



AFFORDABLE HOUSING CAPITAL FUNDING AWARD FOR A SCHEME PROPOSED AT ELIZABETH COURT
Councillor Peter Hiller, Cabinet Member for Growth, Planning, Housing and Economic Development
April 2017
Deadline date: n/a

Cabinet portfolio holder: Responsible Director:	Cllr Peter Hiller, Cabinet Member for Growth, Planning, Housing and Economic Development. Simon Machen, Corporate Director Growth and Regeneration
Is this a Key Decision?	YES If yes has it been included on the Forward Plan : Yes Unique Key decision Reference from Forward Plan : KEY/17APR17/05
Is this decision eligible for call-in?	YES
Does this Public report have any annex that contains exempt information?	NO
Is this a project and if so has it been registered on Verto?	NO

RECOMMENDATIONS
The Cabinet Member is recommended to approve the allocation of £900,000 grant to Cross Keys Homes from the Affordable Housing Section 106 commuted sum payments for the refurbishment of Elizabeth Court to enable the provision of temporary accommodation in the short term and to maximise the provision of affordable housing in the long term for Peterborough residents, and to enter into the necessary documentation to secure the grant.

1. SUMMARY OF MAIN ISSUES

- 1.1 This report seeks the Cabinet Member’s approval to award funding to Cross Keys Homes to enable the refurbishment of 53 units at Elizabeth Court to enable Cross Keys Homes to bring the property back into use. This grant will serve a dual purpose; in the short term it will secure the provision of more suitable accommodation for homeless households at a considerable saving to the Council’s homeless accommodation budget and in the mid to long term it will secure this site for the provision of long term affordable housing once the units cease to be used for temporary accommodation.

2. PURPOSE OF THIS REPORT

- 2.1 This report is for the Cabinet Member for Growth, Planning, Housing and Economic Development to consider exercising delegated authority under paragraph 3.4.6 of Part 3 of the constitution in accordance with the terms of their portfolio at paragraph (a).

3. **TIMESCALE**

Is this a Major Policy Item/Statutory Plan?	NO	If Yes, date for relevant Cabinet Meeting	N/A
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4. **DETAILS OF DECISION REQUIRED**

- 4.1 Approve the award of £900,000 to Cross Keys Homes to enable the re-furbishment of vacant units at Elizabeth Court to provide 53 accommodation units. Initially Cross Keys Homes will lease the properties back to the Council for 5 years for use by the Council for homeless households who the Council have a duty to assist under part VII of the Housing Act 1996. The award of grant to be made on the terms that the Council enters into an arrangement with Cross Keys Homes to lease the temporary accommodation units for a five year period and at the end of this period, for the site to be redeveloped with a view to safeguarding the site for the provision of 100% affordable homes in the long term.

5. **CONSULTATION**

- 5.1 The Ward Councillors have been notified of the proposal

6. **ANTICIPATED OUTCOMES**

- 6.1 That 53 much needed self-contained temporary accommodation units will be delivered, providing a more suitable and stable short term housing offer to homeless households whilst also saving the Council an estimated £800,000 per year by using this accommodation in place of hotels or bed and breakfast. At the end of the agreed lease for use of the 53 units for temporary accommodation purposes, that the site will be safeguarded for use as a 100% affordable housing scheme offering a mix of rented and ownership tenures as a condition of the grant agreement.

7. **REASONS FOR RECOMMENDATIONS & ANY RELEVANT BACKGROUND INFORMATION**

- 7.1 The number of households presenting to the Council as homeless and subsequently being placed in temporary accommodation under the provisions of part VII of the Housing Act 1996 has doubled in the last two years, with the Council currently supporting approximately 200 households in temporary accommodation as a result of this duty. This increase has significantly outstripped the supply of suitable temporary accommodation at the Council's disposal to meet these higher levels of need. Consequently it has been necessary to resort to placing many homeless households in hotel accommodation through a number of contracted providers, including Travelodge. While this option may be suitable for very short stay emergency placements, this accommodation has a detrimental effect on the stability of the households if they are placed there over a longer period of time. Generally this accommodation does not have cooking facilities or basics such as internet access. Some settings also have shared bathroom facilities.
- 7.2 As well as the social cost to homeless households associated with the use of hotel type settings as temporary accommodation, there is also a significant financial cost to the Council. This is because the rates charged by hotels exceed the maximum Housing Benefit subsidy that can be recovered by the Council to cover these costs, thereby placing a considerable financial burden on the Council's temporary accommodation budget.
- 7.3 Elizabeth Court was purchased by Cross Keys Homes in 2016 and currently is unoccupied. Cross Keys Homes' original intention on purchasing the site was to proceed with demolishing the existing 'outdated' 1970's 100% affordable housing sheltered housing scheme and replacing it with a mixed development of affordable and market housing. The

inclusion of market housing within the new scheme would serve to cross subsidise the affordable provision and ensure the viability of the scheme.

