

**PROVISION OF ADDITIONAL AFFORDABLE HOUSING
OPTIONS TO EASE CURRENT HOUSING PRESSURES**

**HOUSING AND COMMUNITIES (COUNCILLOR LYNDA THORNE)
AGENDA ITEM: 14**

The appendices to this report are not for publication as they contain exempt information of the description contained in paragraphs 14, 16 and 21 of Schedule 12A of the Local Government Act 1972.

Under Rule 13 of the Scrutiny Procedure Rules the call in procedure is not intended to apply to this report.

Reason for this Report

1. To note the urgent need for the provision of additional family housing for temporary accommodation to help alleviate current housing pressures.
2. To approve the purchase of a range of void properties comprising of 25 number 1, 2 and 3 bed apartments and 1 x 4 bed house for temporary accommodation.
3. To seek delegated authority to approve a proposal to deliver modular housing solution that can be initially located to provide a meanwhile use of a brownfield site for temporary accommodation for families through the Cardiff Living programme subject to satisfactory technical and financial assessment. This to enable the Council to act more swiftly on suitable properties purchases in the future subject to finance being available within the existing budget framework and is in accordance with approved thresholds for viability assessment
4. To further delegate authority to the Corporate Director for People and Communities to agree terms for the acquisition of any additional properties required for the purposes set out in this report subject to obtaining valuation advice and in consultation with the relevant Cabinet Member, Corporate Director Resources and Director Legal Services and Monitoring Officer.

Background

5. Demand for affordable housing in Cardiff, in common with other Local authorities in Wales and across the UK, is currently acute. There are

currently 8,000 applicants on our combined housing waiting list and 1,400 homeless families and individuals in temporary accommodation.

6. These pressures are driven in no small part by an increasing lack of supply of privately rented accommodation across the city. In addition, Local Housing Allowance (LHA) i.e. the rate at which housing benefit can be paid, has not kept pace with market rents. Consequently, rents charged on two-bedroom properties are on average £200 a month more than the LHA rate with a gap of £450 a month for a four-bedroom property.
7. The Council's Money Advice Team have seen an increase of 169% (from 400 to 1,076) in the number of people making contact in relation to debt advice, in Quarter 1 compared to last year. During 2021/2022 the team supported 1,368 people who were in rent arrears, preventing them from becoming homeless. There are concerns that further increases in the cost of living will add significantly to the housing stress being felt by those struggling to balance household budgets.
8. The present situation is compounded by emerging and significant short term pressures linked to recent global events where a significant number of those seeking sanctuary in Cardiff require short term support to meet immediate needs.
9. The Council is proud of its housing development programme that is delivering 4,000 new high quality, energy efficient homes across the city. New and innovative opportunities for additional housing delivery at pace are constantly under review and in response particularly to current pressures Welsh Government have made additional funding available to support proposals that will increase transitional housing supply in the short term and are particularly keen to support proposals that will meet emerging short term needs but that can also be utilised to support medium and longer term housing requirements.
10. A number of opportunities are currently under consideration for their feasibility, but two options have been identified that Welsh Government have indicated in principle that they would wish to support and which would provide short term additional capacity within the city.

Issues

Phase 1: Direct property purchase

11. Option 1 is to purchase the freehold interests of a number of vacant buildings containing fully furnished serviced apartments. We have worked with agents to identify suitable property which is available immediately, of good condition and that can be utilised for Temporary Housing Accommodation once the purchase of each property completes. No immediate refurbishment work will be required as they can be let as they are.

