

Gedling Borough Council

Detailed Business Case

Project Title: Burton Road and Station Road Housing Schemes

Project Manager: Alison Bennett

Project Sponsor: Joelle Davies

Lead Department: Economic Growth and Regeneration

Estimated Value: £2.6m

Estimated Project Duration: 18 months

DOCUMENT CONTROL

PB Author	Alison Bennett
Project Sponsor (contact details)	Joelle Davies extn: 3729 Joelle.davies@gedling.gov.uk
Project Manager (contact details)	Alison Bennett extn: 3696 Alison.bennett@gedling.gov.uk
Date	March 2021
Document ID	

Version	Status	Revision Date	Summary of Changes	Sign-Off
V1	Draft	06/09/2020	Initial draft	
V2	Draft	21/09/2020	Second draft	
V3	Draft	26/10/20	Third draft	
V4	Draft	18/02/2021	Fourth draft to combine Station and Burton Road schemes	
V5	Draft	03/03/2021	Amended version	
V6	Draft	06/03/2021	Sixth draft to reflect legal restrictions and revised options appraisal.	
V7	Draft	08/03/2021	Draft to reflect legal and finance comments	
V8	Draft	09/03/2021	Draft for SLT	
V9	Draft	09/03/2021	Amended draft following SLT feedback	
V10	Draft	10/03/2021	Further amendments	
V11	Draft	11/03/2021	Amended options appraisal with more detailed Appendix D and E (summarised in blue text in the main report).	
V12	Draft	12/03/2021	Final amendments	
V13	Draft	15/03/2021	Final comments from finance	
V14	Final draft	15/03/2021	Final draft	

CONTENT

1.	Purpose of Document	4
2.	Executive Summary	4
3.	Strategic Fit	5
3.1	Background and Business Needs	6
3.2	Strategic Objectives and Outcomes	12
3.3	Scope	14
3.4	Constraints	20
3.5	Assumptions and Dependencies	21
3.6	Key Risks	22
3.7	Benefits	24
4.	Economic Case (Value for Money) - Option Appraisals	24
5.	Commercial Viability	25
6.	Affordability	26
7.	Achievability	30
8.	Terms of Reference	30
9.	Support services comments	31
10.	Project Sign Off	34
	Appendix A: Burton Road Site	35
	Appendix B: Station Road Site	37
	Appendix C: Temporary accommodation options appraisal	39
	Appendix D: Burton Road Schemes	40
	Appendix E: Station Road Schemes	45
	Appendix F: Station Road Right of Way	48
	Appendix G: Wider Project Team Members	49
	Appendix H: The Grove case study	50

1. PURPOSE OF DOCUMENT

This document sets out the work done to date on the redevelopment scheme for the Council owned sites at Burton Road and Station Road in Carlton. The document includes assessment of different delivery options for the site and proposes development for affordable housing and temporary accommodation with detailed business analysis to support this proposal. It provides the detailed, legal and financial considerations in preparing a full business case against which the project will be assessed.

2. EXECUTIVE SUMMARY

Project aim

The two sites being considered include:

- Land south of Burton Road, Carlton (see Appendix A)
- Land north of Station Road, Carlton (see Appendix B).

The aim of this project is to make the best use of the Council owned sites, to meet the Corporate priorities of delivering affordable housing and to increase the temporary accommodation at the Council's disposal.

Project Approach

The project is being progressed through the Programme Board, with relevant approvals being sought from SLT, Cabinet and full Council.

There has been a number of external consultants appointed to support the creation of the full business case who have undertaken the following:

- Initial feasibility work and drawings to show the capacity and various options for the site;
- A specialist housing consultant appointed to outline the financial, legal and other technical matters to be considered as part of the scheme development; and
- A review undertaken by Tomlinson's via the Scape Framework on the potential schemes to highlight any specific issues with the construction on these small, tight sites.

Development Proposals

Various site appraisals have been conducted on both sites to identify the potential number, layout and style of properties which could be delivered. Section 3.3 provides more details, but in summary:

- **Burton Road Site** - there are various development options that have been considered for this site to fully understand the development potential (see Appendix D. This work has shown the site can deliver around 6-7 x 2 bedroomed flats.
- **Station Road Site** - there has been a variety of options considered with this site to understand the best use of the site and to help inform the options appraisal for its long term use (see Appendix E). These plans have shown that around 10-11 x 2 bedroomed flats can be provided across this site.

3. STRATEGIC FIT

Corporate Plan

The two schemes link into the corporate plan, as follows:

- **The corporate vision**
 - A commercial council that is innovative and forward thinking in its use of resources and focused on achieving value for money
- **Vibrant economy**
 - To promote and drive sustainable growth across the borough to meet current and future needs
- **Sustainable environment**
 - To promote a sustainable environment
- **Cohesive, diverse and safe communities**
 - Deliver improvements to the standard and availability of temporary accommodation
- **Provide efficient and effective services**
 - Develop and deliver a new efficiency programme in order to secure a balanced budget in the medium term
- **Provide more homes**
 - Identify and facilitate the delivery of the identified housing priorities
 - To drive the delivery of key housing sites
 - To Identify the opportunities for redeveloping vacant or underused sites for new affordable homes and temporary accommodation
 - Explore the development of additional houses across the borough through appropriate models

The Economic Growth and Regeneration Service Plan 2020/23

This project delivers against the following targets within the above plan: COM12.2, COM12.4, ECO12.1, ECO12.1ECO12.3 and ECO12.4

Temporary Accommodation Review

A report was taken to Cabinet in February 2021 to outline the work programme of the Temporary Accommodation Officer Working Group and the temporary accommodation appraisal (see Appendix C).

The options appraisal reviewed the demand on the Council for temporary accommodation in detail since April 2019 and how this was broken down into the different types of accommodation (a summary table is shown below) and the size of the households placed in temporary accommodation. The appraisal also looked at the number of households accommodated in TA by the Council, the length of time those households spent in TA and the cost implications for the Council of using these types of accommodation, which is steadily increasing.

Officers considered a number of options that are available to the Council to meet the

demand for TA. A number of these options were discounted as part of the process (see section 3 of the options appraisal for detail). As part of this work three delivery options were identified to meet the local need:

- **Delivery option 1: Purchase of properties on the open market/auction** - taking ownership of a property on sale on the open market or at auction;
- **Delivery option 2: Lease of properties from private owners/landlords** – this means agreeing to terms and taking responsibility for the property (including the ongoing maintenance) for a specified period of time and
- **Delivery option 3: Build our own units** – use of Council owned land to build properties for use as temporary accommodation and affordable rent;

For the purposes of this business case, the option to build our own properties on sites, such as Burton Road and Station Road sites was identified.

3.1 Background of Business Need

Background to the sites

Burton Road site

The site shown on the plan at Appendix A is located in the popular residential suburb of Carlton, approximately 2.5 miles north east of Nottingham City Centre. The site has an extensive frontage to Burton Road, a busy thoroughfare leading towards Bakersfield, Sneinton and on into the centre of Nottingham.

The property is situated in a predominantly residential area with the nearest commercial outlets being immediately opposite at Carlton Square. Tenants such as Coral, Wilko, Farmfoods and Boots Pharmacy anchor this site, with the remaining occupiers being takeaway, card & gifts, a news agent and a café. Tesco is located off Cavendish Road, a short walk away from the subject property. The popular Victoria Retail Park in Netherfield housing multiple national occupiers across a number of sectors is easily accessible within a 5 minute drive.

The site had various commercial uses over the years, including the use as a taxi office in the early 1980s to use as a shop for the sale and repairs of cycles and mopeds since the late 1980s.

Initially, the Council purchased 23 Burton Road in 1978. Whilst the original documents cannot be located, there is a restriction on the registered title of the land preventing disposal unless in accordance with the Housing Act 1957 or some other Act or authority. It is therefore presumed that the site was purchased pursuant to powers under the then relevant Housing Act. Whilst this means that the proposal to develop the site to provide housing is permissible, if the Council decided to do something different the site, for example sale on the private market, then approval may be required from the Secretary of State, due to the legislative restrictions.

Over time the row of shops adjacent to the Council owned land became derelict and was a cause of concern amongst local residents and Councillors, due to their dilapidated appearance. On 28 June 2018, the Council took the decision to acquire the adjacent shops, numbers 25, 27 and 29, with a view to demolishing the properties and redeveloping the entire site as affordable housing, in partnership with a Registered Provider.

An options appraisal was commissioned from David Lock Associates in March 2018 with reference to the sites ability to provide housing, and their assessment concluded that whilst the site could deliver new homes, due to specific constraints within the site such as its topography and access issues, it was not viable for market housing, but would work for affordable housing. This recommendation was included in the 2018 Cabinet report and approval was given for section 106 funds for affordable housing to be used towards the costs (including legal costs) to acquire and demolish the properties on the site. The buildings were demolished in Spring 2019.

The properties were acquired in October 2018 for a total cost of £117,316 plus legal fees. The Council used section 106 affordable housing funds to purchase these sites with the intention of regenerating the area by delivering affordable housing through working with a housing provider, as per the Cabinet approvals (report dated 28 June 2018). There was also permission to buy the builders yard to the rear of these properties, but this has not been progressed due to an unwilling landowner.

The Cabinet report also sought approval to demolish the buildings on the site using s.106 affordable housing funds. This work was undertaken between March and June 2019 and cost £142,175. Furthermore, it is worth noting that in 2018, Cabinet approved the following actions for Burton Road:

- The use of s.106 affordable housing funds to acquire and demolish the site up to a value of £270k.
- For the Service Manager for Economic Growth and Regeneration to tender the site to Registered Providers for a partnership development of affordable housing
- That further approvals relating to the awarding of tenders and approval for land disposal would be sought.

To date the Council has spent £259,491 on the site, this includes the purchase of the shops, demolition, legal fees and ongoing maintenance costs. This has been fully funded by s.106 affordable housing funds.

Due to the powers used to acquire no. 23 Burton Road, how acquisition of the rest of the site and site demolition has been financed and the approvals obtained in the 2018 Cabinet report, the principle of residential development for affordable housing has been agreed. In 2018 the Cabinet report recommended that the site be developed as affordable housing in partnership with a Registered Provider, a process which had been adopted previously by the Council on sites such as the former Grove public house. Further assessment of this delivery option is outlined later in the business case. The acquisition of no. 23 also restricts the site to housing unless a statutory approval process is followed.

Various site appraisals have been conducted on the site to demonstrate that there is the potential to deliver between 6 and 7 x 2 bedroomed apartments (see Appendix D). The

associated development costs used in the financial appraisal for this site is £1.090m (pro-rata from the total costs of both sites at £2.647m).

Station Road site

The site (shown on the plan at Appendix B) comprises of two parcels of land registered with the Land Registry. The southern part of the site has been owned by the Council since 1894. The site comprised of three buildings, which dated back from 1885 – 1900 and a large yard in the centre. The site was formerly a Council depot (c.1950s-1970s), before being occupied by the Netherfield Gardeners Association and latterly Carlton Brass Band. In 2016, the Council applied for adverse possession of the northern part of the site and the Council is now the register proprietor of the whole site. The buildings have subsequently been demolished in August 2020 (at a cost of £28,096.30).

The site itself, is a rectangular shaped site (site photographs are shown in Appendix B), and is within a wider residential area. The neighboring land has a mixture of uses with residential immediately to the north and a railway line to the south leading onto the retail centre of Netherfield.

Severn Trent Water have the benefit of a right of way (see Appendix F) for plan with more details) over the southern part of the site to access their adjacent pumping station. This right of way would significantly impede the Council's ability to develop the site. Officers have been in negotiations with STW and STW have agreed to extinguish the right of way. This is subject to separate approval and is currently being progressed.

This was initially secured in 2015, and then two further proposals were submitted, resulting in an allocation of £174k. To date £47k has been claimed and confirmation has been received from Homes England that their Starter Homes funding can be used alongside S.106 commuted sums funding for the provision of affordable housing including temporary accommodation but the approval of the final amount is still awaited. This grant would have to be forgone if the site was to be used for a purpose other than affordable housing.

