

BY SUBMITTING THIS REPORT TO THE CABINET OFFICE, I, Sarah McGill (Corporate Director – People and Communities) AM CONFIRMING THAT THE RELEVANT CABINET MEMBER(S) ARE BRIEFED ON THIS REPORT

**CARDIFF COUNCIL
CYNGOR CAERDYDD**

CABINET MEETING: 16th MAY 2024

**HOUSING EMERGENCY: PROGRESS REPORT AND
ADDITIONAL PROPOSALS**

**CABINET PORTFOLIO TITLE (COUNCILLOR LYNDA THORNE)
AGENDA ITEM:**

Appendices B, C, D, E, F G, and 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.

Reason for this Report

1. To update Cabinet on the progress being made to address the on-going Housing Emergency in Cardiff
2. To seek in principle approval for alternative property and land purchases to some of those identified in the previous report to Cabinet in December 2023.
3. To seek approval for the extension of the use of specific Hotel provision as family homeless accommodation for a period of 12 months
4. To approve the Cardiff Local Housing Market Assessment (2022-2027)

Background

5. In December 2023 Cabinet declared a Housing Emergency in Cardiff in response to the unprecedented pressures being experienced in homelessness services.

6. The acute housing demand being faced in Cardiff was in line with the experience of many other UK cities and the Cabinet report in December outlined the key factors that had precipitated the very challenging situation making clear that a comprehensive response was required.
7. Cabinet considered and approved a range of recommendations to reduce demand on homelessness services and to increase the range and sufficiency of emergency, temporary and permanent accommodation in the city.

Current Situation

8. The underlying causes of the current housing emergency were outlined in detail in the December 2023 report and substantially remain as previously described. These include the affordability and availability of accommodation in the private rented sector, reducing levels of home ownership, high and increasing numbers of students in the city, legislative changes introduced during the pandemic and more recently and demands resulting from war and conflict across the globe. Fundamentally however the key underlying issue is an insufficiency of affordable housing. (Background paper – December 2023 report).
9. The draft Local Housing Market Assessment (LHMA) has recently been completed in line with Welsh Government requirements and approved projection toolkit (See Appendix A).
10. The LHMA estimates additional housing needs for the city for the Replacement Development Plan period of 15 years. For the first 5 years of the period, it shows an average **annual** additional NET affordable housing need (allowing for turnover of existing stock and planned supply) of 1,334 units (made up of 915 social rent; 131 intermediate rent and 287 Low-Cost Home Ownership). For the remaining 10 years of the period the average **annual** gross affordable housing need is estimated to be 774 per annum, although this will be reviewed in line with the 5-year reporting duty.
11. Currently homelessness demand remains extremely challenging. Effective preventative work alongside the provision of additional units of temporary accommodation at the former gasworks in Grangetown has reduced the number of families waiting to enter temporary accommodation from 28 as set out in the December report to just 10 families in March 2024. Unfortunately, however family homeless accommodation remains at capacity, with 122 families living in hotels, in addition to the 595 families in standard temporary provision.
12. Hotels are currently an essential part of temporary accommodation provision to meet the demand from homeless families. It has been possible to end the contract with one of the hotels used for families, however two remain in use. It will be necessary to continue the use of hotels for families for at least a 12-month period. Hotel use will be

ended as soon as possible but, whilst it is required, the planned use of hotels offers a better service for residents with council support staff based on site. Exclusive use by the Council also provides a far more cost-effective option than the use of ad hoc hotel placements and provides greater certainty of availability.

