

NON EXEMPT

HAVANT BOROUGH COUNCIL

CABINET

01 July 2020

Brent House – A Request for Grant Funding

**Report Author: Head of Housing & Community
Engagement**

FOR DECISION

Report No: HBC/010/2020

**Portfolio: Planning, Regeneration and Communities
Deputy Leader Cllr Tim Pike**

Key Decision: Yes

1.0 Purpose of Report

- 1.1. This report is submitted to Cabinet for approval to agree the grant funding required for the Brent House refurbishment.

2.0 Recommendation

- 2.1 i) Cabinet is recommended to agree to the award of £X grant to Two Saints, (see EXEMPT Appendix A and C), to be met from the Affordable Housing Developers' Contributions fund and the Homelessness Reduction Act Prevention fund 2020/21 (see EXEMPT Appendix C) and
- ii) The Director of Regeneration and Place in consultation with the S151 Officer are delegated the resolution of all grant terms and conditions provided they meet the minimum criteria (Appendix D) and authorised to take all steps to finalise the grant.

3.0 Executive Summary

- 3.1 A grant request has been received from Two Saints (see EXEMPT Appendix A) to support the refurbishment of Brent House, a building currently unoccupied and falling into disrepair. If funding is approved the Council would have 100% nomination rights to the scheme for use as temporary accommodation for homeless households, therefore reducing placements into B&B accommodation and placing out of area. At the current time the Council only has access to 5 units of temporary

accommodation in the borough and this scheme provides an opportunity to use the Council's Affordable Housing Developers' Contributions pot (ring-fenced for spend on affordable housing – see Appendix B) which will provide 29 units of temporary accommodation.

4.0 Additional Budgetary Implications

4.1 None.

5.0 Background and relationship to the Corporate Strategy and Directorate Business Plans

- 5.1 Brent House is a building located in Middle Park Way Leigh Park and owned by Vivid Housing Association (formerly known as First Wessex). It has been accessed by Havant Borough Council for the placing of homeless households, to whom we have a legal duty to provide temporary accommodation, for over 20 years. Over time the property has fallen into disrepair and support provided to the residents has reduced in line with County funding being cut, resulting in management issues and anti-social behaviour. Vivid approached the Council and advised that they no longer wished to continue to supply this supported accommodation to the Council and their intention was to sell. Vivid requested that we move all the existing tenants to enable them to sell with vacant possession. Discussions were held between Vivid and Two Saints, with Two Saints agreeing to purchase the property subject to discussions with HBC around continued requirements for the building. It is important to note that Brent House is the only source of temporary accommodation in the borough apart from 5 units specifically for single people, we have no other provision for families and are wholly reliant on the private rented sector and B&B.
- 5.2 Officers met Two Saints on site and agreed ways in how the building could be best used to support single people and small families facing homelessness. At this point Two Saints carried out a financial appraisal and were hopeful they could cover the whole cost of purchase and refurbishment with a small grant of £50- £80k contribution from HBC towards refurbishment costs. Two Saints was also intending to approach the Homes England for a grant. No grant was available as the building had already been grant funded back in the 1980s by the HCA. As the purchase progressed, detailed surveys by Two Saints revealed considerable unanticipated costs in relation to the roof and asbestos issues. This increased cost and no access to grant funding left Two Saints with a shortfall, hence, their grant application to HBC.
- 5.3 In January 2020 Full Council approved the adoption of the Homelessness and Rough Sleepers Strategy and Action Plan 2019-24. The four key priorities are :-

- ***To ensure all our customers are provided with appropriate advice, assistance and support to enable them to address their housing needs and to lead independent lives***
- ***Consider more sustainable housing solutions for those facing homelessness and on the Housing Register***
- ***Prevent and Relieve homelessness by working in partnership with statutory and voluntary sector agencies to identify the threat of homelessness at the earliest opportunity, and work together to ensure appropriate support services are accessible.***
- ***To understand the needs and requirements of those rough sleeping and sofa surfing in the borough and provide sustainable solutions.***

The refurbishment of Brent House will support all these key priority areas.

- 5.4 Since the loss of the use of Brent House as temporary accommodation with effect from late 2017 (nominations were gradually reduced over a period of time), the Council's reliance on the use of bed and breakfast has increased which in turn has led to increase in costs as shown below:

2017-18 number placed = 58 at a cost of £144,767
 2018-19 number placed = 78 at a cost of £190,000
 2019-20 number placed = 110 at a cost of £296,000

Whilst some of the monies we pay out on B&B is recoverable through HB, we have to point out that this is an initial cost that we have to bear and it is not always repaid – applicants don't make their claims for HB satisfactorily or stays are so short that there isn't the opportunity to make claims. We allow for a potential 50% income return on budget spent.

