHA rates as from April 2024. This further compound the challenge of finding a suitable, affordable alternative home.
6. Overall, there has been a 26% increase in family homelessness and although single homelessness demands for temporary accommodation have decreased due to additional local supply, this is expected to rise again for the reasons referenced above.
7. The position is one of long stays in B&B and temporary accommodation locally, which has a significant impact on those households. In addition, the financial pressure this creates for the council is significant. A growth pressure of £1.5m has been included in the Medium-Term Financial Plan for 24/25 which is net of a

significant contribution to the cost of placement from DLUHC Homeless Persons Grant.

8. A mitigation strategy is in place. This includes the commissioning of additional accommodation at affordable rent levels, focusing on acquisitions by the in-house Housing Delivery Team and local registered providers. Additional mitigations include.
 - Increased focus on prevention activity
 - Increased incentives for landlords to work with the council in making properties available.
 - Making the best use of BCP Homes and Registered Provider stock by increasing the number of lettings to homeless households
 - Releasing under-occupied homes
 - Changing the criteria for some Category 1 sheltered housing accommodation to allow access for those in need.
 - Delivery of the Single Homeless Accommodation Programme, Local Authority Housing Fund programme, and an increase in acquisitions as detailed below.
9. In addition to these mitigations, the Housing and Homelessness Strategies are being reviewed to account for the challenges in the local and national housing market. The recommendations from this review and revised delivery plans for both strategies will be presented to Cabinet for consideration in September 2024. This will seek to address the housing crisis in BCP by employing a multifaceted approach, including increasing the supply of affordable and social housing, addressing planning and development obstacles, providing support for homeless individuals, and addressing affordability challenges for residents. Collaboration between local government, housing providers, and community organisations is crucial to finding effective solutions and this will be explored in full.

Temporary Accommodation Programme

10. In the meantime, the Housing service has identified a pressing need to significantly increase the number of temporary homes annually. A target of 80 acquisitions was established in October 2023.
11. It was agreed that the Housing Delivery Team would provide all 80 homes (as support from other housing providers has been lacking). It is anticipated that 76 completions will be achieved by this date, with the balance of 4 properties being completed in April 2024. The properties will be available to let between April and July 2024.
12. With limited resources and the prevailing market conditions this is a significant achievement. Based on the current level of demand a further 86 properties are anticipated to be required in 2024/2025; the figure for 2025/2026 has not yet been confirmed.
13. This proposal is expected to transition families out of Bed and Breakfast accommodation and provide a positive stepping stone toward a long-term housing solution. The broader principles outlined in the business case for CNHAS (Council Newbuild Housing & Acquisition Strategy), with amended approval obtained from

Cabinet in September 2022, allow for the approval of bulk purchases with a unit value of less than £500k under delegated authority.

14. The entire cost of the scheme will be covered by the CNHAS Programme 4a, which has a budget of £68.8m as detailed in the financial implication's paragraphs 22 to 29. This funding is part of the Capital Programme budget, which has received approval from both Cabinet and Full Council and has been ratified during the Budget setting meetings on 8 and 21 February 2023, respectively. This funding remains allocated to CNHAS.

Local Authority Housing Fund (LAHF)

15. Local Authority Housing Fund (LAHF) Funding Round 1 provides £3.431 million of funding for BCP to obtain 25 homes for families with housing needs who have arrived in the UK via Ukrainian and Afghan resettlement and relocation schemes.
16. Round 2 provides £1.504 million of funding with most of the funding used to house those on Afghan resettlement schemes currently in bridging accommodation and the rest used to ease wider homelessness pressures. This will provide 18 homes.
17. Round 3 allocation was released on 7 March 2024, with an indicative allocation of £2.599 million capital and £19.8k revenue grant. This allocation is in the process of being accepted and targets the provision of 16 additional homes.
18. All rounds of LAHF will provide a lasting affordable housing asset for the future. The funding will reduce the impact of accommodation who are here under the following schemes: Afghan Citizen Resettlement Scheme (ACRS), Afghan Relocations and Assistance Policy (ARAP) (collectively referred to as the Afghan Schemes), Ukraine Family Scheme, 3 the Homes for Ukraine and the Ukraine Extension Scheme (collectively referred to as Ukraine schemes). on existing housing pressures and in the longer term will provide a new and permanent supply of accommodation for local communities, increasing the number of homes in the wider social and affordable housing system.
19. Homes bought or built within the Temporary Accommodation programme (which includes LAHF, SHAP and TA) are let at Affordable Rent level, capped at Local Housing Allowance – this is often significantly lower than the 80% of market rent (but will vary on property type and location).

