
HOUSING EMERGENCY: PROGRESS REPORT & ADDITIONAL PROPOSALS

Appendices B, C, D, E, F, G & H of this report are exempt from publication pursuant to Paragraphs 14, 16 and 21 of Part 4 of Schedule 12A to the Local Government Act 1972.

Purpose of the Cover Report

1. To provide Members with background information to enable their pre-decision scrutiny of the draft report to Cabinet regarding the housing emergency in Cardiff.
2. The draft Cabinet Report, attached at **Appendix 1** (*and its subsequent Appendices*) are due to be considered by Cabinet, at its meeting on 23 May 2024.
3. Members should note that **Appendices B, C, D, E, F, G & H** of the draft Cabinet Report are exempt from publication. Members are therefore, requested to keep this information confidential, in line with their responsibilities as set out in the Members Code of Conduct and the Cardiff Undertaking for Councillors.

Structure of the meeting

4. As **Appendices B, C, D, E, F, G & H** are confidential and exempt from publication, this agenda item will be considered in two parts. The first part will be an 'open session', where Members can raise questions on the information in the public domain. Namely, information included in this Cover Report, the attached draft Cabinet Report (**Appendix 1**) and **Appendix A** (Local Housing Market Assessment). This part of the meeting will be made available to the public and webcasting will occur.

5. A 'closed session' will then ensue, where webcasting will be paused. Members will then be able to ask questions on the information contained in the confidential appendices, **(B, C, D, E, F, G & H)**
6. Councillor Lynda Thorne (Cabinet Member – Housing & Communities), Sarah McGill (Corporate Director – People & Communities) Jane Thomas (Director – Adults, Housing & Communities), Helen Evans (Assistant Director – Housing & Communities) and Dave Jaques (Assistant Director – Development & Regeneration) will be at the meeting to answer Members questions.

Structure of the Papers

7. To facilitate Members consideration, the following appendices are attached to this Cover Report:

Appendix 1 – draft Cabinet Report, May 2024

The following appendices are then attached to Appendix 1:

Appendix A – Local Housing Market Assessment.

Appendix B – Proposed Property Acquisition (**confidential**)

Appendix C – Vacant Development Site (**confidential**)

Appendix D - Valuation Reports (**confidential**)

Appendix E – Continued Use of Hotel Accommodation (**confidential**)

Appendix F – Financial Details (**confidential**)

Appendix G – Viability Reports (**confidential**)

Appendix H – Exempt Legal Advice (**confidential**)

Scope of Scrutiny

8. During this scrutiny, Members have the opportunity to review the Cabinet Report and explore:
 - I. The issues which arose from past proposals (December 2023)
 - II. The achievability and deliverability for the new proposals.
 - III. Financial implications.
 - IV. Risks to the Council.
 - V. Impacts on individuals.
 - VI. Next Steps and timelines.

9. Following their consideration, Committee Members will decide what comments, observations or recommendations they wish to pass on to the Cabinet.

Background – Housing Demand & Cardiff Council’s ‘Housing Development Programme’

10. Cardiff Council’s Local Development Plan, Preferred Strategy, advises Cardiff is the second least affordable local authority for houses in Wales, just behind the Vale of Glamorgan, and well above the Wales average. Further, at their November 2023 meeting, Committee Members heard there are over 8,000 people on the combined housing waiting list and homelessness pressures are continuing to rise.

11. In their November meeting, Committee Members were briefed:

- All 1,699 temporary accommodation units in Cardiff are full.
(707 families, 806 singles, and 186 young people)
- 28 more families are entering accommodation than exiting each month.
- Combined waiting list for temporary accommodation are up 150% since 2021.
- Single people presenting for Emergency Accommodation has increased to 88 per night.
- The number of people street homeless has increased to 43¹.
- Demand for affordable housing is far exceeding supply.
- The council now has exclusive use of 4 hotels; offering 326 units of accommodation; a further hotel to meet the needs of single people is due to open shortly.

12. Further, Committee Members were briefed in November the reasoning for increased demand can be attributed to:

- Affordability and availability of accommodation in the Private Rented Sector with particular reference made to landlords leaving the market to pursue Air BnB opportunities.

¹ Of those 43 individuals; 14% have no recourse to public funds and 23% have no local connection.

- Higher number of students in the city.
- Additional demand from asylum and refugee services
- Lack of social housing.

13. Councillor Thorne's March 2024 statement to Council, available [here](#), informed:

- As of March 2024, there are almost 2,000 households in temporary, supported and hotel accommodation across the city.
- The council has exclusive use of four hotels, offering 349 units of accommodation.
- Just over 400 households are being supported that are at risk of homelessness.
- Refurbishment work on temporary accommodation at Tŷ Ephraim will commence shortly. This will add kitchens to each unit of the accommodation so that residents can prepare their own food and develop their skills to live independently.