12. A full schedule of accommodation is provided in Appendix A along with the values. A portfolio of properties that total 25 x 1, 2 & 3 bed apartments and 1 x 4 bed house are immediately available for purchase. All the properties have been used as serviced apartments and are decorated and furnished to a high standard.
13. Initial discussions have taken place with Welsh Government regarding this opportunity as the Council is seeking a Capital Grant to cover 50% of the acquisition costs through the Transitional Accommodation Capital Programme grant funding. Indications are that this approach will be supported and a formal application for funding has been made.
14. A valuation report and condition survey has been commissioned for each property and legal searches are underway. Valuation reports are provided in Appendix B.
15. The vendor has put in place a requirement that the acquisition of the first property needs to be completed by 16th July 2022, hence the urgent nature of this report and the need to disapply call-in. Under Rule 13 of the Scrutiny Procedure Rules the Call-in procedure shall not apply where the decision being taken is urgent. A decision will be urgent if either the Chief Executive, Monitoring Officer, or s.151 Officer certifies that any delay is likely to be caused by the call-in process could seriously prejudice the Council, or the public interest. The Chair of the Scrutiny Committee, or in their absence, the Chair of the Council, or Vice Chair, must agree that the matter is urgent. If the matter was to be delayed by call in then the opportunity to complete this acquisition will be lost and the temporary housing situation remain difficult.
16. The purchase of suitable property to increase the supply of temporary accommodation will help to alleviate the pressures on our existing housing stock and ensure we can continue to tackle urgent housing need. Delegated Authority is being sought at recommendation 2 of this report in order to be able to act more swiftly on the acquisition of suitable property purchases in the future.

Phase 2: Meanwhile use of a brownfield site for the provision of temporary accommodation

17. The Council has had an ambition for some time to ensure that sites within the housing development programme are utilised where possible for “meanwhile” use. This is the utilisation of a site for temporary housing while all the pre-construction planning and procurement processes are worked through. Such use is particularly applicable to large sites that would be developed out in a phased way and could enable temporary accommodation available for a number of years.
18. An example of this approach has recently been delivered on a small part of the Councils Gasworks site which is a large brownfield site already within our development programme. The permanent development will see delivery of c.500 new homes. The current temporary scheme delivered 48 units of Passivhaus certified, energy efficient, modular flats

across 3 blocks. This provides a mix of 1,2 & 3 bed family flats for temporary accommodation. The units are fully demountable and will be reutilised on other sites once the permanent development of the site has been completed.

19. Working with our existing Cardiff Living partners, Wates Residential, a new proposal has been put forward to make a further meanwhile use of this site through the rapid installation of new modular homes. Wates are working with a number of modular providers in order to put in place a rolling programme of modular units consisting of 1, 2 & 3 bed units, which will be WDQR Compliant and/or suitable for TA in the longer term.
20. Subject to Cabinet Approval and Welsh Government confirming their support for this approach, around 200 new modular homes could be installed on the site. The new homes would be a temporary installation and would be delivered using permitted development rights. Each unit would be fully demountable and once a permanent development of the brownfield site is in a position to begin, the modular homes would be relocated elsewhere on other sites across the city. This approach means that initially the Council are able to undertake a rapid installation to meet immediate housing pressures and that there is also a longer term and sustainable use of the modular homes once they are relocated onto other sites in the future.
21. All modular homes delivered on site will be compliant with all Welsh Regulations, will include sprinklers and will be a fully certified modular system. The new homes will meet many of our design standards including low-energy standards and the scheme will include a placemaking strategy to ensure the development remains a pleasant place to live. The properties will be guaranteed for a minimum of 60 years and can be utilised either for further meanwhile use or they could be re-located as permanent accommodation on suitable sites across the city.
22. Details of the proposals including high-level costs and a programme as well as an indicative site layout are provided in Appendix C.
23. Once the approval is given to proceed there would be an estimated 10 week lead-in period to mobilise modular construction and to undertake site works and the first units could arrive on site by an estimated period of 15 weeks. Once mobilised and with the benefit of a number of modular providers being commissioned, up-to 20 units per week could be completed. It is anticipated that the entire project would be completed within this financial year.
24. Initial discussions have taken place with Welsh Government regarding this opportunity as we are seeking a Capital Grant to cover 50% of the development costs through the Transitional Accommodation Capital Programme grant funding. Indications are that this approach will be supported and a formal application for funding has been made. Welsh Government have indicated that they would potentially see the modular

proposal as a pilot to test its feasibility for potential large scale roll out across Wales.

