

WELWYN HATFIELD BOROUGH COUNCIL
CABINET - 3 OCTOBER 2017
REPORT OF THE EXECUTIVE DIRECTOR (HOUSING AND COMMUNITIES)

PROPOSALS FOR THE DEMOLITION AND REPROVISION OF ENHANCED AND INCREASED TEMPORARY ACCOMMODATION AT HOWLANDS HOUSE WELWYN GARDEN CITY

1 Executive Summary

- 1.1 As part of the council's Affordable Housing Programme and Asset Management Strategy for council housing assets, various sites and assets have been considered for both remodelling and new development potential. This includes the council's temporary accommodation at Howlands House in Welwyn Garden City.
- 1.2 The units and buildings at Howlands House no longer provide up to date modern and suitable facilities to meet the requirements of those needing temporary accommodation. Current facilities, such as bathrooms and toilets, are shared and the redevelopment of this facility will provide the opportunity to provide modern facilities, including sole access to toilet/bathrooms, lift access and improved design to help meet the needs of people with mobility issues.
- 1.3 The existing accommodation is provided in three separate blocks and located discreetly on a large plot of land.
- 1.4 The council has carried out initial feasibility work on both remodelling and new build provision. Discussions have been held with the council's Housing Needs team and with the council's planning department to consider future requirements and suitability of new build accommodation.
- 1.5 The site allows the opportunity for a phased demolition and new build development that would allow a percentage of accommodation to remain available to meet the council's statutory housing responsibilities while any new build scheme is constructed. Although it is likely that other provision may also be required, which will likely be addressed through using other vacant council properties as temporary accommodation for the duration of the work.
- 1.6 Subject to approval, other provision will also need to be made available, to ensure that the demand for temporary accommodation can be met – this is likely to be provided within the council's existing housing stock.
- 1.7 A phased demolition and new build allows the council to utilise funding from its Right to Buy Receipts, as part of the Affordable Housing Programme. The balance in funds required can be financed from the Major Repairs Reserve (Housing Revenue Account).
- 1.8 The proposal will provide both modern and additional temporary accommodation, which will help the council manage the expected rise in

demand for temporary accommodation anticipated due to the implementation of the Homeless Reduction Act in April 2018 – which extends the council's homeless duties extensively.

2 Recommendation(s)

- 2.1 Cabinet to approve the appointment of Pellings, from the council's existing council's Architect framework agreement, to draw up a detailed scheme and submit a planning application for the demolition and redevelopment of Howlands House, Welwyn Garden City.
- 2.2 Subject to planning approval, a further report to be brought to Cabinet setting out the detailed financial appraisal and seeking authority to procure a construction partner.

3 Explanation

- 3.1 The Council developed its five year Housing and Homelessness Strategy in 2013 setting out key priority areas for addressing housing and homelessness in the borough. Three of these priority areas were:
 - a) Increasing the supply of new affordable homes.
 - b) Making best use of housing stock in the borough
 - c) Preventing Homelessness
- 3.2 In recent years there has been a steady increase in homelessness and it is anticipated that the homelessness acceptances will continue to increase, especially in view of the Homeless Reduction Act 2017, which will come into force in April 2018 and places additional duties on the council with regard to homelessness.
- 3.3 In addition there are pressures from the ongoing impact of the welfare benefit changes, including the freezing of Local Housing Allowance which has led to an increase in homeless applications arising from people being made homeless from the private rented sector and has impacted on the council's ability to access affordable accommodation within the private rented sector, as an alternative to traditional social housing.
- 3.4 The council has two main temporary accommodation sites, plus occasional use of individual properties within the housing stock. The main provision is at Hazel Grove House in Hatfield (22 units, all self-contained) and Howlands House, Welwyn Garden City.
- 3.5 Howlands House comprises 19 units, each with 3 rooms and shared kitchens bathrooms and toilets. There are also three self-contained bedsits and a three bedroom house. The units are spread over three buildings which offer 63 habitable rooms.
- 3.6 Howlands House was constructed over 40 years ago and is in need of modernisation and refurbishment. Due to the nature of the accommodation it is subject to considerable wear and tear, deterioration and depreciation. A revised new phased development would be cost effective in the long term, providing a higher number of more suitable and more flexible accommodation units to meet the needs of homeless families in the future.