Newbuild development schemes at Surrey Rd, Crescent Rd and Darracott Rd

20. To support the housing pressures and the various funding programmes approval is sought on three BCP development sites.
 - a. Surrey Road provides 8 x 3 bed houses. The development will support the Local Authority Housing Fund (LAHF) Programme. Full details are provided in annexe 5.
 - b. Crescent Road provides 5 x 1 bed and 3 x 2 bed apartments. The development will support the Temporary Accommodation Programme (TA). Full details can be provided in annexe 5.
 - c. Darracott road provides 6 x 1 bed flats and an office for support staff. The development will support the Single Homeless Accommodation Programme (SHAP). Full details can be provided in annexe 5.

Council Newbuild and Acquisition Strategy Update

21. An update on CNHAS delivery will be provided later in 2024.

Options

22. Option 1 Do nothing – this would include continuing to keep the PRS programme on hold and not transfer the approved budget to the Temporary Accommodation programme. The funding is capital funding from borrowing, based on repayment from additional rental income. Without the transfer of funding from the PRS Programme, it is unlikely that we can continue the Temporary Accommodation programme beyond the current financial year. This would include the requirement to reject future grant funding from Homes England and DLUHC to support additional homes in the Temporary Accommodation programme (CNHAS Programme 4a).
23. Option 2 Transfer funding allocation from the PRS programme to the Temporary Accommodation Programme to allow the continuation of acquiring properties with support from Homes England and DLUHC grants and reduce impact on the Council's revenue budget by increasing available housing and reducing reliance on Bed and Breakfast provision. This is the preferred option.

Financial Implications

24. In the September 2022 CNHAS update report presented to Cabinet approval was given to increase the available budget from £47.9m to £68.8m.
25. As part of the £68.8m budget £44.6m was identified for the Private Rental Scheme purchases. £8.3m has already been utilised and the recommendation is to transfer the remaining £36.3m to the Temporary Accommodation Programme (which includes LAHF).
26. This recommendation does not alter the overall level of investment or risk in housing acquisitions but simply resets the type of accommodation now being acquired.
27. Individual purchases will continue to be approved via an Officer Decision Record (ODR). This delegated authority and associated conditions were agreed in the 7 September 2022 Cabinet Meeting. The Finance Team will vet each ODR to ensure the financial robustness of individual purchases.
28. As part of the financial vetting the team will ensure the purchases are made within the above budget detailed above and previously agreed at the 7 September 2022 Cabinet meeting.
29. All approved acquisitions will be self-funded. Consequently, all financial obligations (including operational and cost of borrowing repayments) will be met by either rental income, cost avoidance relating to the current temporary accommodation revenue budgets or a combination of both and therefore will not be placing a further burden on the council's MTFP.

Legal Implications

30. The Council have statutory duties relating to the provision of assistance in cases of homelessness as set out in Part VII of the Housing Act 1996 and to reducing and preventing homelessness as imposed by the Homelessness Reduction Act 2017. These duties encompass the provision of temporary accommodation.

31. The service unit must adhere to the terms of the memoranda of Understanding that have been entered into for the LAHF grant funding especially as to the use of grant monies.
32. Legal advice must be sought on the terms of any further legal agreements that it is intended to enter in respect of this project.
33. The specific legal Implications of the three associated projects are set out in the relevant reports.

Human Resources Implications

34. It is expected that additional resources will be necessary to support the new temporary accommodations as part of the overall project. These additional resources are anticipated to be funded by income.

