

Report to:	THE CABINET MEMBERS FOR HOUSING AND HOMES AND FOR VALUE FOR MONEY AND EFFICIENCY JOINTLY WITH THE ACTING STRATEGIC DIRECTOR OF PLACE
Report of: Date of Decision:	JIM CRAWSHAW – HEAD OF HOUSING OPTIONS 16 January 2017
SUBJECT:	REFURBISHMENT OF PROPERTIES AT MELBOURNE AVENUE AND PORCHESTER DRIVE NEWTOWN FOR SHORT TERM USE AS TEMPORARY ACCOMMODATION – FULL BUSINESS CASE
Key Decision: No	Relevant Forward Plan Ref: N/A
If not in the Forward Plan: (please "tick" box)	Chief Executive Approved <input type="checkbox"/> O&S Chairman Approved <input type="checkbox"/>
Type of decision:	Executive
Relevant Cabinet Member:	Councillor Peter Griffiths, Cabinet Member for Housing and Homes Councillor Majid Mahmood, Cabinet Member for Value for Money & Efficiency
Relevant O&S Chairman:	Councillor Victoria Quinn – Housing and Homes and Councillor Mohammed Aikhlaq, Corporate Resources and Governance
Wards affected:	ASTON

1. Purpose of report:	
1.1	To seek approval to the Full Business Case to refurbish and bring back into short term use as temporary accommodation 44 properties at Melbourne Avenue and Porchester Drive, Newtown at an estimated cost of £0.995m. These properties are currently identified for future clearance as a part of the ongoing housing-led regeneration of Newtown.
2. Decision(s) recommended:	
	The Cabinet Members for Housing and Homes and for Value for Money and Efficiency jointly with the Acting Strategic Director for Place is recommended to:
2.1	Approve the Full Business Case for the refurbishment and bringing back into short term use for temporary accommodation of 44 properties at Melbourne Avenue and Porchester Drive, Newtown at an estimated cost of £0.995 million as attached at Appendix 1.
2.2	Approve service funded prudential borrowing (to be repaid over a 5 year period) of £ 0.898 million to fund the refurbishment costs of the properties.
2.3	Authorise the Head of Housing Options, to place orders with Wates Living Space up to the value of £0.995 million for refurbishment works to the properties utilising the existing Housing Repairs & Maintenance contract, with works to be managed through Wates Living Space.
2.4	Authorises the Acting City Solicitor to negotiate, execute, complete and seal all relevant documents necessary to give effect to the above recommendations.

<p>Lead Contact Officer(s):</p> <p>Telephone No: E-mail address:</p> <p>Telephone No: E-mail address:</p>	<p>Rob James – Service Director, Housing Transformation, Place Directorate 0121 464 7699 robert.james@birmingham.gov.uk</p> <p>Jim Crawshaw - Service Head, Housing Options Service, Place Directorate. 0121 675 2154 jim.crawshaw@birmingham.gov.uk</p>
----------------------------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

3. Consultation
3.1 <u>Internal</u> 3.1.1 Ward members for Aston have been consulted on this proposal and support the recommendations coming forward for an executive decision 3.1.2 Officers in Place and Economy Directorates (Housing Options Service, Housing Development, Landlord Services), City Finance, Legal Services and Procurement have been involved in the preparation of this report.
3.2 <u>External</u> None.
4. Compliance Issues: <u>Are the recommended decisions consistent with the Council's policies, plans and strategies?</u> 4.1.1 The proposals are consistent with the Council Business Plan and Budget 2016+ which sets out the Council's key priorities, including "A Fair City: Health and wellbeing, housing quality and life expectancy are at national levels for all." This proposal will help tackle inequality and deprivation and promote social cohesion across all communities in Birmingham and ensure dignity, particularly for larger households with young children and support the safeguarding of children in that the proposal will allow fast access to house larger homeless families on a temporary basis pending a permanent solution. The provision of quality temporary accommodation supports the delivery of the Health and Well Being Strategy in regards to statutory homelessness and the delivery of the Councils' homelessness strategy.
4.1.3 <u>Birmingham Business Charter for Social Responsibility (BBCSR)</u> Compliance with the BBC4SR is a mandatory requirement that is embedded within the Housing Repairs and Maintenance Contract framework, which is to be used for the work to be undertaken in relation to the proposals within this report.