- 3.7 At the time of writing there were a total of 77 households, to whom the council has a duty placed in temporary accommodation of which 50 households were in Howlands House and 19 households were occupying other council owned temporary accommodation. The remaining were placed in other settings such as the Women's Refuge. The council aims to move people on from temporary accommodation as quickly as possible and the current target for average occupancy is 12 weeks, however at the time of writing the performance was 15 weeks, which is caused by a lack of permanent accommodation becoming available for move on.
- 3.8 In light of this increasing pressure, as well as the fact that the current temporary accommodation at Howlands House is very tired and in need of considerable investment, we are seeking to be proactive and ensure that we have additional capacity to meet any future demands. This proposal will provide additional units and a much more suitable offer for this vulnerable client group.
- 3.9 The initial feasibility work, as show in Appendices A and B, offers a total of 87 units, which is an additional 64 units. This comprises two types of accommodation:
- 3.10 i) 27 family sized flats, each providing two units made up of two bedrooms, a living space and a toilet and shower facility. Each two units will also have use of a shared kitchen. (Total provision 54 family units)
- 3.11 ii) 8 cluster flats each with four bedsitting rooms with ensuite bathroom and access to a shared kitchen. (Total provision 32 single units). The proposal also includes a purpose built fully adapted one bedroom unit and replacement office and storage facilities.
- 3.12 More detailed work on the proposed scheme is required and, subject to approval of the recommendation in this report, this will be undertaken by the architect in consultation with the council. This may lead to revisions to the current proposed internal layouts but it is not anticipated that the projected number of new units and habitable rooms will alter significantly.
- 3.13 The initial work offers a new development in three blocks which allows a phased demolition and the ability to retain much needed temporary accommodation through the build programme. The additional units are achieved by increasing the height from the existing two, up to four storeys, with the top floor being accommodation in the roof space. The existing high tree screening will accommodate the increased height.
- 3.14 The council already has arrangements in place with other local authorities to let out any spare units of temporary accommodation, if there is capacity. This ensures that we maximise the use of the accommodation and generate additional income. These arrangements will continue, subject to availability, on completion of this new development. This mitigates the risk of loss of rental income, if the demand doesn't increase as expected.

Implications

4 Legal Implication(s)

- 4.1 The council is required to consider housing needs within its area, including the needs of homeless households, to whom the local authority have a statutory duty to provide assistance.
- 4.2 Under the Homelessness Act 2002, a 'main homelessness duty' is owed where the authority is satisfied that the applicant is eligible for assistance, unintentionally homeless and falls within a specified priority need group.
- 4.3 The 'priority need groups' include households with dependent children or a pregnant woman and people who are vulnerable in some way e.g. because of mental illness or physical disability, age or as a result of spending time in care, custody, HM Forces or due to domestic abuse or other threat of violence.
- 4.4 Where a main duty is owed, the authority must ensure that suitable accommodation is available for the applicant and his or her household. The duty continues until a settled housing solution becomes available for them, or some other circumstance brings the duty to an end. Where households are found to be intentionally homeless, or not in priority need, the authority must make an assessment of their housing needs and provide advice and assistance and temporary accommodation for a period of time, in order to help them find accommodation for themselves
- 4.5 The Homeless Reduction Act 2017 must be implemented by April 2018 and includes a significant number of changes which are likely to lead to an increase in the number of households requiring temporary accommodation and the length of time that temporary accommodation must be provided for.
- 4.6 The key areas of change are:
 - An extension of the period during which an authority should treat someone as threatened with homelessness from 28 to 56 days.
 - A new duty to prevent homelessness for *all* eligible applicants threatened with homelessness, regardless of priority need. This extends the help available to people not in priority need, with local housing authorities supporting them to either stay in their accommodation or help them find somewhere to live
 - A new duty to relieve homelessness for all eligible homeless applicants, regardless of priority need. This help could be, for example, the provision of a rent deposit or debt advice. Those who have a priority need will be provided with interim accommodation whilst the Local Housing Authority carries out the reasonable steps.
 - A new duty on public services to notify a local authority if they come into contact with someone they think may be homeless or at risk of becoming homeless.
- 4.7 On planning approval being secured it is proposed, subject to the appropriate authorisation, that the scheme be tendered in accordance with the procurement regulations - seeking a construction partner to build out the new scheme

5 Financial Implication(s)

- 5.1 Initial indications on the cost of the proposed scheme, based on current build costs, demolition and associated professional fees, are projected to be in the region of £12 million. Costs, in accordance with the Architects framework

agreement, are based on rates for projected construction values, option appraisal, concept design and detailed developed design. However a much more detailed cost analysis will be done once more detailed plans have been drawn up.