As the northern site has been registered to the Council under adverse possession, there is a note on that registered title that the land could be subject to any rights or covenants imposed before the land was registered in 2016 that are still subsisting and capable of enforcement. It is considered extremely unlikely that there are any such rights of covenants as the Council has occupied the land from at least the 1950s. However, this could be mitigated by taking out indemnity insurance to protect the Council against unknown rights or covenants should a claim be made in the future.

Various site appraisals have been conducted on the site to demonstrate that there is the potential to deliver between 10 and 11 x 2 bedroomed apartments. The associated development costs used in the financial appraisal is £1.557m (pro-rata from the total costs of both sites at £2.647m).

Affordable housing

Affordable housing is housing provided to specified eligible households whose needs are not met by the housing market and is split between two tenures.

- Rented accommodation
- Intermediate housing

Rented accommodation

Under rented accommodation, there are three potential rent levels that could be charged and have been considered through the financial appraisal work:

- **Social rent** is housing provided by local authorities and private registered providers, for which maximum rents are determined through the national rent regime. For Gedling, this has been based on a social rent of £90.60 plus £5 service charge p/w.
- **Local Housing Allowance (LHA)** rate. LHA level has been considered as part of the financial modelling work: LHA rates (£126.58 per week) are a rate set by the Department for Work and Pensions to calculate housing benefit payable to private landlords and is the current basis of rent setting used for our other units of temporary accommodation. This would offer consistency across our stock. The financial appraisal suggests the Council would need to charge at this rate or higher to be financially viable (see later section for more detail).
- **Affordable rent** is rent that is no more than 80 per cent of the local market rent (including service charges, where applicable). For Gedling, this has been based on an affordable rent of £148.00 p/w.

In addition, it should be noted that should the Council provide affordable housing as part of this scheme under powers pursuant to Part II of the Housing Act 1985, it would need to reopen its Housing Revenue Account. Although in practice, MHCLG officials have been comfortable to agree a waiver to cover this requirement for authorities with fewer than 200 properties. The Council would need to formally request such a waiver. Approval to progress this is being sought in the related report to Cabinet.

Intermediate housing – discount for sale and shared ownership.

Under the National Planning Policy Framework, intermediate housing are for sale and rent provided at a cost above social rent, but below market levels subject to the criteria in the Affordable Housing definition above. These can include shared equity (shared ownership and equity loans), other low cost homes for sale and intermediate rent, but not affordable rented housing.

Whilst this is an option for the two sites, the need for affordable/social housing is more pressing and so has been discounted (see demand information below).

Housing demand

As at 10 December 2020, there were 629 households on the housing register, split into the bands as follows:

- Band 1 – 63
- Band 2 – 220
- Band 3 – 346

Within those bands the applicants are split between those requiring general needs accommodation and those looking for older persons' accommodation. When you contrast

this with the annual number of properties which become available, 131 general lets and 85 older persons, the problem is self-evident.

The current review of the Council's allocations policy has been designed to further reduce the number of applicants to better match demand to supply, and to ensure that we do not unrealistically raise people's expectations. The new policy should be implemented by April 2021, after Cabinet approval in February 2021. In addition the Council's duty to assist those applicants at risk of homelessness has increased significantly as a result of the Homelessness Reduction Act 2017, for example there was a 33% increase in the number of households placed in TA between 2018/19 on the previous year.

Gedling has seen a significant increase in the number of people in housing need. There are a variety of reasons why:

- **Private sector landlords selling their properties** – There continues to be an increasing percentage of private landlords choosing to no longer rent out their properties resulting in them disposing of the properties altogether.
- **Relationship Breakdown / Parental Eviction** – During the pandemic we have seen an increase in caseload relating to both relationship breakdowns and parental evictions. This may have resulted from the impact of National lockdowns and people self-isolating for long periods.
- **Fleeing violence / harassment** – There has been a national increase in the number of domestic violence and harassment cases reported leading to significantly higher levels of those fleeing their homes and seeking alternative secure accommodation. This includes an increase in homeless applications from people without a local connection to the Gedling Borough Council area.
- **Redundancy** – For those customers who have been made redundant during the pandemic the full impact on their housing situation is unknown. Rent arrears are increasing as a result and landlords are seeking to serve notice as result although they cannot fully enforce all possession at this time. Should the Job Retention (furlough) scheme end and more redundancies occur, then the likelihood is that we will see more notices issued as a result of this.
- **The unknown impact of the Pandemic** - The full impact of the pandemic relating to those under threat of homelessness is not fully known. Currently only limited evictions can be progressed through the Courts e.g. for 6 months' rent arrears or serious Anti-Social Behaviour and we await to see how many landlords pursue a warrant for possession once they are able to do so. The Team and organisations such as Call Before You Serve will continue to work with tenants and landlords in the meantime to ensure as many tenancies are retained and secured as possible.

Reasons for approach	2017/18	2018/19	2019/20	2020/21
Ending of private rented tenancy	42	121	108	56
Relationship Breakdown	5	41	46	50
Parental eviction	25	109	103	111
Fleeing/harassment	19	58	64	46
Ending of social/supported accommodation	1	17	21	22
Mortgage repossession	2	6	4	1
Property disrepair	0	4	4	5
Other/not recorded	33	213	203	197
Total	127	569	553	488

As a Council, we have a wider obligation to assist those applicants, who whilst not in the high level of housing need required to be able to join the housing register, will require assistance to purchase their own home, through initiatives such as the discount for sale scheme or the Share Ownership initiative which we are able to offer in partnership with both registered providers and developers. Though the Councils priority for these two sites is to deliver the urgently needed affordable and temporary accommodation, hence the proposal to develop the site for these tenures. The Council is also aware of various Registered Provider developments across the borough which will provide shared ownership properties, prioritised for residents.

Temporary accommodation demand

The initial findings of the Temporary Accommodation appraisal (see Appendix C) have identified a significant increase in both the volume of temporary accommodation required and the associated costs.

During 2019/20 the number of households accepted as homeless and placed in temporary accommodation was 141, an increase of 37 households compared to 2018/19. Between the 1st April and 31st December 2020, we have already placed 124 households in temporary accommodation. It is therefore projected that the total number of households requiring temporary accommodation in 2020/21 will again increase from the previous year figure of 141.

There are a variety of reasons why the use of temporary accommodation has increased in recent years:

- **Loss of affordable accommodation** - Annually the Council is able to access around 210 social tenancies (for general needs and sheltered accommodation. The number of available general needs accommodation fell from 172 in 2018 to 131 in 2019 (and the number of sheltered properties stayed similar at around 85);
- **Reduced access to private sector** - Previously the Council was also able to access affordable accommodation in the private rented sector, but as competition for private rented properties increases, landlords are charging higher rents which are no longer affordable for people in receipt of benefits;
- **Multiple and Complex needs** - More cases where people are presenting with multiple and complex needs, and without comprehensive support packages in place due to diminishing resources, landlords/housing providers are reluctant to offer tenancies;
- **Debt and anti-social behaviour** - If applicants, have significant rent/mortgage arrears, or have been prosecuted for anti-social behaviour, landlords are very reluctant to offer tenancies;
- **Homelessness Reduction Act 2018** - This piece of legislation extended the level of support which LA's had to provide to people who are at risk of homelessness, and also reduced the impact of intentionality, making more people eligible for assistance; and lastly
- **Welfare Reforms** - The impacts of the Welfare Reform Act 2012 were wide ranging, particularly with reference to the under occupancy tax, which caused many families financial hardships, and are still in place today.

3.2 Strategic Objectives and Outcomes

Project aim

The aim of this project is to:

- Secure “best value” for these sites - authorities are under a general Duty of Best Value to “make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.” Under the Duty of Best Value, therefore, authorities should consider overall value, including economic, environmental and social value, when reviewing service provision.
- to meet the Gedling Plan priorities of redeveloping vacant or underused sites for new affordable homes and temporary accommodation; and
- encourage the wider regeneration of these areas

Officers identified a number of general matters to be considered when reviewing the delivery options for these sites (outside from the site specific constraints identified):

- **Funding already secured for Station Road** – This was initially secured in 2015, and then two further proposals were submitted, resulting in an allocation of £174k, with the final amount approved subject to confirmation. To date £47k has been claimed and confirmation has been received from Homes England that their Starter Homes funding can be used alongside S.106 commuted sums funding for the provision of affordable housing including temporary accommodation. If this site is not delivered for affordable housing, the Council would not be able to access this funding (£174k).
- **Lack of affordable housing** within the Borough to meet the local demands. Annually, the Council is able to access around 210 social tenancies (majority of these are relets and there are some new built units coming through the planning process). However, there is currently a requirement for 629 properties, if everyone on the waiting list is to have access to an affordable house.
- **Meet housing needs** of those on the housing register – opportunity to deliver the type, size and tenure of housing required locally,
- **Temporary accommodation option appraisal** (considered by Cabinet in February 2021) identified the urgent need for the Council to acquire more units of temporary accommodation, to enable it to fulfil its statutory duty to homeless applicants as per the Housing Act 1996 and to reduce the strain on the temporary accommodation budget from placing people into bed and breakfast accommodation due to a lack of suitable alternatives.
- **Financial considerations**, there are a wide range of matters to be considered in detail as part of any business case, such as securing value for money, ongoing revenue implications, including assumptions for appropriate rent levels, and affordability and ongoing viability of the scheme(see detailed sections later). Specific to this project include s.106 affordable housing funds (£801,400 as at 4 March 2021) available to the Council to be spent on delivering or improving affordable housing within the Borough. Furthermore, the opportunity to reduce expenditure on B&B and nightly paid for accommodation should be taken into consideration.
- **Delivery within the confines of not having an established HRA** – advice from

Savills in December 2020 makes it clear that these properties, if used as affordable housing, can be held within the general fund subject to approval being sought from Ministry of Housing, Communities and Local Government (MHCLG) for a waiver from holding the properties in a Housing Revenue Account (HRA). GBC closed its' HRA after it transferred its' housing stock to Gedling Homes in 2008. The advice from Savills was that the waiver is likely to be granted, so the Council could retain ownership and manage this affordable housing with MHCLG's approval, given it is only a small number of units. The implications for opening the HRA have not been considered and the business case would need to be revisited if the waiver is not granted.

- **Opportunity for further funding** approval was given to apply for Investment Partner (IP) status with Homes England, to apply for funding under Homes England's Affordable Housing Programme (AHP). Advice from Homes England was that we first need to register as a provider of social housing, which was completed at the beginning of March 2021. The application for IP status is continuing and is required before Homes England would make payment under a completed funding contract. Recent meetings with Homes England to discuss the two sites have been well received and there may be further funding available.

The outputs from this redevelopment include:

- Deliver more units of affordable and temporary accommodation
- Improved standard for both affordable housing and temporary accommodation
- More robust management and maintenance service

The outcomes from this development are far more wide ranging and include:

- Efficiency savings for the council, by reducing the cost of temporary accommodation by reducing the reliance on expensive B&B and nightly paid for accommodation.
- Growth in the council asset base
- More resilient and responsive service which provides a higher quality accommodation to people in housing need.
- Complements the wider regeneration works which the Council is delivering at Carlton Square
- To provide much needed temporary accommodation in the local area.
- To provide specific temporary accommodation to meet the current needs (such as ground floor accommodation)
- To comply with good practice and significantly reduce the Council's reliance on B&B accommodation, and deliver financial efficiencies to the temporary accommodation budget.
- To appraise options through the Better Care Funding opportunity to build units to Buildings Standards level 2 disability standards in acknowledgment of the needs of families with disabilities and good practice.

3.3 Scope

Delivery Options

From the very beginning of this process, there have been various options for development of the two sites considered. These have included:

1. Dispose of the site(s)
2. Development for other uses – commercial, retail and/or leisure purposes
3. Residential development by the Council for market rent and / or sale units
4. Residential development by the Council for Council-owned affordable housing / temporary accommodation
5. Residential development for affordable housing in partnership with a Registered Provider

1 - Dispose of the site(s)

This option involves disposing of the sites on the open market. The current values for the sites, contained within the annual asset valuation report has £37,921 earmarked for Burton Road and £107,490 for Station Road, based on a historic assumption that the sites can delivering 7 flats on Burton Rd and 4 terraced units on Station Road.