Sustainability Impact

35. The new development will provide energy efficient homes to help address the BCP Council declared Climate and Ecological Emergency 2019. The development will contribute to the Council's commitment to achieving a net zero carbon emission target.
36. A carbon reduction statement has been completed which measures the sustainability of new development through carbon savings. The statement provides details of the carbon reduction figures and is included at Appendix eight.
37. All homes will be built to high sustainability standards delivered through the excellent fabric first and airtightness approach (designed in this case to accommodate the principles of Passivhaus but not the external accreditation/certification element). This standard offers the benefit of low carbon heating requirements, high levels of energy efficiency and an off-gas heating system, which will ensure lower energy bills for residents.
38. All properties which are acquired as part of this approval will achieve a minimum EPC certification C or above. Further improvements may need to be considered as part of the planned preventative maintenance programme.

Public Health Implications

39. Improved Living Conditions: These new temporary accommodation (TA) properties are typically designed with modern amenities and better living conditions compared to B&B accommodations. Families will benefit from cleaner, safer, and more comfortable environments, which can positively impact their physical and mental health.
40. Reduce overcrowding: B&B accommodations can sometimes be overcrowded leading to an increased risk of infectious disease transmission. Moving families to new TA with appropriate space allocation can reduce the risk of overcrowding and associated health concerns.
41. Access to Essential Services: These properties are located with better access to healthcare facilities, schools, and social services. This can enhance families' access to essential services, leading to better healthcare outcomes and improved well-being.

42. Stability and Mental Health: Transitioning to a more stable and suitable TA can reduce the stress and uncertainty experienced by homeless families. Improved mental health and reduced stress.

Risk Assessment

Overall Project Risk Rating		
Key Project Risks	Gross Risk Rating	Mitigating Actions
Rising construction costs render the projects unaffordable	Medium/high	<p>Build costs on projects are based on either.</p> <ul style="list-style-type: none"> A) Estimates based on data sets. B) recent tender values C) contract values. <p>Good feasibility & project management will enable the preparation of accurate estimates prior to engaging with prospective contractors and close monitoring of progress when on site, will mitigate most issues that may arise and be dealt with promptly. Contingencies help for the project unforeseen aspects, but the risk remains medium too high for primary reasons:</p> <ul style="list-style-type: none"> 1. because of many projects being regeneration in nature with existing buildings so there are unknowns 2. The current volatility in the marketplace means inflation is causing difficulties in predicting costs. Even when In contract with builders whose supply chains 'struggle' if the duration of the contract is over 6months – 2 quarters.
Fall in housing need for accommodation tenure provided caused by changes to the housing market or economy	Low	Monitor through construction period the requirement for Social and affordable rent with Strategic Housing Options team. If required, the Housing Delivery Team can appraise and suggest changes to tenure to suit need and financial viability as required.
Increase in housing need for accommodation tenure provided caused by the changes to the housing market or economy	Low	Monitor through construction period the requirement for Social and affordable rent with Strategic Housing Options team. If required, the Housing Delivery Team can appraise and suggest changes to tenure to suit need and financial viability as required.
Insufficient funding available,	Low	Monitor and review spend of such funding on other schemes within the development programme. Should insufficient funding be available, schemes will be prioritised and potentially some schemes put on hold until sufficient funding is available. Alternative tenures could attract different funding, which could be used to ensure the scheme is brought forward.
Increased fire risk during construction phase	Low	Design and construction will be closely monitored by Housing Development Team, Employers Agent and the Construction Team & in House specialists for Health & Safety.

Background Information

- a. CNHAS report Sept 2021
- b. 2021 CNHAS strategy
- c. Council Newbuild Housing and Acquisition Strategy (CNHAS)- One year update, including Homes England 5 Year Framework 2021-26 Approval
- d. CHNAS\CHNAS Update Cabinet Dec 23

Appendices

Appendix 1 - LAHF MOU Round 1

Appendix 2 - LAHF MOU Round 2

Appendix 3 - Surrey Road Housing Development

Appendix 4 - Crescent Road Housing Development

Appendix 5 – Darracott Road Housing Development

Appendix 6 – LAHF MOU Round 3 (Sample document)