13. The use of additional emergency accommodation settings has resulted in a reduction in the number of single homeless people presenting to the Out of Hours Service. This number has fallen from an average of 88 individuals per night as described in the December Report, to an average of 3 per night. Cardiff has also seen the number of individuals rough sleeping decrease from 43 in December to the current figure of 23. However, 1,028 single people are currently housed in temporary and emergency accommodation, this compares to 806 in December 2023. The number waiting to access temporary accommodation remains high at 163 individuals. There are also 63 young people waiting to access accommodation.
14. In addition to the issues set out in the December Cabinet report, pressure on single person accommodation has been further impacted by the early release of prisoners, which is taking place to address capacity issues in the prisons. This is adding to the number of single people coming forward for help from a system that is already over stretched.
15. As a result of this demand it has been necessary to retain 2 hotels specifically for single people and this will continue into the short term. Despite this additional provision the use of emergency accommodation for single people, including shared spaces, continues to ensure that placements can be provided for those most in need.
16. It is clear that the housing emergency declared in December continues and that the need for both permanent and temporary affordable housing remains an urgent and pressing issue.
17. The December Cabinet report considered options to increase affordable accommodation across the city at scale and pace in the short, medium and longer-term.
18. In the short-term, large-scale property purchases were recommended for a rapid response to the current emergency. Approval in principle was granted to pursue the freehold acquisition of a newly built city centre commercial property and adjacent site. This purchase would have delivered 84 family flats alongside ground and first floor commercial /retail space and a development site suitable for 150 high rise flatted homes. This opportunity was withdrawn by the vendor when he secured interest in the property for its original purpose. Consequently, alternative property purchase options have been identified.

19. For the medium term, continuation of the approach to utilise vacant sites for “meanwhile use” was agreed in principle with proposals for the construction of approximately 350 additional modular units delivered via the Cardiff Living Programme. The development of design options at the gasworks site enabled a suite of unit types in full compliance to Welsh Government WDQR standards to be developed along with the design of the groundwork packages and this “pattern book” was approved for the additional roll out.
20. Progress to secure Welsh Government approval and funding support for the further roll out of these WDQR compliant modular homes has been successful with one scheme for an additional 35 units at Ty Ephraim approved through Welsh Government technical review and an in-principle agreement for the award of Transitional Accommodation Capital Programme grant of circa £3.1 million.
21. Discussion with Welsh Government in respect of 2 sites in their ownership are on-going with potential challenges identified in relation to the time available for the meanwhile use of one of the sites. An alternative purchase proposal to this site has been identified to ensure the total delivery of units can be maintained at the 350 total.
22. Approval has been secured by the Cardiff and Vale Health Board for the use of a site at the CRI for longer term meanwhile use and this project is proceeding to submission for Welsh Government approval.
23. Longer term the Council’s ambitious housing programme will continue to deliver new council and affordable homes for sale with 60 sites across the city with the capacity for over 4,000 new homes. Currently 1,127 new homes have been handed over against this target with an additional 368 units on site.

New Proposals

Property / Land Purchases.

24. Due to the removal from the market of the previously approved new build large scale property purchase further enquires have been made about potential opportunities for the acquisition of commercial and office accommodation for residential conversion.
25. An opportunity to purchase the freehold interest of 2 buildings from the same vendor, previously used as office accommodation, has been secured in principle. 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. Planning permission was sought on the basis of a market rented scheme and an amendment to this planning permission is required to reflect the revised mix of units to meet social housing requirements and to meet WDQR. The conversion will be completed in two phases, phase one delivering 33 units and phase two

delivering 46 units. The target date for completion of phase one is 28th February 2025 and phase two within 10 months of the revised planning approval. The payment schedule relating to the phased completion is detailed in the Heads of Terms provided within Appendix B.

26. 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. A full planning application is to be submitted based on this mix with the Heads of Terms requiring the submission of a full planning application within 6 months of exchange of contracts and a target completion date of 12 months from after securing planning consent (including the statutory JR period). Details of this purchase are provided in Appendix B.
27. The option of a property purchase whereby the purchase is completed once all remodelling works are undertaken removes risk for the council. The Owner is responsible for ensuring all works are compliant with planning and building regulations and Welsh Government Design Quality standards. As it is a property transaction the purchase price is fixed.
28. In addition, and in the close vicinity a vacant development site of 1.87 acres has become available which would allow the rapid deployment of approximately 150 medium rise modular units for temporary or long-term family accommodation. Details of this opportunity are provided in Appendix C.
29. Subject to Cabinet approval, officer delegated decision and satisfactory compliance with the requirements identified in relation to viability assessment, an indication from Welsh Government that necessary grant funding is likely, and delivery within the existing budget framework then the intention is to exchange contracts for the 2 properties and the site no later than the 28th June 2024 (subject to the satisfactory planning consent).
30. The property and land purchases will be funded through the HRA Capital programme supported by and subject to confirmation of Welsh Government grant.