Therefore, the Council could receive a capital receipt for the sites if this route was taken and would deliver more market housing in the Borough, but would lose control of the redevelopment of the sites. However, this option would not deliver affordable homes (threshold through planning would mean that affordable housing is not required for developments of less than 15 dwellings), unless this is stipulated as part of a contract for the land sale. Furthermore, the Council would not be able to use any units on site as temporary accommodation and any grant funding and funding from section 106 contributions and Starter Homes would have to be repaid. Lastly the Council would not be able to control when the site was developed, and so it could remain as an undeveloped rough pieces of land, and detract from the overall appearance within the locality, which is particularly relevant in view of the redevelopment work at Carlton Square.

2 - Development for other uses

There are a number of alternative uses that have been previously considered, including:

- Commercial/ Industrial – as properties within the immediate vicinity of both Station Road and Burton Road are predominantly a mix of residential, retail and office, this would not present as an appropriate location for commercial/ industrial use.
- Retail – there is already a comprehensive retail offer within the locality, ranging from small independent retailers such as the green grocer, to high street names, Wilko, Boots and Farm Foods to a major supermarket – Tesco. In addition, there are a range of vacant retail units and so there would appear to already be an over provision for retail.
- Leisure – both sites are small to be developed as a leisure facility, and again there is already sufficient provision from both the Council and the private sector within the locality. With regards to cafes, restaurants, bars, again there is an existing provision, and this business sector has been significantly affected by the pandemic, so would not present as a viable proposal in the current climate.

3 - Residential development by the Council for market rent and / or sale units

Under this option, the Council would engage and appoint a contractor to develop the site out for residential units and would retain full ownership and responsibility of the properties once constructed. This would not deliver more affordable housing in the Borough as the number of units on site would not meet the threshold to require an affordable housing requirement, nor would this provide more temporary accommodation for use by the Council. This option would have to be fully funded through borrowing and therefore the main driver would be to generate an income (either an initial capital receipt upon selling the properties or ongoing income through the rental option). In addition, any s106 affordable housing funding already utilized on the site would have to be repaid.

If this was done for a commercial purposes (i.e. solely to make a profit for the Council) this can only be done through a company pursuant to section 4 of the Localism Act 2011. If, however, this proposal to develop Station Road for market sale or rent units was part of an overall scheme with the Burton Road development for TA and affordable housing, and any receipts from the sale or rent of units at Station Road would fund / subsidise the Burton Road development, this would be acceptable under the general power of competence under section 1 of the Localism Act 2011 and we would not need to develop Station Road through a company. This would however, would not delivering more affordable homes within the Borough.

4 - Residential development by the Council for Council-owned affordable housing / temporary accommodation

Under this option, the Council would need to engage and appoint a contractor to develop the site out for residential units and would retain full ownership and responsibility of the properties once constructed. This would deliver more affordable housing in the Borough which would remain under the Council's control and deliver temporary accommodation to help reduce the Council's reliance upon B&B and nightly paid for accommodation. This would help to deliver the Council's corporate priorities of delivering more affordable housing, and helping to meet its homelessness duties under Part VII of the Housing Act 1996. The properties and scheme would be designed to meet the local housing needs requirements. There would be long term management and maintenance matters to be considered, as these properties would be in the Council long term ownership (unless right to buy is taken up on the affordable units).

5 - Residential development for affordable housing in partnership with a Registered Provider.

Under this route, the Council would seek a registered provider partner through a competitive tendering process to develop the sites out for a specified number and type of affordable housing. Both sites would be transferred to the housing provider. There is the potential for a capital receipt for the Council, but this is usually minimal based on previous experiences. As part of the requirement for LA's to obtain best value for money, part of the tender selection process would ask potential bidders, if they are able to make a contribution towards the costs of the land. The selected provider would then construct the properties, manage them as part of their wider stock holdings, whilst the Council has nomination rights in perpetuity. There could also be the opportunity for the Council to retain some of the units for use as temporary

accommodation.

This option would deliver affordable housing in the Borough, but the properties would not be under the Council's control. The funding secured for the sites from Homes England and Council held s.106 affordable housing funds may be required to help subsidise the developments. It is also likely that the registered provider would bid to Homes England's Affordable Housing Programme for additional funding. There would be no ongoing maintenance or revenue implications with this option, as the RP would take on this responsibility.

Burton Road delivery options

In order to understand the delivery options available for the Burton Road site, it is worth noting the following matters:

- The acquisition of no. 23 restricts the site to housing unless a statutory approval process is followed
- 2018 Cabinet approval to acquire the adjacent shops, numbers 25, 27 and 29, with a view to demolishing the properties and redeveloping the entire site as affordable housing and for regeneration reasons, in partnership with a Registered Provider.
- An options appraisal was commissioned from David Lock Associates in March 2018 with reference to the site's ability to provide housing, and their assessment concluded that whilst the site could deliver new homes, due to specific constraints within the site such as its topography and access issues, it was not viable for market housing, but would work for affordable housing.
- 25, 27 and 29 were acquired in October 2018 for a total cost of £117,316.00, plus legal fees using s106 affordable housing funds (as per the previous Cabinet approval).
- February 2021 Cabinet report outlining the preference to build our own temporary accommodation units, such as on sites at Burton Road and Station Road.
- Recent discussions with Homes England suggest that there may be further funding available for affordable housing on this site, as the Council is now a registered provider which would be subject to a future funding bid.

On this basis, three delivery options have been discounted:

1. **Dispose of the site(s)** – the additional properties were bought for regeneration purposes and to deliver affordable houses, not for site assembly purposes to re-sale.
2. **Development for other uses – commercial, retail and/or leisure purposes** – the additional properties were bought for regeneration purposes and to deliver affordable houses. In any case, there are vacant shops across from this site which indicates there is a lack of demand for retail units in this location (and the Council would not want to be seen to be competing with the local centre). Furthermore, the site is very small for a leisure or a commercial use and was considered not suitable for such uses.
3. **Residential development by the Council for market rent and / or sale units** - the additional properties were bought for regeneration purposes and to deliver affordable houses. However, financial modelling from David Local Associates suggested that the site was not viable for market rent or sale (which informed the 2018 Cabinet approval).

Station Road – delivery options

In order to understand the delivery options available for the Station Road site, it is worth noting the following matters:

- There are no legal restrictions for this site and so could deliver all house tenures and non-residential uses
- The council committed to delivering Starter Homes when a funding bid was submitted to Homes England (which was successful)
- Subsequent and recent discussions with Homes England suggest that there is further funding available for affordable housing on this site, as the Council is now a registered provider.

On this basis, three delivery options have been discounted:

1. **Dispose of the site(s)** – there is an asset valuation for the site of £107,490 for the site based on a scheme for 4 terraced properties. However, Officers are discounting this option, as selling the land on the open market could mean that the Gedling Plan requirements of redeveloping vacant sites for affordable housing or temporary accommodation would not be met. The site is too small to warrant any affordable housing through the planning process and if it was sold for affordable housing, it would come under option 5 (and be delivered by a housing provider).
2. **Development for other uses – commercial, retail and/or leisure purposes** –there are vacant shops in the local centre nearby which indicates there is a lack of demand for retail units in this location (and the Council would not want to be seen to be competing with the local centre). Furthermore, the site is very small for a leisure or a commercial use and was considered not suitable for such uses.
3. **Residential development by the Council for market rent and / or sale units** – David Lock Associates reviewed this option as part of the wider work that they did on both sites in 2018. There were two schemes proposed of market sale properties which suggested that there was a minimal amount of profit to be made from the schemes (up to £70k), but this did not account for any land value. Therefore, the potential for any capital receipt was very limited. On this basis and as this option would not delivery any affordable housing or temporary accommodation (for the same reason as identified in option 1), this was ruled out.

Preferred delivery route

This leave two delivery options still be to be considered for both sites:

- Option 4: Residential development by the Council for Council-owned affordable housing / temporary accommodation
- Option 5: Residential development for affordable housing in partnership with a Registered Provider

The table below compares the relative merits of both these final remaining options (which are the same for both sites, unless otherwise stated).

Matter for consideration	Option 4: Council owned	Option 5: Working with a RP
Generating a capital receipt	There would not be a capital receipt from this route, but the Council would have control of 17 properties as assets.	From previous experience, it is expected that there would not a capital receipt from this route. It is “normal practice” to gift the land over to a RP to help make the scheme financially viable (often for the notional price of £1).
Ongoing revenue implications	As part of the modelling, there are a number of revenue implications that have been considered to include the ongoing maintenance and liability of holding these assets. The appraisal suggest that these costs can be accommodated within the income generated by renting the units therefore without ongoing revenue implications to the Council subject to confirmation of assumptions e.g. rent level (i.e. no cost to the Council).	Depending on the nature of the agreement with the RP, the Council could transfer all maintenance and liability to the RP for the properties. There may be still some ongoing limited revenue implications linked to cosmetic damage (as per the current lease agreements we hold with RPs).
Gedling Plan priorities part 1: redeveloping vacant or underused sites	This would ensure that this vacant site is redeveloped and would be in the Council’s control to ensure it happens in a defined timeframe.	This would ensure that this vacant site is redeveloped. If the Council wanted to ensure this happens, a non-delivery clause would need to be included within the transfer of the land.
Gedling Plan priorities part 2: delivery of new affordable homes	This option would provide new affordable homes in the Borough. The type, size and specification would all be within the Council’s control.	This option would provide new affordable homes in the Borough. If the Council wanted to specify the type, size and specification of the properties, a clause would need to be included within the transfer of the land.
Gedling Plan priorities part 3: delivery of new temporary accommodation	This option would provide new temporary accommodation in the Borough. The type, size and specification would all be within the Council’s control and allow optimum flexibility to respond to the changing demands for temporary accommodation over time, and enables management that is responsive to the needs of the client. This would also tie in with the plans to have access to more TA through building our own, leasing and purchasing (as	This option could provide new temporary accommodation in the Borough, if this was agreed as part of land transfer. The implications of any further cost would need to be considered at this point, as there may be a requirement to cover the rental costs in between placements (there is usually more turnover of tenants in TA than in affordable housing). There would be a risk of not securing the required number of TA units which would

	identified in the recent temporary accommodation Cabinet report). .	also not be flexible to respond to changing demands.
Encourage the wider regeneration of these areas	The Council would control the site and what scheme was developed out.	The Council would influence the site and what scheme was developed out. There may be scope to add a clause to the land transfer which is subject to a successful planning approval.
Maximizing the funding opportunities	This option would mean that the Council could use s106 affordable housing funds already collected, and apply to Homes England's Affordable Housing Programme (AHP) for both sites in addition to the Starter Homes funding which has already been awarded specifically for Station Road.	A RP should also be able to use the s106 affordable housing ones already collected, if the Council chose to make those funds available, and access Homes England funding. It is anticipated that the S106 funds would be required to deliver a viable scheme.
Management of the properties	The approach to management and letting of the units would be in the Council's control ensuring a responsive service to our homelessness clients	The RP would use its existing services and the Council would only be able to provide advice on the approach to management and letting of the units.

Overall, the two remaining delivery options both meet the corporate priorities of redeveloping vacant sites for affordable housing and temporary accommodation. However, at this current time, for these two specific sites, it is felt that having full control of the sites, their construction (so the detailed designs will meet the current requirements) and their long term management is the preferred route. It will provide optimum flexibility for the Council to respond to the changing demands for temporary accommodation over time and ensure that Officers are best placed to care for our most vulnerable residents in the Borough. The Council will be able to be more responsive and take control of any arising issues or needs, without being reliant upon a third party. There are ongoing risks and implications for doing this, but as the financial appraisal shows these costs can be accommodated within the income generated by renting the units, therefore without an ongoing revenue subsidy to the Council (providing we can charge at above social rents i.e. LHA rents in the proposed business case).

Scheme development

Burton Road site

There are various development options have been considered for this site to fully understand the development potential, accompanied by costings and financial appraisal work (see Appendix D). The original drawings were designed to be market facing and commercially driven. The revised drawings were based on developing the site out for flats for use as affordable housing/temporary accommodation. These have also been recently refined through the feasibility work undertaken under the Scape Framework, as well the costs from the previous scheme reviewed. This work has shown the site can deliver around 7 x 2 bedrooomed flats for around £1.090m (pro-rata from the total costs of both sites at £2.647m).