14. The Council's, 'Housing Development Programme' is the largest council led development programme in Wales and currently aims to deliver 4,000 new homes to the city, with 2,800 of those being new council homes, and 1,200 being homes for sale.

15. To achieve the targets mentioned in **point 14** of this Cover Report, the Housing Development Programme has the following delivery routes:

- ❖ A partnership programme with the external developer Wates Residential: this partnership is most commonly called 'Cardiff Living'. Further, in November 2022, Cabinet approved the implementation of a second Housing Partnership.
- ❖ Open Market Buybacks.
- ❖ Developer Package Deals (whereby the Council purchases property from developers).
- ❖ Converting buildings to Council Homes
- ❖ Meanwhile Use of Land.

16. With regard to finance, the council's Housing Development Programme benefits from a significant allocation of the Housing Revenue Account capital and also attracts external funding in the form of Grants, Planning Gain and income from the sale of land or low-cost homes through the Assisted Home Ownership scheme. In 2020, it was reported just under £31 million has been achieved through these routes.
17. Previously, the Social Housing Grant (SHG) had only been available to Housing Associations. However, the Welsh Government confirmed that, from April 2021, councils with a Housing Revenue Account will be able to apply for the Grant, helping to provide Capital subsidy for their developments.
18. Schemes approved for SHG funding will be required to meet the standards and viability parameters set by Welsh Government. Committee Members are advised the Social Housing Grant is limited and not every council scheme will benefit from it.
19. Councillor Thorne's March 2024 statement to Council advised:
 - The Council's Housing Development Programme delivered 190 new properties during the period April 2023 to the end of February 2024. This takes the overall total delivery of new council homes in Cardiff to 1,039 to date.
 - There are 11 new build projects on site which, when completed, will significantly increase the number of new homes completed.
 - The procurement process to appoint a partner developer to deliver around 2,000 new homes through the Council's second Housing Partnership Programme has reached a milestone following completion of the Pre-Qualification stage and the Council has entered into competitive dialogue with three successful bidders. It is anticipated this process will be completed by the end of this year².

² The Council currently has one Housing Development Partnership, known as 'The Cardiff Living Programme' which is a development partnership between Cardiff Council and Wates Residential.

20. An update on the current properties completed in the Council's Housing Development Programme can be found at **point 23** of **Appendix 1**.

Issues

21. As Committee Members will be aware, demand for housing, and pressures on the council's homelessness services, are at unprecedented levels. In response to the situation, Cabinet, in December 2023, declared a Housing Emergency and agreed the following proposals:

- To undertake a consultation process on proposed policy changes including the consideration of intentionality in making homeless decisions, the removal of areas of choice for homeless applicants on the Common Housing Waiting List and offering private rented accommodation outside the city, in neighbouring local authority areas.
- To take forward a large-scale property purchases, package deal arrangements and the continuation of the meanwhile use of brownfield sites to deliver new modular homes for temporary accommodation. In particular:
 - (1) The purchase of a commercial building in the city centre which has the potential to deliver 84 family flats and an adjoining development of 150 flats with completion no later than March 2024.
 - (2) Expansion at the Gas Works and further modular homes at additional sites which has the potential to deliver 350 additional family homes.

22. However, as detailed in **Appendix 1** aspects of the property purchase proposals agreed in December (bullet pointed above) could not proceed. Full detail can be found in **Appendix 1**, with the following paragraphs offering a summary and so are not intended to be exhaustive.

23. **Point 18** of **Appendix 1** advised that the property purchase proposal, agreed in December's Cabinet meeting (1), could not proceed as the '*opportunity was withdrawn by the vendor when he secured interest in the property for its original purpose*'.

24. As a result, **Appendix 1** proposes the following alternative property purchase options:

- To purchase the freehold interest of 2 buildings from the same vendor, previously used as office accommodation:
 - (1) The first property has been positively assessed for conversion to residential accommodation and would deliver 79 homes comprising 26 x 1 bed, 22 x 2 bed, 13 x 3 bed and 18 x 4 bed units.
 - (2) The second property will deliver 20 WDQR compliant family units comprising of; 1 x 1 bed apartment, 3 x 2 bed apartments, 6 x 3 bed apartments and 10 x 4 bed apartments.
 - (3) Purchase of a vacant development site of 1.87 acres which would allow the rapid deployment of approximately 150 medium rise modular units for temporary or long-term family accommodation.

Further information on the purchase of a vacant development site (3) is at **confidential Appendix C.**

25. Further detail on the property purchases (1) (2) such as detail on the phases for conversion, target date to exchange contracts and the target date for completion are at **points 25, 26, 27 & 29 of Appendix 1**. Further detail, for the property purchase are contained in **confidential Appendices B, D, F & G**.