- 5.2 The funding required to deliver the new temporary accommodation facility will be provided by the allowed amounts of retained Right to Buy receipts and Housing Revenue account funds.
- 5.3 There are currently funds to support this project within the Major Repairs Reserve (Housing Revenue Account) plus the allowable element of the Right to Buy receipts can be applied to 30% of the development costs of any additional units at the site.
- 5.4 Based on the initial feasibility it is estimated that the new scheme will provide 64 additional units, which represents 74% of the total scheme. This means that the useable right to buy receipts can be applied to 30% of this proportion (30% x 74% £11.7m) which will be £2.65m. The balance of costs (£9.35m) will be met from the MRR, the attributable debt fund and HRA borrowing.
- 5.5 The funding split would be as follows:

| Split of Budget between AHP and Capital (based on estimated costs) | | | |
|---|-------------------|---------------------|-------------------|
| 6 months 2019/20 & 6 months 2020/21 | | | |
| | Total Scheme Cost | Funded as follows | |
| | £ | AHP £ | Capital(MRR) £ |
| Assume Cost | 12,000,000 | 8,827,586 | 3,172,414 |
| | | 74% | 26% |
| | | Additional Units | |
| Funding as follows: | | | |
| Right to Buy receipts (allowable amount) | | 2,648,276 | |
| Use of attributable Debt Reserve and borrowing | | 6,179,310 | |
| Major Repairs Reserve (HRA) | | | 3,172,414 |
| | 12,000,000 | 8,827,586 | 3,172,414 |

- 5.6 The current Asset management plan for Howlands House anticipates that in the region of £430k capital investment needs to be made to upgrade the kitchens, bathrooms, heating systems, roofing works and windows. This investment is needed within the next 12-18 months.
- 5.7 The current net rental income is approximately £173k per annum (allowing for void costs). Although it is difficult to confirm future rental charges on a new building; it is safe to estimate that at 90% occupancy based on the provision of 87units, this would bring in a net rental income of approximately 346K per year.
- 5.8 Current relevant management and utility costs are about £200k which can be recovered through service charge income. Revenue maintenance costs are currently on average £23,500 per annum. In a new build development, the

annual maintenance costs would be lower and replacement of capital items would be on a cyclical basis probably every 15-20 years.

5.9 A comparison of the current income received from Howlands House (net of voids and service charge income) vs the projected income anticipated from the new build scheme is set out below:

5.10

| Annual income (existing scheme)* | Projected annual income (new build) | Net Gain (annual) |
|----------------------------------|-------------------------------------|-------------------|
| £173,000 | £346,000 | £173,000 |

*based on 16/17 income

5.11 This is based on an assumption of 10% voids within the project.

5.12 In summary the headline estimated figures show that a total scheme cost, net of the use of the Right to Buy funding will be £9.35million. The total rent generated over a thirty year period will be approximately £12 million based on a 1% annual rent increase.

5.13 The capital investment currently required for the current scheme in the next 18 months is around £0.5m. Due to the current condition of the property responsive repairs are becoming more expensive (£29.5K 16/17)

5.14 Subject to approval of the recommendations in this report and the development of a full project proposal, a detailed financial appraisal will be carried out.

5.15 The fees required to submit a planning application will be in accordance with the agreed rates of the existing Architect Framework agreement.

6 Risk Management Implications

6.1 The risks related to this proposal are:

Reputational/financial/legal: Impact medium - Likelihood Low.

Availability of temporary accommodation. Whilst the plan will be to continue to provide temporary accommodation on the site, whilst the build programme takes place, there will be a reduction in the number of units available. To mitigate this risk, the team will consider other accommodation that could be used on a temporary basis to meet the needs of homeless families.

Financial: Impact medium – Likelihood low

The costs of the scheme could increase. This will be mitigated by a detailed project plan and budget associated with the build programme. An Employer's Agent will also be employed to oversee the project.

Security & Terrorism Implication(s)

6.2 There are no specific security and terrorism implications arising from this report

7 Procurement Implication(s)

- 7.1 There are no procurement implications arising from this report. Subject to approval of the proposal set out in this report and planning approval, a further report will be brought to this committee, setting out the proposals regarding procurement of the build contractors.

8 Climate Change Implication(s)

- 8.1 Proposals will make a significant impact on climate change as it incorporates :
- a) Increasing the supply of affordable housing which includes the potential to build new homes which are more sustainable and energy efficient
 - b) Improving and redeveloping the councils existing temporary accommodation making it more sustainable and energy efficient

9 Link to Corporate Priorities

- 9.1 The subject of this report is linked to the Council's Corporate Priorities 1 and 3
- Maintain a safe and healthy community, and specifically to the achievement of "work with partners to keep people safe" and
- "Meet the borough's housing needs, and specifically to the achievement of "Plan for the housing needs of our communities"

10 Equality and Diversity

- 10.1 An EIA has been carried out relating to the initial design of the proposed new development. There will be a positive impact on people with a disability, as the accommodation proposed will be designed to meet the needs of this group. There is also a positive impact on maternity, as the accommodation proposed will have lift access which will provide more suitable accommodation for pregnant women and families with younger children. Subject to approval of this report and securing planning approval, an EIA will be done linked to the build programme, which will include the proposals to ensure sufficient temporary accommodation is available..

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Date: 7 September 2017

Background papers to be listed (if applicable)

Appendices to be listed:

Appendix A: Site location plan

Appendix B: Indicative layouts and initial, feasibility work