4.2 Financial Implications

- 4.2.1 The costs of bringing the 44 properties back into use is estimated to be no more than £0.995million, to be funded by a contribution from the HRA equivalent to the standard repairs cost for void properties (£0.097million), with the balance of £0.898million to be met from prudential borrowing funded by the Temporary Accommodation Service.
- 4.2.2 The proposals will generate a net revenue surplus for the Temporary Accommodation Service of £0.363 million between January 2017 and March 2022. This saving assumes that the prudential borrowing for the works is repaid over a 5 year period, and that the properties are handed back for demolition after March 2022. The service will also be enabled to avoid potential costs associated with the provision of alternative temporary accommodation in hotels of up to £7.927 million over the same period.
- 4.2.3 The proposals also represent a net revenue benefit to the HRA of £0.851 million over this period when compared to current planned approach of demolition with redevelopment currently scheduled to commence no earlier than 2022/23.
- 4.2.4 Aside from the financial considerations the over-riding factor for refurbishment of these properties is to accommodate those large families primarily from the local area in temporary accommodation rather than in bed and breakfast accommodation. The proposal will support the continued residence of homeless households from the immediate and surrounding areas remaining in temporary accommodation in the area pending resolution of their homeless status. This will ensure those families with children of school age can support the continued education of children in their current school and retain the support network which is so key to families at times of homelessness.
- 4.2.5 Full details of the financial implications of the proposed scheme are set out in the FBC at Appendix 1.

4.3 Legal Implications

The properties will continue to be held within the HRA as the longer term purpose for the holding of the asset is for the provision of social housing.

- 4.3..1 The Housing Options Service has a statutory duty under the Housing Act 1996 Part VII to accommodate households who have approached the Council as homeless.

4.4 Public Sector Equality Duty

- 4.4.1 An Equality Audit has not been deemed necessary for this refurbishment.

5. **Relevant background/chronology of key events:**

- 5.1 Birmingham City Council is currently experiencing extremely high demand for temporary accommodation, with in excess of 1,500 households currently in temporary accommodation.
- 5.2 The unmet demand for larger properties (with 4 or more bedrooms) is particularly stark, with 26 households entering temporary accommodation with a need for larger accommodation in August 2016 alone. The total number of households requiring homes with 4 or more bedrooms where a duty has been accepted but not yet discharged

currently stands at 566 households.

- 5.3 The limited supply of larger homes for temporary accommodation use has meant that the service is obliged to resort to placing households in B&B and Hotel accommodation, which can typically cost between £3,000 and £6,500 per month for each family. This compares to the maximum amount recoverable through housing benefit of £713 per month. The Council, through the Housing Benefit Subsidy regulations receives a maximum amount of £164.61, any rent charge above this amount is an immediate, unrecoverable loss to the Service. Rent on self-contained properties of the type in this report, is currently recovered in full through Housing Benefit subject to entitlement to welfare benefits.
- 5.4 The regeneration of Newtown has been ongoing over a number of years, with the development being undertaken in phases and including the provision of new housing for sale and rent, complementing extensive investment in retained HRA properties (including Manton & Reynolds Houses) and the provision of a new school. In preparation for future phases of the regeneration, vacant possession of 44 properties has already been secured through the HRA. Wates Living Space are being used to complete this work due to the geographical nature of the existing housing repairs contracts.
- 5.5 These properties are particularly suitable for use as temporary accommodation for larger households, but those currently owned by the Council are not currently in a habitable condition as they have had many facilities already removed in preparation for demolition. The Council has been acquiring these properties since 2012 and therefore some have remained uninhabited in excess of four years and have therefore deteriorated. Whilst detailed works schedules have not yet been finalised, it has been estimated that each property will require investment of in the region of £25,000 to allow use as temporary accommodation for a minimum five year period. Following the 5 year period it is anticipated that regeneration may then take place resulting in these properties being demolished.
- 5.6 This refurbishment is being undertaken by Wates Living Space as approved contractor under Lot 2 (West and Central) of the Housing Repairs and Maintenance Contract. There are three separate companies who are contracted to undertake this work and the work is divided on a geographical basis. Wates Living Space are responsible for the East and West of the city, which includes Newtown.

6. Evaluation of alternative option(s):

- 6.1 An alternative option is to demolish the properties, leaving an area of undeveloped land until such time as this phase of the regeneration of Newtown is undertaken. This would do nothing to alleviate existing pressures on the Temporary Accommodation Service, and would represent a missed opportunity for income generation to the HRA in the period before the regeneration takes place.
- 6.2 There is an option to do nothing however this is not deemed appropriate for the following reasons:
- The local area will still have a number of derelict buildings that will only deteriorate over time
 - The HRA would lose the ability to earn income from these properties
 - The Housing Options Service would have 44 households who would otherwise be placed in B&B accommodation at a significant cost

7. Reasons for Decision(s):

- 7.1 The proposed recommendation will achieve the twin objectives of reducing the financial pressures on the Temporary Accommodation Service and providing a modest supply of larger family units for temporary accommodation, whilst at the same time providing a short term income stream for the HRA until such a time as this phase of the regeneration of Newtown is progressed.

Signatures (or relevant Cabinet Member approval to adopt the Decisions recommended):

Jacqui Kennedy
Acting Strategic Director of Place:

..... Dated:.....

Councillor Peter Griffiths
Cabinet Member for Housing and Homes:

..... Dated:.....

Councillor Majid Mahmood
Cabinet Member for Value for Money & Efficiency

..... Dated:.....

List of Background Documents used to compile this Report:

List of Appendices accompanying this Report (if any):

1. Full Business Case