26. Committee Members attention is also drawn to **point 27 of Appendix 1** which advises the proposal is for properties to be purchased once all remodelling works are undertaken as this removes risk for the council. Under this arrangement, the Owner is responsible for ensuring all works are compliant with planning and building regulations and Welsh Government Design Quality Standards. In addition, **Appendix 1** advises as it is a property transaction the purchase price is fixed.

27. As detailed in **point 21 of Appendix 1**, two sites proposed for “meanwhile use” in the December Cabinet Report are in Welsh Government ownership and so require further discussion with the Welsh Government due to potential challenges

identified in relation to the time available for the meanwhile use of one of the sites. As such, an alternative purchase proposal to this site has been identified (CRI Site, Cardiff & Vale Health Board **Appendix 1**) to ensure the total delivery of units can be maintained at the 350 total.

28. As detailed in **point 22** of **Appendix 1**, approval for use of the site has been secured by the Cardiff and Vale Health Board and this project is proceeding to submission for Welsh Government approval.

29. In line with sustained pressures and demand on homeless services in Cardiff, **Appendix 1** also proposes the continued use of the Copthorne hotel; details of the recommended extension of use and costs are included at **confidential Appendix E**, with confidential legal information contained in **confidential Appendix H**.

30. In summary, **Appendix 1** seeks Cabinet to:

- Note the progress being made to address the on-going Housing Emergency in Cardiff.
- Approve the acquisition of the properties and land detailed in **point 24** of this Cover Report, which would be subject to a range of conditions as detailed at **point 62** of **Appendix 1**.
- Approve the extension of using the Copthorne hotel as family homeless accommodation for a period of approximately 12 months.
- Approve the Cardiff Local Housing Needs Assessment (2022-2027).

Previous Scrutiny

31. In its November 2023 meeting, Committee Members received a briefing on the severity of the homeless situation and heard potential proposals to ease current pressures.

32. The proposals suggested to Committee Members in their November meeting included:

- ❖ Consider applying intentionality to homelessness claims.

(with exemptions for under 21s, care leavers, families, pregnant women – unless intentionally homeless twice and those with complex needs).

- ❖ Where appropriate; make offers of private rented accommodation outside the Cardiff area.
- ❖ Make permanent offers of social housing anywhere in the city.
- ❖ Deliver more affordable housing in the city through large scale property purchase; entering into a package deal; and continuation of the meanwhile use of sites with modular homes.

33. Following their November meeting, Committee Members made the following recommendations:

R1 *As an authority, undertake, or increase efforts, to lobby the relevant government to enact legislation, such as placing covenants on buildings to reduce the prevalence of Air BnB's in the city; citing the pressures and ramifications the increased Air BnB markets presence is placing on the availability of long-term accommodation in the city. The council should also consider using new levers provided by Welsh Government to manage second homes and holiday lets.*

R2 *We would strongly urge Cabinet to withdraw proposals to re-apply Intentionality in determining whether an individual is owed a homelessness duty, owing to the significant consequences this will have for individuals, and recognising that this proposal would not be in line with current Welsh Government proposals. We would encourage Cabinet to pursue alternative means of communicating the demand pressures on and waiting times for social housing.*

34. In their December meeting, Committee Members considered the proposals outlined at **point 21** of this **Cover Report**. Within their considerations, Members heard the consultation regarding changes to policy will be undertaken with individuals on the housing waiting list and key stakeholders such as homeless service providers. The consultation will start in the new year (2024) and will run for 6 weeks with the results feeding into an overall impact assessment. In their discussions Members stressed the importance of due consideration to the consultation results.

35. Committee Members also made a number of comments on the property purchase within the closed section of the meeting. As the information discussed related to confidential matters, the Committee's letter, and subsequent response will be re-circulated to Committee Members ahead of the meeting.

Legal Implications

The Scrutiny Committee is empowered to enquire, consider, review and Recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters there are no direct legal implications. However, legal implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/Council will set out any legal implications arising from those recommendations. All decisions taken by or on behalf of the Council must (a) be within the legal powers of the Council; (b) comply with any procedural requirement imposed by law; (c) be within the powers of the body or person exercising powers on behalf of the Council; (d) be undertaken in accordance with the procedural requirements imposed by the Council e.g. Scrutiny Procedure Rules; (e) be fully and properly informed; (f) be properly motivated; (g) be taken having regard to the Council's fiduciary duty to its taxpayers; and (h) be reasonable and proper in all the circumstances.

Financial Implications

The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters there are no direct financial implications at this stage in relation to any of the work programme. However, financial implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/Council will set out any financial implications arising from those recommendations.

RECOMMENDATIONS

The Committee is recommended to:

- i. Consider the information provided in this report, its appendices and information received at the meeting;
- ii. Decide whether it wishes to relay any comments or observations to the Cabinet.

Leanne Weston

Interim Deputy Monitoring Officer

10 May 2024