25. Approval is being sought from Cabinet for this approach in principle and to delegate authority to identify and implement a proposal which includes the sites within the existing Cardiff Living Programme. Delegation has previously been granted to Corporate Director for People & Communities (in consultation with relevant Cabinet members) to add and omit sites into the programme under CAB/12/0025 min no. 31. All matters relating to scheme viability, costs, outputs and deliverability will be dealt with under the existing Cardiff Living Programme Development Agreement and site draw-down processes. This will need to be explored within existing public procurement requirements and subject to confirmation of Welsh Government grant funding.

Local Member consultation

26. Local members have been appraised of the proposals within this report

Urgent Decision Exempt from Call-In

27. This decision has been certified by the Monitoring Officer as urgent because any delay likely to be caused by the call-in process is not in the public interest under section 13 of the Scrutiny Procedure Rules.
28. The decision is urgent because of the urgent need to secure the available opportunities and the vendor requirement that the vendor has put in place that the acquisition of the first property needs to be completed by 16th July 2022,
29. The Chair of the Communities, Adults and Services Scrutiny Committee Councillor Molik, has been consulted in this matter and has agreed that this report should be certified as urgent and therefore not subject to call-in.

Reason for Recommendations

30. To set out a range of measures being taken to address current housing pressures and to seek approval for this approach.

Financial Implications

31. The report sets out two proposals to increase the number of housing units to meet short term pressures. A grant has been bid for towards the costs identified for the two phases, but is subject to confirmation and receipt. Until then any commitments arising from this decision will need to be borne by the Council.
32. The Direct property purchase will need to be consistent with internal governance procedures set out in terms of viability assessments and be based on consideration of a report from a qualified valuer. It is assumed that the acquisition of additional properties at phase 1 is the bringing

forward of units already assumed would be created as part of approved projects in the HRA Capital programme. If these are additional units, then these would not be in the budget framework. In bringing this expenditure forward, the numbers of units or approach to the following schemes will be reviewed to ensure the expenditure remains within the current agreed budget framework.

33. There is no budget allocation for meanwhile use within the HRA capital programme. Any costs will need to be met from and managed within the allocation for the planned new build construction of the site. In developing the site, consideration will need to be had for impact on any grant approval secured from the Cardiff City Region City Deal Housing Viability Gap Fund towards site clearance. Given the urgent request for a decision, the estimated costs are highlighted in Appendix B. No detail has been seen on the key cost headings within this at this stage and it needs to be recognised that a start on site without fully completed designs and scope will have costs implications that will need to be managed carefully. Lessons learned from the current meanwhile use construction for Family Homelessness accommodation on the site should be considered in providing the estimate included within this report. Further review of the financial implications will be required as part of the development of any delegation to approve meanwhile use including approach to demonstrating value for money in the absence of a specific procurement exercise given the urgency of the decision required.
34. Costs outlined in this report in terms of initial acquisition and short term and meanwhile are assumed to be eligible to be paid for and operated within the HRA, with any rent receivable also assumed to be relevant income. As part of any delegation, any wider support services will also need to be reviewed to ensure such costs are either grant funded or can be met from within existing budget headings.
35. The HRA Capital programme includes a number of schemes where there are indications of increasing cost pressures caused by capacity, pricing and supply factors. These need to be reviewed on a continuous basis to mitigate against financial viability risks as a result of borrowing, to ensure the business plan remains viable and to ensure set targets remain achievable. Where any delegations are undertaken for acquisition or meanwhile use of future sites these should clearly set out how a decision is to be managed within the existing budget framework and that it is in accordance with agreed thresholds for viability assessment.

Legal Implications

36. In connection with the acquisition of existing property, the Council has power to acquire interests in land for the purpose of housing accommodation under s.17 of part II of the Housing Act 1985. The Council's Disposal and Acquisition of Land Procedure Rules requires the decision maker to have regard to advice from a qualified valuer, to ensure value for money.