Station Road site

There has been a variety of options considered with this site to understand the best use of the site and to help inform the options appraisal for its long term use, accompanied by costings and financial appraisal work (see Appendix E). The original proposal was for a mews type development designed for market sale, to help inform whether there was a commercial opportunity to be considered (i.e. build to sell or rent the properties). A revised set of options were then considered to focus on delivering affordable housing/temporary accommodation in the form of flats. This has been recently refined through working with a contractor as part of the feasibility stage of the Scape Framework (which also reviewed the costs from the previous scheme). These plans have shown that around 10 x 2 bedroomed flats can be provided across this site for around £1.557m (pro-rata from the total costs of both sites at £2.647m).

Final schemes

The schemes, once the final designs are agreed, are expected to include:

- 17 two bedroomed apartments over 2.5 /3storeys
- Scheme built within the capital budget of £2.647m
- Maximize the use of external funding wherever possible, including the Starter Home funding of £174k
- Use of the available s106 affordable housing funds
- 7 units as temporary accommodation units
- 10 units as affordable properties
- All units owned and managed by GBC

3.4 Constraints

Constraints include:

- scheme to be delivered within the set capital budget of £2.647m which is subject to the approval of the business case including revenue implications demonstrating affordability;
- the scheme is limited to what is acceptable from a planning policy perspective within a context of the site and height restrictions also apply (due to relationships with adjacent residential properties);
- the scheme provides affordable housing to meet the Homes England funding requirements and the restrictions on the use from using s106 affordable housing funding;
- the scheme must meet 85% of Homes England Space Standards, BREEAM, RIBA;
- Restrictions on the land at Burton Road mean delivery other than housing would need ministerial approval;
- S.106 funding already committed from Burton Road would need repaying if not developed as affordable housing; and
- To retain the affordable housing units a waiver and permission to set affordable rents from MHCLG would be required

3.5 Key Assumptions and Dependencies

Scheme Assumptions

Site analysis

Through the commissioning of an architect, realistic plans have been produced to show the maximum number of units the site could yield. Pre—application discussions with colleagues in planning have given confidence that the site would be granted planning permission.

A further market appraisal is being accessed through the Scape Framework with Tomlinson's builders who have offered to produce a free feasibility study, which has produced new modular scheme design for both sites, with reduced overall costs, whilst still providing 17 units of two bedroomed accommodation.

Temporary accommodation assumptions

The initial findings of the Temporary Accommodation Review have identified the need for 15 units of temporary accommodation.

This proposal could deliver 7 units, all on the ground floor (to ensure the needs of those applicants with either mobility issues or small children are provided for) with four at Burton Road and three at Station Road. There is scope for a higher disability build standard option to be funded via the Council's Better Care Fund.

Financial Assumptions

These have been included within the financial appraisal section, but include:

As part of this modelling, a number of assumptions have been made as follows:

- Borrowing is based on a 40-year period;
- A general maintenance requirement of £500 per unit per year;
- A contribution of £1,000 per unit per year to a sinking fund to cover major repairs and refurbishments;
- Management/Letting fees of £750 per unit (this is equivalent to 0.5fte and is in addition to the management fees allocated as part of the temporary housing project);
- Voids of 5%;
- Uncollected rents of 5%;
- Inflation of 1% per annum has been included
- Rent levels have been varied as part of the sensitivity testing, and demonstrate that Local Housing Allowance rates and affordable rates are financially viable.
- Funding sources options including Starter Homes Grant funding specifically allocated to the Station Road project, pending final approval of the amounts, s.106 affordable housing funds and PWLB Borrowing. Any bid for additional Homes England funding will be considered in light of the grant conditions and potential implications for the affordability of the scheme.

3.6 Key Risks

The risks identified as part of this project include:

Risk	Effect	Impact	Mitigation	Status
Unable to produce a robust business case including financial modelling	Provide an inaccurate appraisal / assessment to comprehensively inform the Council and aid its decision making process	Low	Architects and advice from GBC planners used to assess if the scheme had potential. Further feasibility study being provided by Tomlinsons via the Scape Framework Specialist advice procured from Savills	
Delays in procuring the contractors.	Delay in the completion of the scheme	High	Appointment via either the East Midlands Efficiency Portal or Scape Framework or similar	
Resolve Severn Trent Waters Right of Way	Resolve the right of way	Low	Issue currently under discussion with STW and GBC's legal and estates teams STW have proposed a fee of £14k to extinguish their Right of Way, and approval is being sought to conclude this.	
Planning permission not secured.	Scheme cannot continue.	High	The application has yet to be submitted but there will be ongoing discussions with the planning team to ensure clarity of the proposals	
Ability to draw down external funding	Starter Homes funding award of £176k could contribute to this scheme. In addition should the Council receive Investment Partner status, then a further funding option – Homes England's Affordable Housing programme becomes available	Medium	Starter homes – initial funding request for £47k submitted, and discussions are ongoing to clarify of the funding amount. Commenced the process for investment partner status with Homes England	
Unable to let completed units	Let – reduce the Councils' use of temporary accommodation, and also accommodate some waiting list applicants. There is significant demand for affordable homes, and so confident that all the properties will be let	Medium	Confident in the level of need. Strong exit strategy as GBC could sell the units if no longer required. Views obtained from Planning Risk to the Council reduced via external funding	

Gedling Borough Council
Burton Road and Station Road Business Case

Capital build costs are higher than expected.	More match funding from GBC is required	Medium	Monitoring of the budget and costs regularly should reduce the likelihood of this happening.	
The Council would need permission from the Secretary of State and Homes England to set rent levels at 'affordable rent'	This may have implications for scheme viability if permission is not granted	Medium	Permission will be sought for affordable rent to be used and early dialogue with Homes England will be had, to reduce this risk. May be offset by further funding from Homes England – to be explored.	
Station Road – original land registry documents	The original documentation may have further restrictions on the use of the land.	Low	Indemnity insurance could be secured to remove this risk.	
Long term implications of owning more properties, including how these are to be maintained and managed.	May add to the revenue implications.	Medium	This could be addressed through the detailed business planning for these delivery options but resource for ongoing management of the premises is included as part of the financial case.	
Contractor goes out of business.	Scheme is delayed and costs may go up.	Medium	The use of a framework will help reduce the likelihood and impact of this happening.	
Right to Buy	Tenants of affordable housing provided by the Council may be entitled to buy their property under the RTB scheme. An eligible tenant could exercise the RTB upon occupation if they have been a public sector tenant for three years or more.	High – low if a cost floor can be applied	The Council can off-set the costs of construction of the properties, including site acquisition and development, works of repair or maintenance that exceed £5,500 in the 15 years prior to the RTB application ("Cost Floor figure"). The discount cannot exceed the Cost Floor figure. Therefore if the Council adopt a policy for calculating the Cost Floor figure, it is unlikely that a tenant would exercise the RTB in the first 15 years after construction as they would not be entitled to any discount or the discount would be reduced.	
Funders deadlines	To consider the funders' requirements and the deadlines for spending the s.106 affordable housing funds held by GBC	Medium	Close watch on the timings and restrictions.	
Apply to MHCLG for a waiver against the need to reopen the HRA	If the waiver was not granted then the Council would have to re-open the HRA the implications of which are uncertain	Medium/ Low	Advice from Savills evidences other local authorities who have been granted such a waiver, particularly when their total stock holding will be less than 200 properties	

3.7 Benefits

The scheme will provide the following benefits:

- Enhanced appearance of this part of the Borough, and supporting the Council's wider regeneration of Carlton Square.
- Development of vacant underused sites
- Physical improvements to the area
- Economic improvements from increased attractiveness to nearby businesses
- Meets the local demand for residential accommodation
- Conditions for further investment created
- Enhance the reputation of Gedling Borough Council
- Increase the Council's asset base (if the properties are kept under our control)
- Provide high quality accommodation
- Access external funding to reduce the councils risk, Commuted Sums/ Starter Homes and potentially Homes England's Affordable Housing Programme
- Provide temporary accommodation
- Enable ongoing reduction in B & B budget

4. ECONOMIC CASE (Value for Money)

Options considered

There are a number of delivery options that were originally considered for how these sites could be developed:

1. Dispose of the site(s)
2. Development for other uses – commercial, retail and/or leisure purposes
3. Residential development by the Council for market rent and / or sale units
4. Residential development by the Council for Council-owned affordable housing / temporary accommodation
5. Residential development for affordable housing in partnership with a Registered Provider

As part of the scheme development, there were a number of options discounted for a variety of reasons (see section 3.3.), leaving two remaining options:

- Option 4: Residential development by the Council for Council-owned affordable housing / temporary accommodation
- Option 5: Residential development for affordable housing in partnership with a Registered Provider

A review of their value for money considerations are shown below:

- **Residential development by the Council for Council-owned affordable housing / temporary accommodation** – the financials for this scheme have been reviewed in detail (see section 6). The scheme can be fully funded through a mixture of s106 affordable housing funds, Homes England funding and borrowing (without the possibility of further Homes England funding). There will

be ongoing revenue costs associated with the maintenance and management of the properties which are offset by the rental income and this has been reflected in the financial appraisal.

- **Residential development for affordable housing in partnership with a Registered Provider** – The funding secured for the sites from Homes England and Council held available s.106 affordable housing funds may be transferred to help subsidise the developments. However, the Council would not have control and therefore would be releasing an asset. The Council could require affordable properties to be built and to have full nomination rights in perpetuity (without having the ongoing maintenance and management issues). The Council could also seek some of the properties for temporary accommodation, but this would have to be subject to a lease agreement/purchase, which would have an unknown costs implication at this stage. There would not be the same level of management and maintenance required with this option, which would significantly reduce the revenue costs, but would not generate the income proposed with the first option.
- **Dispose of the site(s)** – The Council could receive a capital receipt for the sites. The current values for the sites, contained within the annual asset valuation report has £37,921 earmarked for Burton Road and £107,490 for Station Road, based on a historic assumption that the sites can deliver 7 flats on Burton Road and 4 terraced units on Station Road. Other uses for the sites have been considered, but have been ruled out due to the close proximity of residential units and the commercial premises within the locality

Preferred option

The schemes, once the final designs are agreed, are expected to include:

- 17 two bedroomed apartments over 2.5 /3storeys
- Scheme built within the capital budget of £2.647m
- Maximize the use of external funding wherever possible, including the Starter Home funding of £174k
- Use of the available s106 affordable housing funds
- 7 units as temporary accommodation units
- 10 units as affordable properties
- All units owned and managed by GBC

5. COMMERCIAL VIABILITY (planning and management of procurement)

Options considered

Procurement advice will be sought to ensure compliance with procurement legislation and contract standing orders. There are two main procurement routes which are being considered include:

- The Scape framework and
- An open tender process.

SCAPE framework:

Initial discussions have taken place to use the SCAPE framework, which the Borough

Council has signed up to. This has the benefits of being able to appoint directly off the framework to a specific contractor. This would offer a prompt and direct way of appointing a main contractor over running an open procurement exercise. However, there are concerns over the control of quality of specification and further design development led by a contractor. It may be possible to novate the scheme's architects to help achieve some level of control over the finished specifications.

Tomlinson's have undertaken a further cost analysis of the JPA proposals which increased the costs from £2m to £2.647m. Tomlinson's then put forward two proposals for the sites costing £2.4m but this is unlikely to be suitable in planning terms, as due to its scale/height in relation to neighbouring buildings.

Tendering process (traditional contract):

A traditional open tender process could also be considered. This would however require additional work to prepare the tender material and would delay appointing a contractor. There is an argument which suggests a more competitive price may be obtained through an open tender route if contractors are keen for work.

Preferred Procurement Route

To be confirmed.

6. AFFORDABILITY (Financial Case)

The Proposal

This proposal is considering the development of two sites for a mixture of Temporary Accommodation and Affordable Housing provision on Burton and Station Road. The proposed model is to build seven 2 bedroomed units at Burton Road at a cost of £1,089,600 and ten unit 2 bedroomed units at Station Road at a cost of £1,556,500. The total cost of both developments is currently estimated £2,646,100, and average of £155,600 per unit.

As stated in this Business Case there has been previous expenditure for acquisition and demolitions on these sites, which totals £298,000. Therefore, the total cost of this provision is currently expected to be £2,944,100, and average cost per unit of £173,000, which exceeds the estimated current market value of the units of £120,000 per unit by £53,000 per unit. As these are small sites in close proximity to other residential properties, it is expected that the costs to build these sites out is more than a "traditional" build. Without the Council intervention, these sites are unlikely to come forward and therefore not meet the regeneration objectives for these areas.