- 7.4 As a pro-active response to the social and financial pressures arising from the shortage of suitable temporary accommodation in the city for homeless households, it has been identified that by deferring Cross Keys scheme for Elizabeth Court scheme for 5 years, the Council could access much needed units which would in the short term be converted to provide 'Temporary Accommodation,' prior to eventual use of the site for affordable housing. By funding the works required to make Elizabeth Court fit for purpose for use as temporary accommodation, the Council has the opportunity to facilitate access to suitable short term housing for homeless households to meet current needs but also put in place safeguards that will maximise the future provision of mainstream affordable homes for Peterborough residents in the longer term.

Short Term Benefits

- 7.5 This proposed use of Elizabeth Court as temporary accommodation will provide the opportunity for 53 homeless households to be offered self-contained accommodation at an estimated saving of £800,000 per year to the Council when compared against the equivalent costs of relying on 53 hotel rooms to provide a temporary accommodation offer over the course of a year. Offering these facilities will help to mitigate the most unsettling effects of homelessness by providing a suitable accommodation offer for the period that the council requires to find a suitable permanent home.
- 7.6 The Council has undertaken an assessment of works and services required to enable these units to be utilised as Temporary Accommodation for Homeless persons. The works include making them wind and watertight, improve heating and security, providing updated kitchens and bathrooms and complying with current building / fire regulation regulations.
- 7.7 Cross Keys Homes have provided costing totalling £900,000 to undertake the identified necessary refurbishment work. The cost budget provided has been based on the current maintenance contract that they have for works to their wider portfolio of stock and the Council has been given an 'open book' access to these costings. The maintenance / void works contract that they are proposing to use has previously been market tested under normal procurement procedures and the Council is satisfied that they offer a reasonable reflection of the market costs of carrying out these works.
- 7.8 Cross Keys Homes have requested a grant of £900,000 from the Council to cover the costs of the refurbishment works to Elizabeth Court.

Long Term Benefits

- 7.9 Cross Keys Homes have indicated that their longer term plans for the site are to replace the existing stock with a new mixed development of market and affordable homes. To ensure that the provision of affordable housing is maximised on any future scheme, the Council proposes to condition the allocation of grant for the refurbishment works so that the grant would be repayable on a pro rata basis in the event that 100% affordable housing (to be set out in the funding agreement) is not achieved on the new development.
- 7.10 The use of Section 106 funding to support these works will have multiple benefits:
- The grant would return the vacant units to immediate use
 - These units of Temporary Accommodation would significantly reduce homeless budget pressures in the Council and would also potentially attract external government funding support by way of 'Empty Homes bonus'
 - The provision of Section 106 funding at this point in time will secure the site for long term use as an affordable scheme

8. ALTERNATIVE OPTIONS CONSIDERED

8.1 Do not award funding for this project.

This option was rejected. Without the grant Cross Keys Homes will not be in a position to deliver a scheme which provides 100% affordable housing in the long term.

8.2

If the refurbishment works are carried out by CKH without capital grant support, then the associated costs would be incorporated into the lease recharge to Council. The charge per property would increase by approximately £70 - £80 per week, which would push the costs significantly above the sums we could recover via Housing Benefit and therefore maintain the significant revenue pressures on the homeless persons budget, even by using the Elizabeth Court properties. Therefore, by allocating grant at this point, it will allow the Council both to secure the units on an initial lease for 5 years as Temporary Accommodation at a significant saving to the homeless persons budget and then subsequently obtain permanent Affordable Housing provision on the site in the longer term.

9. IMPLICATIONS

9.1

Financial – The funding for the bid would be allocated from the Section 106 commuted sum payments received by the Council from developers in lieu of on-site affordable housing provision.

9.2

Legal –The Council would enter into a funding agreement with Cross Keys Homes if the funding bid is approved. This deed of grant will set out the terms and conditions of the grant and the payment terms.

10. DECLARATIONS / CONFLICTS OF INTEREST & DISPENSATIONS GRANTED

10.1

None.

11. BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985) and The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012

11.1

None.