Hotel Accommodation

31. In order to meet the extraordinary demand for emergency accommodation the Council has taken the exclusive use of 4 hotels in the city offering 349 units of accommodation. Whilst the intention is to end the use of this provision as swiftly as possible the current assessment of need is that this provision will be required for at least another 12 months. Authority to continue the use of this provision is therefore a crucial component of the short-term response to the homelessness crisis.

32. Specific approval in respect of the continued use of the Copthorne hotel is required and details of the recommended extension of use and costs are included at Appendix E.

Local Member consultation (where appropriate)

33. Local Members will be consulted about individual accommodation schemes in their wards.
34. CASSC Scrutiny Committee are due to consider this report on 13th May 2024.

Reason for Recommendations

35. To address the housing emergency in Cardiff

Financial Implications

36. In respect to New Sites Acquisition, the Capital expenditure costs of the three sites proposed to be acquired for Housing Revenue Account Purposes are shown in Appendix F. This includes acquisition cost and any land transaction tax payable. The acquisition includes two completed housing sites for Social Housing, one of which also includes office space proposed to be used by the Council in delivery of Housing and Community Services. Whilst the space is relatively small, the proposed use will need to be consistent with any Core Office Strategy adopted by the Council if to be used for such purposes and will need to determine how any additional operating costs may be met. It also includes commercial space, for which a use will need to be determined. No other specialist housing services are proposed in the report for the sites to support tenants.
37. A further vacant site is proposed to be acquired as part of a strategic acquisition. In purchasing this site, the future intention as a housing site should be clear and documented, with appropriate VAT sought to ensure no adverse implications to the Council were approaches and use to change. This should be undertaken prior to any contractual commitments being entered into. Any use of the building for council office space including hire to third parties should also be determine as part of early discussions with the seller to ensure any adverse impacts of VAT to the Council are mitigated. Such due diligence will need to be in addition to property acquisition due diligence which at the time of providing these implications have yet to be undertaken and would need to be, prior to any financial commitment.
38. Viability assessments are attached as Appendix G for the acquisition of the two completed housing sites. These highlight that Welsh Government Grant is essential to ensure that the proposals are sustainable and manageable without increasing financial resilience risk to the Housing Revenue Account. The viability assessments

show the costs of the acquisition, the income expected to be generated from rents, operating costs for the units, grant income assumed, any residual borrowing required by the Council and the estimated payback period. No viability assessment is attached for the vacant site at this stage but will need to be as part of development of proposals for the site.

39. No confirmation of external grant award or the eligible funding stream of any grant has been received for any of the sites to be acquired but would need to be in place prior to making any financial commitment for acquisition. Following the Housing Emergency Cabinet Report in December 2023, the Housing Revenue Account Budget Framework did include the acquisition of sites which are now no longer to proceed as initially assumed. This included additional borrowing and dependent on grant awards, the expenditure proposed in confidential Appendix F, can be met from the March 2024 approved medium term capital investment programme.
40. In respect to the continuation of emergency hotel accommodation, Appendix E highlights the costs of the block booking at one of the sites. These costs, after any income assumed, are to be met from specific external grant income to the Council. Any adverse variations e.g due to voids will need to be managed within existing revenue budgets for homelessness services. Other sites are also currently being used, however these are subject to separate officer decision reports, are paid for by grant and the financial implications of these are not highlighted in this report.
41. In respect to the Local Market Housing Assessment, the report has no direct financial implications but demonstrates the indirect financial consequences of housing need on services as well as the need for additional investment across all sectors to meet housing needs forecasts. Where specific actions are identified in the Local Housing Market Assessment, these will need to be identified and included in the Council's Budget framework, where deemed affordable, as part of an approved business case.