Funding

Funding will be from a range of sources, which include Starter Homes Grant funding specifically allocated to the Station Road project, and currently pending approval of the amount from Homes England s.106 affordable housing funds and PWLB Borrowing. There is potential to apply for a grant from the Homes England's Affordable Housing Programme which will enable a reduction in PWLB borrowing.

The table below sets out the cost and funding for each scheme and the split of units between temporary accommodation and affordable housing.

Capital Cost and Funding			
Assumptions	Burton Road £	Station Road £	Total £
Capital Costs	1,090,000	1,557,000	2,647,000
S106 Funding	(325,000)	(464,000)	(789,000)
Starter Homes Grant / Revenue Contributions		(176,000)	(176,000)
Borrowing	(765,000)	(917,000)	(1,682,000)

Proposed number of units			
No. of 2 bed units	7	10	17
Units for Social Housing	4	6	10
Units for Temporary Accommodation	3	4	7

Financial Modelling

Financial modelling has been undertaken in order to assess the affordability of the scheme. As part of this modelling, a number of assumptions have been made as follows:

- Borrowing is based on a 40-year period;
- A general maintenance requirement of £500 per unit per year;
- A contribution of £1,000 per unit per year to a sinking fund to cover major repairs and refurbishments;
- Management/Letting fees of £750 per unit (this is equivalent to 0.5FTE and is in addition to the management fees allocated as part of the temporary housing project);
- Voids of 5%;
- Uncollected rents of 5%; and
- Inflation of 1% per annum has been included.

Rent levels

Three rent levels are considered, Local Housing Association (LHA) rates (which our current temporary accommodation are subject to) Affordable Rents and Social Rents. LHA rates and Social Rents have been modelled as they represent the lower rents in order to take a prudent approach.

Rent levels are as follows:

- Social rents £90.60 per week with the option of a service charge at £5 per week totaling £95.60;
- LHA rates £126.58 per week, (current temporary accommodation uses these rates); and

- Affordable rents, which are 80% of market value, based on the Savills report this could be £148 per week for a 2 bed unit.

Financial Position

Using the assumptions above and applying the lower LHA rents the financial position of the scheme is as follows:

Net Position With LHA Rents			
Financial Analysis	Burton Road	Station Road	Total
5 Year Net Surplus	(£1,500)	(£32,200)	(£33,700)
40 Year Net Surplus	(£346,800)	(£736,500)	(£1,083,300)

Social Rents + £5 Service Charge			
Financial Analysis	Burton Road	Station Road	Total
5 Year Net Deficit	£49,400	£40,400	£89,800
40 Year Net Deficit	£140,800	(£39,900)	£100,900

Temporary Accommodation at LHA Rate and Other Accommodation at Social (+£5 Service Charge)			
Financial Analysis	Burton Road	Station Road	Total
5 Year Net Deficit	£28,200	£12,200	£40,400
40 Year Net Surplus	(£62,900)	(£310,700)	(£373,600)

LHA Rates

The above tables show that using LHA Rates for rents both schemes combined cover their own costs and makes a surplus of £33,700 in the first five years and an overall surplus of £1.0883m over the 40 year borrowing period, this equates to an average surplus of £27k per year.

Homes England have advised that a condition of accepting future grant funding if the IP status is secured, is the requirement, to set a social housing rent, which may mean proportionately more funding could be available for the schemes. As the social Housing Rent is significantly, lower than the LHA rates further financial modelling will need to be undertaken to assess the financial viability of the project if this funding was accepted and this level of rent were to be set.

Social Rents + £5

In contrast to the LHA rates Social rents is not a financially viable option as the table above demonstrates it does not generate sufficient rental income to cover the costs of the scheme, and will therefore require an ongoing revenue subsidy, which cannot be contained within the current

budget. This deficit is mainly due to the Burton Road scheme, which has a higher proportion of borrowing and a lower number of units generating income.

Social rents is the worst-case scenario, and whilst it will not generate sufficient income to cover the costs, it should be noted that this is based on a number of assumptions (listed above). These include movement around the level of voids, uncollected rents and management costs which may be subject to change and could move this into a Surplus/breakeven position. In addition, if a lower construction costs could be agreed through a joint procurement of both sites this may also affect the overall financial position.

LHA Rates for Temporary Accommodation and Social Rates+ £5 Service Charge for Other Accommodation

Other Temporary Accommodation provided by the Council is currently charged at LHA rates it would therefore seem appropriate to use the same rates for the Temporary Accommodation in this development. This option assumes that the other accommodation is charged at a Social Rent level plus a £5 service charge. The table above demonstrates that this is not a financially viable option, although the scheme does make an overall surplus over the 40-year period the scheme will require a revenue contribution for the first 17 years to cover the costs.

As shown above the optimal financial position would be to use LHA or the higher Affordable rates for rents, based on current assumptions. It is therefore recommended that the Council seek permission from the Secretary of State to allow a rent to be charged which is higher than Government set Social Rents.

Right to Buy

Right to buy applies to council tenants, and is applicable after 3 years. For Flats/Apartments the discount is a 50% discount if you've been a public sector tenant for between 3 and 5 years. After 5 years, the discount goes up by 2% for every extra year, up to a maximum of 70% – or £84,200 across England (whichever is lower).

However, when determining the RTB discount a cost floor can be determined, for properties built or acquired after April 2012. The cost floor mitigates the risk of substantial discounts being applied to right to buys for a period of 15 years. It is calculated using construction costs, acquisitions, repairs over £5,000 and will inform the basis of a valuation for right to buys which is expected to be equivalent to current market values, thereby mitigating the risk of substantial losses on right to buy sales. Legal Services have advised the Council will need to determine a policy around the calculation of this cost floor figure.

As we would not expect any right to buy sales (below market value) for the first 15 years, it is too far into the future to predict any meaningful modelling. However, we can demonstrate that at a worse case if:

- all units other than the 7 Temporary Accommodation units were subject to right to buy at year 15 at full 70% discount; and
- the temporary accommodation is still in operation and continues to receive rental/housing benefits payments; and
- any capital receipts from RTB sales repays outstanding debt;

the income generated from the temporary Accommodation units will still be sufficient to cover the costs of the remaining borrowing.

Conclusion

Whilst the current recommendation is that rents are set at a minimum at LHA rates it is important to understand that the financial modelling has been undertaken with the best knowledge available to date; there remains many variables that could potentially change the final financial position, which will not be fully understood until these variables have been addressed and agreed.

7. ACHIEVABILITY (Project Management Case)

The high level timetable for this project includes:

Date	Stage/key tasks
August 2020	Both sites fully cleared - completed
Spring 2021	Secure the necessary internal approvals
Summer 2021	Finalise the schemes for both sites Apply for planning permission
Autumn 2021	Secure planning permission Appoint a contractor Start on site
Summer/Autumn 2022	Completion

A more detailed programme of works will be prepared once the feasibility appraisal conducted by Tomlinson's has been considered, to inform the decision on the preferred procurement route.

This project, up to this point, has been supported by a wider project team which are shown in Appendix G.

8. TERMS OF REFERENCE (Project Tolerances)

Project tolerances

The following terms of reference must be met by the Project:

- To deliver the project within the agreed total costs of £2.647m with an acceptable tolerance limit of 5% overspend, unless otherwise agreed as part of the design process and ensuring appropriate budgets approvals are secured and any reporting requirements of financial regulations are complied with.

- To deliver the project within the agreed timescales, with a deadline of summer/autumn 2022. Any anticipated slippage of the project timescales beyond one month of the deadline shall be reported to the Project Board as soon as possible.
- The project shall deliver the following, as a minimum: 17 two bedroomed apartments over 2.5/3 storeys.

Project Reporting

The project will be managed in such a way that reporting is as follows:

- Project highlight reports shall be provided to the Project Board bi-monthly, detailing the project progress and highlighting any risks.
- An Exception Report will be provided to the Project Board whenever any of the terms of reference defined above are forecast to be exceeded or quality issues compromised
- An Exception Report will be produced when any significant event, or anticipated event, could impact the project adversely, or when any critical decision needs to be addressed by the Project Board.

9. SUPPORT SERVICES COMMENTS

Customer Services and Communications
As the project progressing further work will be undertaken on internal consultation to understand the implications on IT, customer services and communications team.

Democratic Services
Support from Democratic Services will be obtained at the relevant stages of the project.

Financial Services				
Financial comments have been given in full in Section 6 of this Business Case.				
Further work will be required once the final designs and associated costs are known, alongside any information on further funding opportunities.				
Tina Adams	Principal Partner	Finance	Business	08/03/2021

Health and Safety
The Council's Health & Safety Officer will be consulted on as part of the final design work.

Legal Services comments

There are a number of legal considerations throughout this draft business case. Here is a summary of the main legal implications to be aware of at this stage.

1. The Council will need to comply with any powers used to acquire the sites

No. 23 Burton Road was acquired using powers under the Housing Act 1957. This means that that part of the Burton Road site must be used for the provision of housing or associated infrastructure except where consent of the Secretary of State has been obtained, unless the land were appropriated by the Council for another purpose. Numbers 25-29 (odds) Burton Road were acquired under section 120 of the Local Government Act 1972 which does not restrict how the site is developed or disposed of provided the land is used for purposes of any of the Council's functions or the benefit, improvement or development of the area.

The powers used to acquire the Station Road site are unknown and therefore there are no known restrictions which prohibit or dictate how that site is developed, whether for residential or commercial purposes.

2. Funding Restrictions

Where funding has been utilised for a project (i.e. Homes England funding), the funds must be used for the purposes for which they were applied and in accordance with any conditions of the funding. In addition, any s.106 affordable housing funds for the provision of affordable housing must be used in accordance with the terms as set out in the particular section 106 agreement pursuant to which the funds have been paid. This applies to funds already secured and expended on acquisition and site preparation costs and any future funding that may be secured towards the development costs of the proposals.

3. Affordable / social housing restrictions - Housing Act 1985

The Council can provide housing under Part II of the Housing Act 1985 (HA 1985) and this power would be utilised to provide affordable/social housing. Section 74 of the Local Government and Housing Act 1989 imposes a duty on local housing authorities who provide housing under Part II of the HA 1985 to keep a housing revenue account (HRA). A HRA must be ring-fenced from the Council's General Fund and income and expenditure must balance. Further the Council would be required to set a budget and business plan for the HRA which would have a separate capital programme and debt. The Council would need to apply to the MHCLG to waive the requirement to open a HRA. In practice, this waiver is generally granted whether a local authority provides fewer than 200 properties.

The Council would need to set rent levels for the affordable/social housing units in accordance with the rent levels determined by Government. The Council would need permission from the Secretary of State and Homes England to set rent levels at 'affordable rent' (rent not exceeding 80% of the local market rents) rather than the social rent level set by Government. Furthermore the Council as a provider of social

housing would also be regulated by the Regulator of Social Housing and would need consent from the Regulator of Social Housing if it wished to enter into, and thereafter vary, a management agreement for the properties. The Council would also need to obtain consent from the Secretary of State to dispose of the affordable housing units, unless a general consent applied.

4. Right to Buy

Tenants of the affordable units must be granted a secure tenancy by the Council that would attract the right to buy (RTB) under Part V the HA 1985. This means that eligible tenants could exercise their statutory RTB the unit they were occupying and the unit would no longer be available for use by the Council as affordable housing. The RTB would not apply to introductory tenancies, if introduced by the Council (probationary or trial tenancies granted to new tenants for a period up to 12 months). The take up of RTB for these properties may also be limited if the Council adopted a policy to apply the Cost Floor figure, that being the costs expended spent on the properties (including site acquisition and development costs and repair and maintenance costs exceeding £5,500) by the Council in the preceding 15 year period, which may affect the discount entitlement.

5. Temporary Accommodation

The Council has a duty to provide eligible homeless households with temporary accommodation under Part VII of the Housing Act 1996. Accommodation acquired under section 120 of the Local Government Act 1972 can be utilised for the provision of temporary accommodation. The Council can also rely upon its powers under section 1 of the Localism Act 2011. Occupiers of any temporary accommodation units provided as part of the development scheme would be granted non-secure tenancies by the Council. These do not attract the RTB and the Council is free to determine what level of rent to set for these properties.