As well as the rising costs of B&B there is also the pressure from the MHCLG to reduce the numbers going into B&B; keeping families out of B&B for six weeks or longer; and reducing the number of out of area placements that we make. Plus, in Brent House applicants will receive more direct and consistent support than they would in B&B to enable them to sustain accommodation for longer, thus reducing the number of re-approaches. Then there's the improved health and welfare benefits of people getting better access to joined up services through the support being provided which will not only improve their lives but also reduce spend on other services like health, social care, and even policing if ASB/offending behaviours are also improved also.

5.5 The refurbishment of Brent House for use as quality temporary accommodation for homeless household supports the Corporate Strategy's aims of supporting the most vulnerable in our communities and the Service Business Plan states that a Homelessness Strategy and Action Plan will identify sustainable and suitable accommodation options within borough for those facing homelessness.

6.0 Options considered and reasons for the recommendation

6.1 Option 1 - The Council could opt to do nothing however the impact of this will mean the Council has no opportunity to reduce the use of B&B and will continue to place households out of the area.

Option 2 - HBC to purchase the property – this currently is not an option as Brent House has not been placed on the open market for sale – the property has been offered by Vivid to Two Saints at a reduced value to take account of the large sum of grant previously put into the building by the Housing Corporation. Two Saints, as a registered provider of affordable housing is in a position to take on this grant liability, hence the reduced value. Should Two Saints not proceed with the purchase if they fail to secure sufficient funding, Vivid is indicating they will review their position but unlikely to place onto the open market, they will consider their options on possible future redevelopment.

Option 3 - HBC to approve the grant request subject to the Grant Agreement being in place approved by S151 Officer and relevant Director.

Should the grant be approved there are considerable benefits for both the community and Havant Borough Council

Benefits to the wider community if the property is refurbished

- The people who will live at Brent House will be Havant Borough Council residents.
- The building being empty has an impact locally as it is becoming an eyesore and a target for anti-social behavior. Bringing the building back into management will provide a consistent approach as Two Saints will be both the landlord and support provider, which will also benefit the wider community.
- Off the Record provide drop in services in an adjoining building and Two Saints have an established relationship with them.
- Two Saints also attend the Partnership Action meetings with police and community safety teams as well as having good relationships with local faith and church groups.

- There will be ongoing consultation as part of the project implementation plan to engage with the local shops and neighboring houses about the proposed changes.

Benefits to HBC:

- Access to this project would mean that the Council could refer households to suitable temporary emergency accommodation within the borough and reduce the number of households being placed into B&B outside of the area for longer than the recommended 6 weeks. There will be support and a partnership approach to ensure households are supported to move on to longer term tenancies. There will be a total of 29 units, including one with disabled access. With Two Saints as the landlord and support provider a 'wrap around service' will be provided to residents. There will be no further cost to the Council for this support. Two Saints will use the building as their local office and there will be support/cover provided 7 days a week.
- To reduce the numbers of people going into B&B is a key priority for the Government and HBC has been criticised for having such high numbers since the closure of Brent House. Discussions with the MHCLG around Brent House have been very positive. A partnership approach to this has been identified within the Homelessness and Rough Sleepers Strategy and Action Plan as a priority.
- As mentioned above there will be 29 units available for the council to refer to – the cost of placing a single person into B&B is around £350.00 per week. Placements into Brent House are likely to be for 6 months to a year before moving onto a tenancy. The cost of this length of placement into B&B would be between £9,366 - £18,673 for just one person. Having 100% nominations to Brent House will mean fewer B&B placements leading to a reduction in spend.

6.3. Options for funding the project (EXEMPT Appendix C):

- Developers Contributions (ring fenced for Affordable Housing) collected through Planning obligations; the combined total currently stands at £937,655.00.
- Homelessness Reduction Act Prevention Pot- allocated by MHCLG 20/21 £182,300.00 (for spend on homelessness prevention and relief – this was an additional amount for this financial year to support the reduction of the use of B&B)
- Flexible Homeless Support Grant, 20/21 £306,009.00 (for spend on homelessness prevention and relief)

Developers' contributions are ring-fenced for the provision of affordable housing. It is expected that the Council will continue to collect

Developers' Contributions as a result of planning policies, and the continued submission of major planning applications.

Where the Council accepts a financial contribution in lieu of on-site provision of affordable housing this will be secured through a legal agreement under s106 Town and Country Planning Act 1990. This contribution is only accepted once all viability for provision of units on site has been explored, the Council would always in the first instance aim to secure units rather than contributions. Viability tests would always be applied.