Legal Implications

42. A local housing authority has duties to the homeless under Part 2 of the Housing (Wales) Act 2014. A local housing authority must carry out a homelessness review for its area, and formulate and adopt a homelessness strategy based on the results of that review. It must carry out an assessment of a person's case, if the person has applied to a local housing authority for accommodation or help in retaining or obtaining accommodation, and it appears to the authority that the person may be homeless or threatened with homelessness.
43. In relation to the acquisition of property referred to in this report, the Council has specific power to acquire interests in land for the purpose of housing accommodation under s.17 of part II of the Housing Act

1985. Section 120 of the Local Government Act 1972 also provide general power to acquire land for any of its functions. The Council's Acquisition and Disposal of Land Procedure Rules requires the decision maker to have regard to advice from a qualified valuer, set out in confidential Appendices B and C.

Hotel Accommodation

44. In relation to the hiring of rooms at the Copthorne Hotel, legal advice is provided for at Exempt Appendix H.

Grant Funding

45. The Directorate must satisfy itself that it can comply with the grant conditions, if any, listed in the WG grant offer letter before accepting the grant. Amongst other matters, the grant conditions require compliance with all legislative requirements, including procurement law and state aid.

Social Services and Well Being (Wales) Act 2014

46. In considering this matter, the decision maker must have regard to the Council's duties pursuant to the Social Services and Well Being (Wales) Act 2014. In brief the Act provides the legal framework for improving the well-being of people who need care and support and carers who need support and for transforming social services in Wales

Equality Duty

47. In considering this matter, the Council must have regard to its public sector equality duties under the Equality Act 2010 (including specific Welsh public sector duties). This means the Council must give due regard to the need to (1) eliminate unlawful discrimination, (2) advance equality of opportunity and (3) foster good relations on the basis of protected characteristics. The protected characteristics are: age, gender reassignment, sex, race – including ethnic or national origin, colour or nationality, disability, pregnancy and maternity, marriage and civil partnership, sexual orientation, religion or belief – including lack of belief.
48. When taking strategic decisions, the Council also has a statutory duty to have due regard to the need to reduce inequalities of outcome resulting from socio-economic disadvantage ('the Socio-Economic Duty' imposed under section 1 of the Equality Act 2010). In considering this, the Council must take into account the statutory guidance issued by the Welsh Ministers ([WG42004 A More Equal Wales The Socio-economic Duty Equality Act 2010 \(gov.wales\)](#)) and must be able to demonstrate how it has discharged its duty.

Well Being of Future Generations (Wales) Act 2015 - Standard legal imps

49. The Well-Being of Future Generations (Wales) Act 2015 ('the Act') places a 'well-being duty' on public bodies aimed at achieving 7 national well-being goals for Wales - a Wales that is prosperous, resilient, healthier, more equal, has cohesive communities, a vibrant culture and thriving Welsh language, and is globally responsible.
50. In discharging its duties under the Act, the Council has set and published well being objectives designed to maximise its contribution to achieving the national well being goals. The well being objectives are set out in Cardiff's Corporate Plan 2023-26. When exercising its functions, the Council is required to take all reasonable steps to meet its well being objectives. This means that the decision makers should consider how the proposed decision will contribute towards meeting the well being objectives and must be satisfied that all reasonable steps have been taken to meet those objectives.
51. The well being duty also requires the Council to act in accordance with a 'sustainable development principle'. This principle requires the Council to act in a way which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs. Put simply, this means that Council decision makers must take account of the impact of their decisions on people living their lives in Wales in the future. In doing so, the Council must:
- Look to the long term
 - Focus on prevention by understanding the root causes of problems
 - Deliver an integrated approach to achieving the 7 national well-being goals
 - Work in collaboration with others to find shared sustainable solutions
 - Involve people from all sections of the community in the decisions which affect them
52. The decision maker must be satisfied that the proposed decision accords with the principles above; and due regard must be given to the Statutory Guidance issued by the Welsh Ministers, which is accessible using the link below: <http://gov.wales/topics/people-and-communities/people/future-generations-act/statutory-guidance/?lang=en>

General

53. The decision maker should be satisfied that the decision is in accordance within the financial and budgetary policy and represents value for money for the council.
54. All decisions taken by or on behalf 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 of behalf of the Council; (d) be undertaken in accordance with the procedural requirements imposed by the Council e.g. Council 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

55. The decision maker should also have regard to, when making its decision, to the Council's wider obligations under the Welsh Language (Wales) Measure 2011 and the Welsh Language Standards.