6. Procurement

If the development scheme for the two sites is approved a contractor(s) will need to be procured to develop the sites and construct the residential accommodation. The contractor(s) must be procured in accordance with the Council's Contract Standing Orders and the Public Contracts Regulations 2015.

7. Ongoing maintenance / management of the residential units

If the Council retains ownership and management of the affordable housing and temporary accommodation units the Council will need to ensure it complies with all relevant legislation and guidance in respect of residential lettings, such as social rent levels set by Government, standards of the properties and health and safety checks. The ongoing process of maintenance and management of the units would need to take into account any statutory requirements and applicable guidance.

Sara Pregon	Legal Services Manager	08/03/2021
-------------	------------------------	------------

Organisational Development

There will be further consultation required to understand the implications for current staff and additional workloads.

Procurement Services

Initial discussions have been had with the project team on this. Further work will be required once the final schemes has been agreed.

Property

There will be further consultation required to understand the implications for current staff and additional workloads.

8. SENIOR LEADERSHIP TEAM APPROVAL

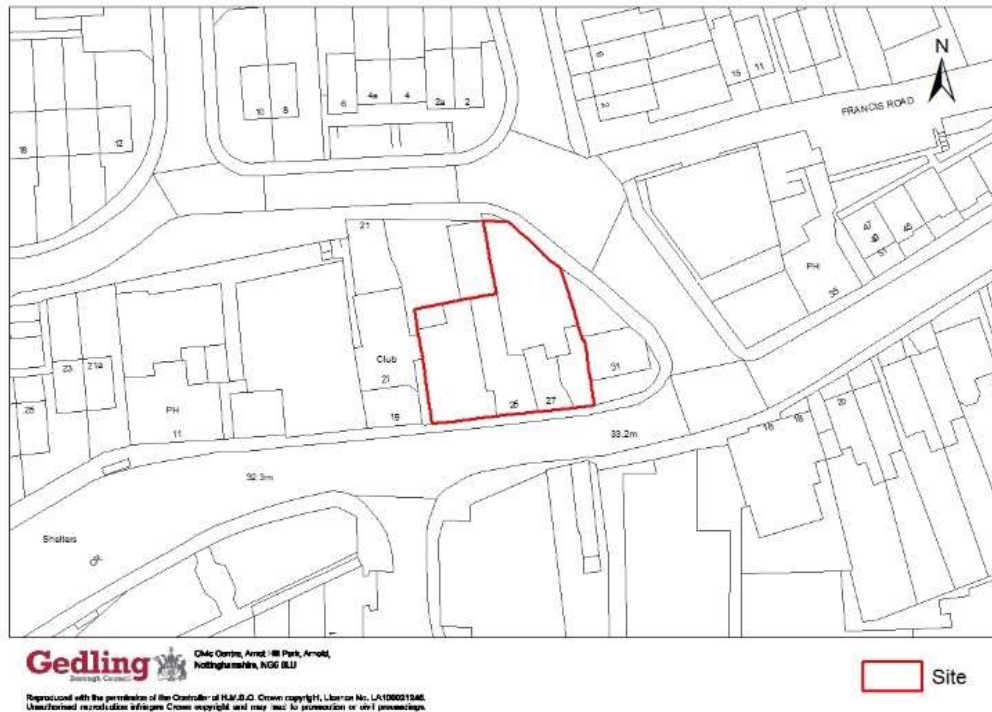
Please select one of three options:

SENIOR LEADERSHIP TEAM APPROVAL

Approval / Rejection Options	Name	Role	Date
Programme definition approved			
Programme definition approved, pending minor changes			
Programme definition not approved, major changes required – must be re-submitted			
Comments:			
Please state what you are asking approval for			

Appendix A: Burton Road Site Plan

Site Plan



Aerial photos



Pre-demolition site photograph

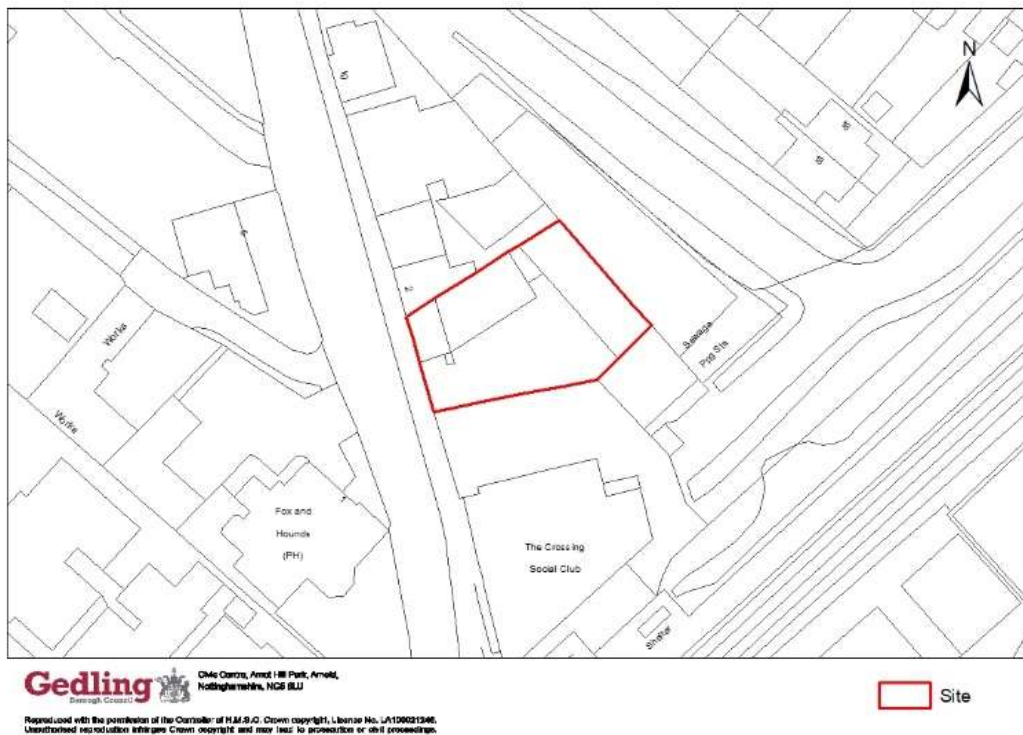


Post demolition site photograph

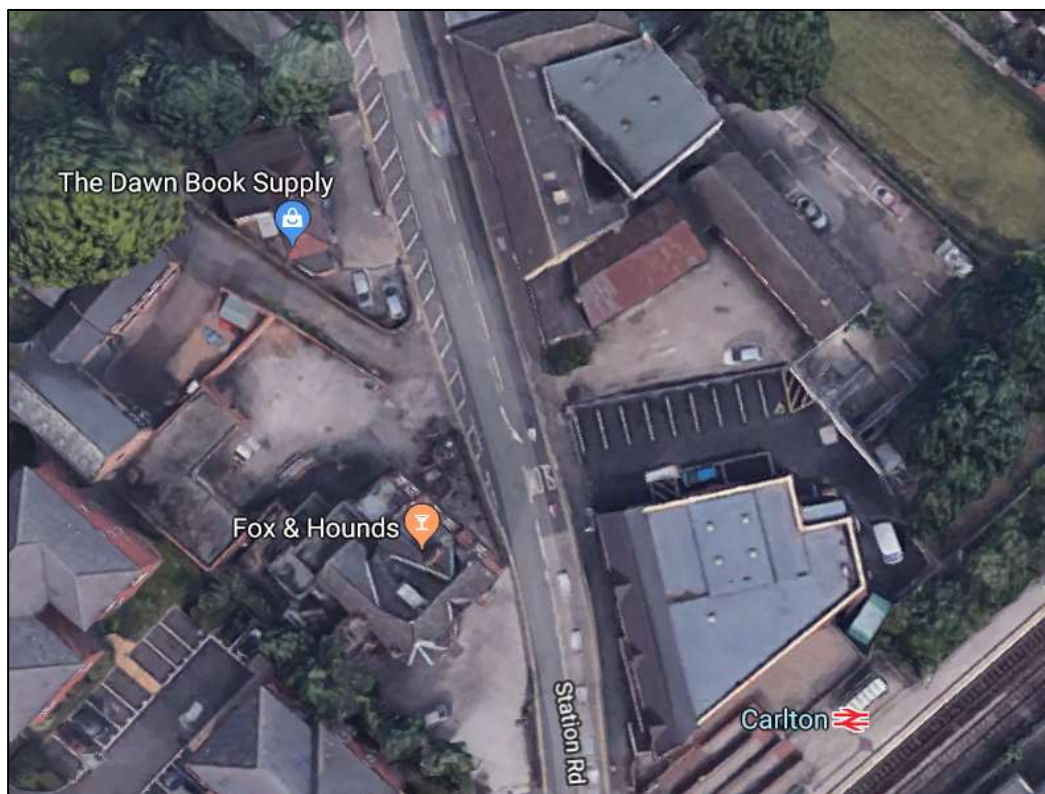


Appendix B: Station Road Site

Site Plan



Station Road – Aerial Image



Site Photos



Appendix C: Temporary accommodation options appraisal

See the next page

Temporary Accommodation Options Appraisal

January 2021

Contents

1.0	Introduction.....	4
	Current position	4
	Temporary accommodation officer working group	4
	Reducing the Time Spent in Temporary Accommodation.....	5
	Improving the Provision of Suitable Temporary Accommodation	6
	Summary	6
2.0	Local Position	8
	Current supply of temporary accommodation	8
	Current usage of all temporary accommodation	9
3.0	Options Appraisal Scope	17
	Overall Objective	17
	Parameters	17
	Delivery options scope.....	17
4.0	Delivery Options Review	19
	Delivery option 1: Purchase a property on the open market.....	19
	Delivery option 2: Build our own units.....	20
	Delivery option 3: lease a property from a private owner/landlord	20
5.0	Financial Observations	22
	Purchase	22
	Lease.....	22
	Financial Analysis	23
	Bed and Breakfast	23
	Financial Summary	24
	Risks.....	24
	Conclusion.....	25
6.0	Recommended Approach.....	27
	Summary of findings	27
	Conclusion.....	27
	Appendix A: Size of households in the various types of temporary accommodation	29
	Appendix B: Housing Benefit costings.....	32
	Appendix C: House Sales Values	35
	Market research (August 2020)	35

Market research (November 2020)	37
Appendix D: House Rental Values	40
Market research (August 2020)	40
Market research (November 2020)	41

1.0 Introduction

Current position

- 1.1 Homeless figures and use of temporary accommodation continue to rise nationally and locally. The Council has statutory duties to assist and, in specified circumstances, accommodate eligible individuals / households who are homeless or threatened with homelessness under Part VII of the Housing Act 1996. This includes a duty to provide interim accommodation whilst the Council is making enquiries as to whether a full housing duty is owed. In other words, the Council must find them temporary accommodation. Wherever the Council accommodates an applicant, it must ensure that the accommodation secured is suitable for the applicant and their household
- 1.2 Presently the Council meets this duty through access it has to various properties that it owns or leases which are used as temporary accommodation. Where these properties are fully occupied, the Council also utilises private accommodation that is available on a nightly basis, primarily Bed and Breakfast accommodation (B&B), which are often located outside of the Borough. This use of this type of accommodation has been increasing year on year since 2016/17, and creates two main concerns:
- **Health and well-being implications** – the facilities at a B&B mean that cooking healthy meals in the accommodation is not possible and therefore adds to the costs of living of the individual / household. Living in emergency accommodation can also affect mental health and well-being.
 - **Significant cost implications** - the total spend on B&B accommodation has risen significantly over the last few years with only £32k being spend in 2016/17, rising to £96k in 2018/19 and a spend of £278k in 2019/20.

Temporary accommodation officer working group

- 1.3 A corporate officer group was established (“Temporary Accommodation Officer Working Group”) in April 2019 with officers from Strategic Housing, Housing Needs, Finance and Legal teams to review the Council’s provision of temporary accommodation and other matters linked to temporary accommodation. The TA group currently has two main streams of work:
- **Reducing time spent in temporary accommodation** – these are measures to improve the supply of, and access to, permanent accommodation and the prevention of homelessness thus reducing the need for temporary accommodation; and
 - **Improving the provision of suitable temporary accommodation** – these are measures to improve the quality and the cost effectiveness of temporary accommodation.