The developer will usually require a covenant from the Council to spend the affordable housing contribution only for the provision of affordable housing in accordance with the agreement and, if asked, to return it to the developer if it has not been spent within a specified period (usually between 5 and 10 years). In a couple of cases we are fast approaching the time limit and could risk losing this funding. The process approved for spending this fund was detailed in a report (Appendix B) to Cabinet in October 2016. Since 2016, only one potential project (6 units) has been brought to the Council for consideration and this failed as the Registered Provider withdrew their request. Officers continue to promote the opportunity to Registered Providers however this is the first opportunity to bring any request to Cabinet. Brent House offers the opportunity for the Council to access temporary accommodation in the borough with support provided by a specialist provider. Very few providers wish to own and manage accommodation for homeless households due to the complexities and high support requirements they bring.

As per the attached report, delegated authority would extend only to sites, projects and support services which fall within the following parameters. Any applications for funding which fall outside of the scope of the delegated authority will be referred to Cabinet for approval :-

Total expenditure on any one project may not exceed £150,000; however, should a viable project be identified, and funds are available, an additional report will be submitted to Cabinet.

The AHDCs Cabinet report states delegated authority is only extended to £150,000 for any one project.

The Flexible Homeless Support Grant 20/21 of £306,009 is already partly committed through the Homelessness Strategy and Action Plan 2019-2024, for year one and anticipates additional predicted pressures following on from Covid 19, so it recommended that the Brent House is not funded through this route.

The HRA Prevention Pot 20/21 of £182,300 was an additional unexpected grant received based on the need for HBC to reduce its placements into B&B – this grant would support this priority if awarded to Two Saints for Brent House.

The request from Two Saints for the project is £X and the detail can be seen at EXEMPT Appendix C.

7.0 Resource Implications

7.1 None

8.0 Financial Implications

8.1 Early discussions between HBC and Two Saints produced an initial estimate of costs and therefore the potential grant required; these were predicated on a high-level estimate of basic refurbishment. Subsequent surveys of roof, drain, asbestos, acoustic and topology issues, carried out by Martin Ralph (based in Havant), have revealed a requirement for additional works (see EXEMPT Appendix A for cost breakdown).

8.2 A total of £X has been requested by Two Saints to support the refurbishment of Brent House. As the Council would have 100% nomination rights to the accommodation for the use as temporary accommodation for homeless households the Council could utilise the HRA Prevention grant awarded by the MHCLG in April 2020 for the specific use of reducing the use of B&B. Grant received for the prevention of homelessness is used for many different initiatives including deposits, rent in advance, lodgings schemes, with a large percentage spent on additional staff required following on from the implementation of the HRA 2018. The additional grant of £182,300 received from the MHCLG must be spent on initiatives that prevent households going into B&B. The grant request could also be supported by the AHDCs fund (see Cabinet report Appendix B AHDCs and EXEMPT Appendix C detailing the costs and the proposal to fund the grant request).

9.0 Human Resources Implications

9.1 None

10.0 Legal Implications

10.1 Should Cabinet agree to approve the grant no payments will be made until a Grant Agreement setting out the terms and conditions on which the grant is to be made (this will contain the Nominations Agreement see EXEMPT Appendix D) is agreed by the S151 Officer and relevant Director. Should terms not be agreed with the Recipient then this matter would return to Cabinet for decision.

11.0 Risks

11.1 The Council has a statutory duty under the Homelessness Reduction Act to ensure that temporary accommodation is provided to those

facing homelessness. Currently, the Council has no access to such accommodation other than B&B which is often out of the area. Whilst this accommodation is not appropriate long term it is also very costly so there is a risk to increased spend as well as inappropriate placements. The Homelessness Code of Guidance states that households should not be placed into B&B accommodation for longer than 6 weeks – currently HBC is unable to comply with this as there are limited opportunities to move households out of B&B whilst Brent House remains closed.

11.2 Risk in relation to the grant will be mitigated by a Grant Agreement agreed by the S151 Officer and relevant Director and as referred to in 10.1 should agreement not be reached on the Heads of Terms, this matter will return to Cabinet for decision.

11.3 The scheme is not viable if funding is not awarded and the opportunity to have full access to 29 units of temporary accommodation within the borough will be lost.

12.0 Appendices:

EXEMPT Appendix A Grant Request Application

Appendix B Affordable Housing Developers' Contributions Cabinet report.

EXEMPT Appendix C

EXEMPT Appendix D

Agreed and signed off by:

Monitoring Officer: (22 June 2020)

S151 Officer: (22 June 2020)

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