HR Implications

56. Trade Unions have been consulted on this report as there will be a future staffing requirement for these properties. Any future staffing requirements will be met through standard Council processes.

Property Implications

57. The proposed acquisitions will be a medium term solutions due to the transactions requiring planning for either conversion of an existing commercial property or the erection of temporary units. Whilst the development land may be deliverable in a shorter period of time depending on the ability to service the site, the units within the conversions will be delivered in phases over a period of time. On that basis, it is assumed that whilst Strategic Estates are not involved in the block booking of the Hotel accommodation, there may realistically be a need to go beyond the 12 months noted.
58. The Heads of Terms and Valuation report are in draft but the principals have been agreed for the purposes of delegation. The proposal to enter into long term leases on two phases is noted and as a result, the contract document referred to may need to be adjusted to reflect a lease transaction as opposed to an initial freehold transfer. Furthermore, it is also noted and understood that a deposit is paid upon exchange in June 2024 as commitment to taking the planning forward and commencing phase 1 of one of the properties to deliver c79 units. More information is required on the consideration to occupy the commercial area as this needs to be aligned with the core office strategy and given its location, the potential opportunity to obtain a commercial revenue from a lease to a third party to produce additional income to the authority. The existing lease of the Telecoms company will need to be assigned to the Council if possible or we will be encouraged to enter into a Code Agreement by the company if the mast is to stay in situ.
59. The Heads of Terms for the development land is noted to be unconditional on planning and the service area needs to be content

that the proposed use for temporary units can be satisfied. We understand that the land was recently purchased and whilst there has been other interest in the land, the price negotiated by our agents represents best value as noted in confidential Appendix D.

60. Subject to approval, the detail of the transactions will be in the legal document and therefore it is imperative that the contract for the land and the Agreement for Leases/lease on the properties is cross referenced with the agreed terms and sanctioned by Strategic Estates.

RECOMMENDATIONS

Cabinet is recommended to:

61. Note the progress being made to address the on-going Housing Emergency in Cardiff

62. To approve the acquisition of the properties and land identified in Appendices B & C and to delegate authority to the Corporate Director – People and Communities in consultation with the S151 Officer, Legal services and the Cabinet members for Housing and Communities and Finance, Modernisation and Performance to authorise exchange of contracts and completion of those properties in accordance with the Heads of Terms annexed to this report subject to:

- Approval of appropriate grant funding being secured from Welsh Government
- Confirmation of a suitable financial viability assessment for each purchase
- Confirmation that the decision does not result in commitments outside the budget framework.

63. To seek approval for the extension of the use of specific Hotel provision at the Copthorne hotel as family homeless accommodation for a period of approximately 12 months.

64. To approve the Cardiff Local Housing Needs Assessment (2022-2027)

SENIOR RESPONSIBLE OFFICER	Director Name Sarah McGill
	Date submitted to Cabinet office

The following appendices are attached:

- Appendix A – Local Housing Market Assessment
- Confidential Appendix B - Proposed Property Acquisition - not for publication

Confidential Appendix C – Vacant Development Site - not for publication
Confidential Appendix D - Valuation Reports - not for publication
Confidential Appendix E - Continued Use of Hotel Accommodation - not for publication
Confidential Appendix F - Financial Details - not for publication
Confidential Appendix G – Viability Reports - not for publication
Confidential Appendix H – Exempt Legal Advice – Hotel Accommodation – not for publication

The following background papers have been considered:

[Agenda for Cabinet on Thursday, 14th December, 2023, 2.00 pm : Cardiff Council \(moderngov.co.uk\)](#)