Reducing the Time Spent in Temporary Accommodation

Improve the supply of permanent accommodation

- 1.4 One of the main factors that impacts on the need to use temporary accommodation, is the amount of affordable properties available for people to move into. As part of the planning process and with the delivery of key housing sites, an increase in the amount of affordable housing being provided as part of the private developments (secured through planning obligations given by the owner to the Council) is expected. This could have a significant impact on the Council's housing waiting list and should help to reduce the need for temporary accommodation. More information is provided within this report.

Improve access to permanent accommodation

- 1.5 Following legislative changes, the Council's Housing Allocation Policy has been reviewed and revisions to the policy have been consulted on two occasions. The proposed changes are designed to ensure that people at risk of homelessness are given additional priority on the Council's waiting list. This should help to reduce the need for temporary accommodation, as a secure tenancy in permanent accommodation will be found more quickly.

Homelessness Prevention

- 1.6 One of the main streams of work is to prevent the threat of homelessness and the number of people presenting as homeless. This includes various initiatives:
- **Call Before You Serve** – this is a specialist support service for private landlords who are considering evicting a tenant, seeking possession or needing advice on tenancy support. This initiative is designed to provide independent advice and support to the landlord with the objective of preventing evictions.
 - **Advertising the housing needs service** – this is focused on ensuring local residents are aware of the help that the Council can provide, if they are at risk of being evicted or made homeless. Early intervention enables the best outcomes and is viewed as good practice by MHCLG.
 - **Youth/school engagement** - Broxtowe Youth Homeless have been commissioned to undertake a series of sessions with schools to help educate children about their housing options.
 - **Citizens Advice Bureau in GP surgeries** – trial for the CAB to be located in one doctor's surgery and provide housing and debt advice to people who are also visiting the doctor with health problems.
 - **Housing prevention officers** – the Council employs two housing prevention officers. Their role is to work with people to prevent them from becoming homeless, by offering advice and guidance. This can also mean working with the landlords or family members.

Improving the Provision of Suitable Temporary Accommodation

- 1.7 Officers have been seeking improvements to the quality and quantity of temporary accommodation available to the Council. This includes a variety of projects:
- **Securing additional properties for temporary accommodation** – this options appraisal is being prepared to consider the provision of additional properties as an alternative to B&B and nightly accommodation – for example by purchase, leasing or the development of new units by the Council.
 - **Securing external funding to increase provision** – Various funding applications have been submitted to the MHCLG/Homes England linked to this stream of work. The latest is the bid to the Next Steps Accommodation Funding Programme fund (more details are provided below).
 - **Improvements to provision through Covid19** – under the Government’s “Everyone In” initiative and the need to ensure people in temporary accommodation could isolate, Officers have been sourcing appropriate self-contained accommodation and moved people swiftly.
 - **Development of a procurement framework** for B&B accommodation and nightly accommodation – this will ensure that any accommodation we use meets a certain standard and that the value for money is secured through a tendering process. This is currently being prepared.
 - **Severe Weather Emergency Protocol (SWEP)** – this provision is for rough sleepers or people at risk of being homeless to provide them with a place to stay in adverse weather conditions, and linking them with support services to address their housing situation.

Summary

- 1.8 Overall, the only way to reduce the need for temporary accommodation is for households to be able to access permanent affordable accommodation and to become more effective at preventing homelessness in the first place. However, the Council has a statutory duty to provide temporary accommodation to eligible individuals and their households. Furthermore, based on the current usage, it is essential to identify options to reduce the use of B&B accommodation to ensure individuals/households are placed in accommodation suitable for them and to reduce the costs incurred by the Council. There is a need to therefore identify options to reduce and improve the quality of other temporary accommodation in both the short and medium to long term.
- 1.9 This options appraisal will seek to establish the existing usage of all forms of temporary accommodation and a preferred method of meeting the current and future projected need for temporary accommodation, with the overarching objectives of reducing the use of B&B accommodation, improving the quality of the accommodation on offer, complying with the Government’s Homelessness code of guidance for authorities (“Homelessness Code”) and reducing the cost of temporary accommodation to the Council.

- 1.10 This Option Appraisal is specifically looking at improving the provision of suitable temporary accommodation and reducing the use of B&B and other nightly paid accommodation.

2.0 Local Position

Current supply of temporary accommodation

- 2.1 In order to meet its statutory duties to provide accommodation for eligible homeless individuals/households, Gedling Borough Council currently have access to various properties in the borough which are used as temporary accommodation. As the Council transferred its housing stock to a registered provider of social housing in 2008, it is not able to utilise and access a supply of Council-owned housing stock with which to flexibly support the changing demands for temporary accommodation.
- 2.2 The Council therefore relies on a mixture of Council-owned properties and leased properties. The Council currently has use of 7 two bedroom Council owned flats and leases a further 4 three bedroom houses. The Council also leases 2 two bedroom flats from a registered social landlord, making a total of 13 properties owned or controlled by the Council available for use as temporary accommodation (see table below).

Table 1: Breakdown of types of temporary accommodation

Address	Owned by?	Type of property	Agreement
2 Jacobs Court	Derwent Housing	2 bed ground floor flat	Long lease (99 year lease with an annual review)
5 Jacobs Court, Arnold	Derwent Housing	2 bed ground floor flat	
18 Brook Avenue, Arnold	Derwent Housing	3 bed house	
20 Brook Avenue, Arnold	Derwent Housing	3 bed house	
6A Wollaton Avenue, Gedling	GBC	2 bed first floor flat	GBC owned
8A Wollaton Avenue, Gedling	GBC	2 bed first floor flat	GBC owned
10A Wollaton Avenue, Gedling	GBC	2 bed first floor flat	GBC owned
12A Wollaton Avenue, Gedling	GBC	2 bed first floor flat	GBC owned
3A Beechwood Road, Arnold	GBC	2 bed first floor flat	GBC owned
6a Beechwood Road, Arnold	GBC	2 bed first floor flat	GBC owned
141A Oxclose Lane, Arnold	GBC	2 bed first floor flat	GBC owned
49 Church Lane, Arnold	Jigsaw Homes	3 bed house	2 year lease (ending March 2023)
84 Redland Grove, Carlton	Jigsaw Homes	3 bed house	

- 2.3 It should be noted that the Council-owned accommodation will require further investment to bring the properties up to standard in the short to medium term.
- 2.4 Where these properties are fully occupied, the Council utilises accommodation that is available on a nightly basis, primarily B&B, but also other nightly paid for accommodation such as hotels or serviced apartments. The Council can also refer cases to a neighbouring authority who run a hostel (Hound Lodge), which is located outside of the Borough.
- 2.5 The Council currently sources three additional properties from the Housing Network is a company specialising in providing accommodation to local authorities. These charged at a nightly rate which makes these properties nearly as expensive as B&B accommodation, but they do provide better facilities and self-contained

accommodation. As such this is not a permanent solution and is being reviewed as part of this process. Details of these properties are shown in the table below.

Table 2: Breakdown of types of temporary accommodation

Address	Owned by?	Type of property	Agreement
25 Kingswell Avenue, Arnold	Housing Network	2 bed house	Nightly charged
27 Kingswell Avenue, Arnold	Housing Network	2 bed house	Nightly charged
110 Southdale Road, Carlton ¹	Housing Network	4 bed house	Nightly charged

2.6 In summary, the properties the Council currently uses for temporary accommodation is varied and includes:

- **Council leased/owned properties** – provide suitable accommodation with all the main facilities and is reasonable in cost to the Council
- **Hound Lodge** – this hostel is outside of the Borough but provides free accommodation (to the user and no ongoing cost to the Council) at short notice for individuals with the basic facilities
- **B&B accommodation** – provides accommodation at short notice for individuals with the basic facilities, such accommodation is expensive to the Council
- **Nightly paid for accommodation currently via The Housing Network** – provide suitable accommodation with all the main facilities but is relatively expensive for the Council
- **Serviced Apartments** – provide suitable accommodation with all the main facilities but can be expensive for the Council
- **Night shelter** - provides accommodation (which the Council have received funding for) at short notice for individuals with the basic facilities during the winter months

Current usage of all temporary accommodation

2.7 During 2019/20 the number of households accepted as homeless and placed in temporary accommodation by the Council was 141, an increase of 37 households compared to 2018/19. Between the 1st April and 31st December 2020, we have already placed 124 households in temporary accommodation. It is therefore projected that the total number of households requiring temporary accommodation in 2020/21 will again increase from the previous year figure of 141.

2.8 The average length of stay of in all forms of temporary accommodation during 2019/20 was 117 days (16.7 weeks), an increase of 34 days (4.9 weeks) from the previous year. Of the 141 cases eligible for temporary accommodation, 118 of these households were placed in nightly accommodation, including B&B, whilst either alternative more suitable temporary accommodation was secured or permanent accommodation was found. In total, these 118 households were placed in B&B style accommodation at a net cost of £220,000. Data from the Housing Needs Team

¹ This property has not been in use since July 2020..

(December 2020) shows that the average length of stay² in just B&B and nightly accommodation (not including the temporary accommodation owned or leased by the Council) was 65.5 days (8 weeks).

2.9 Table 2 shows the number and type of temporary accommodation placements Gedling has made since April 2019 (data taken at the end of every month, as a snap shot).

Table 3: Usage of all temporary accommodation³ by type per month (April 2019 – December 2020)

	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	July 20	Aug 20	Sept 20	Oct 20	Nov 20	Dec 20	Average
Council owned properties	6	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	6	7
Council leased properties	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	5	6
Hound Lodge (hostel)	5	4	4	6	5	4	5	5	4	6	6	0	0	0	2	1	1	0	0	0	0	3
B&B	7	8	5	11	17	15	14	12	8	9	14	9	15	20	17	21	24	22	22	22	17	15
Housing Network (nightly)	-	-	3	3	3	3	3	3	4	3	2	2	2	1	3	1	1	1	2	2	2	2
Serviced Apartment (nightly)	-	-	-	-	-	-	1	1	1	1	1	11	2	-	-	-	-	-	-	-	-	1
Night shelter (SWEP)	-	-	-	-	-	-	-	-	1	2	2	0	-	-	-	-	-	-	-	-	-	0
Total	24	25	25	33	38	35	36	34	31	34	38	35	32	34	35	36	39	36	37	37	30	34

2.10 As shown above, the number of temporary accommodation placements are relatively static with an average of 34 over the last 21 months. Furthermore, there was a shift away from the hostel at Hound Lodge and the night shelter into other types of temporary accommodation during the first Covid19 lock down period – March to May 2020, to ensure that social distancing and self-isolation could occur. The use of serviced apartments in March 2020 is specifically down to the Government's

² As per the performance indicator target: "the average length of time spent in temporary accommodation (in weeks)"

³ This includes the properties owned and leased by the Council, as well as B&B accommodation and nightly paid accommodation.

“Everyone In” Initiative (linked to Covid 19 restrictions) and therefore is a one-off, unexpected use of nightly accommodation, which is not expected to be used again.

- 2.11 Table 3 shows that on average of about 12 households are placed in B&B and 3 in nightly paid accommodation through the Housing Network. On this basis, the Council will need to source or provide a further 15 properties for use as temporary accommodation to reduce the need for B&B and nightly paid accommodation. This is on the basis that the use of hostels, B&B and serviced apartments could be used in the future as last resort where there is spike in need, i.e. because of Covid or other emergency that cannot be planned for, and the type of accommodation will be sourced depending on what is suitable in the circumstances.

Temporary accommodation costs

- 2.12 B&B and nightly accommodation is used when the Council does not have an available temporary accommodation property that it either leases or owns. The net cost of which is projected to be over £200,000 again this financial year which has been exacerbated due to the additional demands arising from Covid19. This included the requirement for self-contained accommodation and the requirement to house rough sleepers/people at threat of being homeless under the “Everyone In” initiative (see table below), which meant self-contained accommodation was required.