37. 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.
38. In connection with the provision of works for modular units detailed in the report it is proposed that these works will be delivered on land within the Council's ownership that is subject to an existing development agreement for the Cardiff Living Programme. Further legal advice will need to be provided once the details of the proposals are available for the best way of delivering the development in accordance with the agreement and public procurement law, as well as any site constraints which might prevent development. It is proposed that the works will be partly funded by Welsh Government grant funding and therefore the works would be subject to receipt of that funding and compliance with any grant terms imposed.

Equalities & Welsh Language

39. In considering this matter the decision maker must have regard to the Council's duties under the Equality Act 2010 (including specific Welsh public sector duties). Pursuant to these legal duties Councils must, in making decisions, have 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. Protected characteristics are: (a) Age, (b) Gender reassignment, (c) Sex (d) Race – including ethnic or national origin, colour or nationality, (e) Disability, (f) Pregnancy and maternity, (g) Marriage and civil partnership, (h) Sexual orientation (i) Religion or belief –including lack of belief.
40. 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.
41. An Equalities Impact Assessment aims to identify the equalities implications of the proposed decision, including inequalities arising from socio-economic disadvantage, and due regard should be given to the outcomes of the Equalities Impact Assessment where required.
42. The decision maker should be mindful of the Welsh Language (Wales) Measure 2011 and the Welsh Language Standards.

The Well-being of Future Generations (Wales) Act 2015

43. 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. 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 wellbeing objectives are set out in Cardiff's Corporate Plan 2020 -23.
44. When exercising its functions, the Council is required to take all reasonable steps to meet its wellbeing objectives. This means that the decision makers should consider how the proposed decision will contribute towards meeting the wellbeing objectives and must be satisfied that all reasonable steps have been taken to meet those objectives.
45. The wellbeing 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
46. 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 on line using the link below: <http://gov.wales/topics/people-and-communities/people/future-generations-act/statutory-guidance/?lang=en>

Policy and Budget Framework

47. The decision maker must be satisfied that the proposal is within the Policy and Budget Framework, if it is not then the matter must be referred to Council.

HR Implications

48. There are no HR implications directly linked to this report.

Property Implications

49. All property implications are covered in the body of the report. Furthermore, it is noted that a valuation report by an independent valuer and also a condition survey has been commissioned for each property and, whilst the urgent timescale is noted, it is recommended that the assumptions and conclusions of these reports are reviewed and given due consideration prior to completion of any property acquisitions.

RECOMMENDATIONS

Cabinet is recommended to:

1. note the urgent need for the provision of additional family housing for temporary accommodation to help alleviate current housing pressures.
2. approve the purchase of a range of void properties detailed in Appendix 2, comprising of 25 number 1, 2 and 3 bed apartments and 1x4 bed house for temporary accommodation subject to legal due diligence to be carried out by Legal Services.
3. delegate authority to the Corporate Director for People and Communities to agree terms for the acquisition of any additional properties required for the purposes set out in this report subject to obtaining valuation advice and in consultation with the relevant Cabinet Member, Corporate Director Resources and Monitoring Officer. This to enable the Council to act more swiftly on suitable properties purchases in the future subject to finance being available within the existing budget framework and is in accordance with approved thresholds for viability assessment.
4. further delegate authority to the Corporate Director for People and Communities to consider and agree terms for a proposal to best deliver a meanwhile use of a brownfield site for temporary accommodation for families using modular housing through the Cardiff Living programme and using the existing terms of the Development Agreement subject to obtaining detailed financial and legal advice.

SENIOR RESPONSIBLE OFFICER	Sarah McGill Corporate Director People & Communities
	8 July 2022

The following confidential appendices are attached:

Appendix A – Schedule of Properties to purchase

Appendix B – Valuation Report

Appendix C – Rapid Provision of Modular homes – details