Table 4: Use of B&B/Nightly accommodation since 2013/14

Financial year	Number of TA cases	Number of days in TA	Net Expenditure		Total Amount spent on Nightly accommodation
			Bed & Breakfast £	Other Nightly Accommodation £	
2013/14	34	1560	12,400	0.00	12,400
2014/15	41	1683	25,300	0.00	25,300
2015/16	55	2142	30,900	0.00	30,900
2016/17	50	2478	24,000	0.00	24,000
2017/18	64	3668	60,500	0.00	60,500
2018/19	98	2585	74,100	0.00	74,100
2019/20	123	6770	185,000	35,100	220,100
2020/21 (as of 31/12/20)	98	5876	182,800	21,300	204,100
2020/21 forecast	-	-	250,700	27,900	278,600

- 2.13 The table above shows the changes since 2013/14. Of note is the increased number of TA cases and the very significant numbers of days spent in temporary

accommodation since 2018 which in turn has led to the steep increasing costs of B&B accommodation.

Size of households in temporary accommodation

Council owned/leased properties

- 2.14 Further analysis has been done on the size of the group being placed in temporary accommodation owned or leased by the Council (as detailed in table 1). The average household numbers are shown below and the detailed (month by month) breakdown are shown in Appendix A.

Table 5: Size of households in Council owned/leased accommodation (April 2019 – December 2020)

Size of households	Average number of households
1 or 2 adult(s)	0
1 or 2 adult(s)/1 Child	2
1 or 2 adult(s)/2 children	4
1 or 2 adult(s)/3 children	4
1 or 2 adult(s)/4 children	1
1 or 2 adult(s)/ 5 children	1
1 or 2 adult(s)/ 6 children	0
1 or 2 adult(s)/ 7 children	1
Total	13

- 2.15 The table above shows of the 13 temporary accommodation properties the Council leases or owns, the majority of them are being used for households with a single adult or couple with 2 or 3 children.

B&B/nightly paid for accommodation

- 2.16 The table below shows the average size of households in B&B/nightly paid for accommodation (only including the Housing Network properties) in the period between April 2019 and pre-Covid19 (March 2020) and then also between April 2019 and December 2020. The average household numbers are shown below and the detailed (month by month) breakdown are shown in Appendix A.

Table 6: Size of households in B&B and the Housing Network nightly accommodation (since April 2019)

Size of households	Average number of households	
	Pre Covid19 (April 2019 – March 2020)	April 2019 – December 2020
1 or 2 Adult(s)	6	7
1 or 2 Adult(s)/1 Child	6	6
1 or 2 Adult(s) / 2 Children	2	2
1 or 2 Adult(s) / 3 children	2	2
1 or 2 Adult(s)/4 children	0	0
1 or 2 Adult(s)/ 5 children	0	0
Total	15	17

- 2.17 The table above shows that on average there are 15 households in B&B/nightly accommodation (Housing Network properties) since April 2019 until Covid19 restrictions started (March 2020) and that this rose to 17 households after this period (up to December 2020). Of these households, the majority are the smaller ones – either single applicants or couples or those with 1 or 2 children. There was a clear spike in the figures of singles/couples being housed after Covid19 restrictions were in place in April 2020 (see highlighted cells in Appendix A). Local knowledge suggests that this is due to the Covid19 restrictions and housing at least 5 single/couples pursuant to the Government’s “Everyone In” policy announced in March 2020.
- 2.18 Overall, table 5 and 6 shows that the largest households we provide temporary accommodation tend to be accommodated in our own/leased properties (as these tend to be 2 or 3 bed roomed properties) whilst leaving B&B/nightly paid accommodation of the smaller households.
- 2.19 Table 6 below shows the assumed size of property required for the different size placements in the B&B/nightly paid for accommodation (Housing Network properties) since April 2019 and pre-Covid19 restrictions (March 2020). The overall average since April 2019 has also been included for reference.

Table 7: Assumed size properties required to meet size of recent placements in B&B and nightly accommodation

	Total in B&B/nightly accommodation	1 or 2 Adult(s)	1 or 2 Adult(s)/1 Child	1 or 2 Adult(s)/2 Children	1 or 2 Adult(s)/3 children
Assumed property size required		1 bed	2 bed	2/3 bed	3 bed
Number required based on placements pre Covid19	15	5.5	6	2	1.5
Number required based on placements since April 2019	17	6.5	6	2	1.5

- 2.20 The table above demonstrates that there is current proven need for 2 and 3 bedroomed properties (weighted more towards 2 bedrooms) to help meet the recent demand for B&B and nightly paid accommodation.

Future need for temporary accommodation

- 2.21 There are many factors that impact on the need to use temporary accommodation and how long it is required for. One of the main factors is the amount of affordable properties available. The table below shows the expected numbers and locations for additional affordable properties to be built within the Borough.

Table 8: Future supply of affordable housing within the Borough (as of December 2020)

Site	Number of affordable units⁴	Planning Status	Expected delivery⁵
Teal Close, Netherfield	13 (9 rent and 4 s/o)	Outline planning permission (2013/0546). Reserved matters approved (2019/0152) for the second phase. Reserved matters application 2019/0560 for the final phase being determined	On site. First affordable units due September. Entire scheme due to be delivered in phases to 2028
Vale Road, Colwick	44 (21 rent and 23 s/o)	Full planning permission (2016/0347) secured	On site – units to be delivered by 2021/22
Chase Farm	105 units split in 3 phases (15 already provided).	Planning application approved.	Phase 1 completed and phase 2 currently under construction.
Lendrum Court	34 sheltered units	Full planning permission approved (2019/0876)	Start 2021 and practical completion by January 2022
Millbeck House, Arnold	Zero	Full planning application (2020/0009) being determined	N/A
West of Mapperley Plains, Mapperley	49 (33 rent and 16 s/o)	Full planning application 2019/0213 secured subject to the signing of the s106	Start 2021/22 and completed by 2023/24
Dark Lane, Calverton	11 (8 rent and 3 s/o)	Full planning application secured (2019/0213)	Start 2021/22 and completed by 2023/24

⁴ Split into social rent, shared ownership (s/o) or sheltered units.

⁵ Taken from the Five year Supply document

Linden Grove, Gedling	24 (17 rent and 7 s/o)	Planning application (2019/1186) approved subject to the s106	Start 2021/22 and completed by 2024/5
Park Road, Calverton	70 (49 rent and 21 s/o)	Outline permission secured (2018/0607). Reserved matters application (2020/0020) pending consideration	Start 2021/22 and completed by 2028/9
Earl of Chesterfield, Carlton Hill	23 sheltered units	This has a resolution to grant permission subject to signing of the s106	Dependent on planning decision but expected within 24 months of decision being made
Flatts Lane, Calverton	16 (11 rent and 5 s/o)	Reserved matters approval (2020/0822)	Start 2021/22 and completed by 2023/24
Rolleston Drive	Est. 131 (65 rent and 66 s/o)	Jigsaw offer accepted. Planning application submitted (2020/1054)	No units expected until 2022.
Top Wighay, Linby	241 (169 rent and 72 s/o)	Outline application (2020/0050) being determined	Start 2021/22 and completed by 2028

2.22 From the table above we are therefore expecting a significant amount of social housing being provided as part of the private developments (secured through mainly through planning obligations). This could have a significant impact on the Council's waiting list and may help to reduce the need for temporary accommodation. However, many of these developments have yet to start or have agreed their s106 contributions (and viability of the scheme has the potential to significantly reduce the amount of affordable homes provided).

2.23 In summary, there are:

- 160 social units and 34 sheltered units have full planning permission and are either on site or will be on site this financial year. The first of these units are due this financial year (at Teal Close) and then the 44 units at Vale Road are due to be completed in the next financial year with the others coming forward on a phased basis before 2028
- Another 84 social units with a resolution to grant planning permission, subject to the s106 agreement being signed, due to be completed by 204/25
- Planning applications for 86 social units and 23 sheltered units currently being determined
- A further 372 social units could come forward from allocated housing sites in the future if they progress through the planning process and are delivered as expected.
- Whilst there was a pre-existing requirement for affordable housing on the Chase Farm site, which is being delivered against. Jigsaw Homes have recently purchased an additional 8 x 2 bedroomed flats at Chase Farm (bought on the open market and is over and above the affordable housing requirement through the planning application), and is a considerable windfall for the Council.

2.24 There are other reasons for the increased demand for temporary accommodation, especially in light of Covid19. These include an increase in domestic violence cases

where one party is fleeing and requires emergency housing (nationally there has been a 50% increase in these cases), early release of prisoners (a government initiated response, though relatively low numbers presenting to the Council) and increase in private sector evictions (potential to increase when the courts re-open and the embargo on evictions is ended, this has been extended again until the end of March 2021, but post that date a significant increase in private sector evictions is anticipated). These could all cause an increase in demand for temporary accommodation, but to what extent is unknown at this time.

- 2.25 With this in mind, the current demand for temporary accommodation is a reasonable basis to project future demand over the next few years (but is subject to change if the planned affordable units are built through the planning system, but may also increase with further implications from Covid19).

3.0 Options Appraisal Scope

Overall Objective

- 3.1 The objective for this option appraisal is to identify and evaluate a variety of alternative accommodation options to significantly reduce the usage (and therefore cost to the Council) of B&B and nightly paid accommodation as temporary accommodation to improve the quality of accommodation provided and to adhere to Government guidance.

Parameters

- 3.2 For the purposes of this options appraisal, set parameters have been used to assist with comparing the various delivery options (detailed in para 4.3 below). It was agreed to use specific properties within the urban conurbation of Gedling as set parameters, for the following reasons:

- as there is known strong demand for these units for temporary accommodation within this area;
- semi-detached properties will be better value for money than detached properties;
- focusing on 2 and 3 bedroomed properties as this is the demand shown by current usage of B&B/nightly paid accommodation;
- GBC is particularly keen to reduce usage of B&B by families;
- to ensure compliance with statutory provisions and guidance; and
- assume that housing benefit can be reclaimed (see Appendix B).

Delivery options scope

- 3.3 There were a number of delivery options discounted for this appraisal, as they did not meet the objective of reducing the use of B&B accommodation, whilst also reducing the cost and improving the quality of temporary accommodation. The options discounted, include:

- **Serviced apartments** – although these provide the majority of the facilities required, in normal market conditions, these are too costly to be considered; also none could be identified any within the borough so use would mean accommodating eligible individuals/households outside of the borough;
- **Formalise the relationship with the Housing Provider** - this has been used as a short term measure and could be considered as a way of alleviating some more of the pressure on B&B usage going forward. Dependent on the offer from the provider, the Council may need to run a procurement exercise before entering into a formal contract for the provision of properties for temporary accommodation;
- **Taking an equity stake in temporary accommodation dwellings** - potential to purchase an equity stake from a housing provider in properties for use as temporary accommodation. This will enable more stock in the private sector to be purchased by housing providers to be used as temporary accommodation. However, this option is currently not available due to the lack of appetite from housing providers. This may an option in the long term and will be considered if appropriate; and

- **Lease further properties from social landlords** – this would mean taking over responsibility for a property from a social landlord for a specified period of time. The Council currently utilises this approach for properties at Jacobs Court and Brook Avenue (Derwent Housing) and Church Lane and Redland Grove (Jigsaw Homes, formerly Gedling Homes). However, due to a significant lack of affordable properties available in the Borough, this option has been discounted at this stage, as it depletes the number of affordable homes able to redress housing need on a permanent basis.
- **Use a third party to lease properties** - this means agreeing to terms for a period of time, but dependent on the offer, could include management and maintenance of the properties. However, there is a variety of options available from various sources although many often require signing up for long periods of time (5-10 years leases) with unclear terms and conditions. For this reason, this option is currently discounted.

3.4 Therefore, the delivery options that are being considered in detail as part of this options appraisal include:

1. **Purchase of properties on the open market/auction** - taking ownership of a property for sale on the open market or at auction;
2. **Build our own units** – use Council owned land to build properties for use as temporary accommodation; and
3. **Lease of properties from private owners/landlords** – this means agreeing to terms and taking responsibility for the property (including the ongoing maintenance) for a specified period of time.

4.0 Delivery Options Review

Delivery option 1: Purchase a property on the open market

- 4.1 A potential option is to buy dwellings on the open market or at auction. An assessment of property prices for 1, 2 and 3 bedroom houses in the urban conurbation was undertaken through the Rightmove website in August and then was repeated in November to identify the available properties. The results are included in Appendix C and are summarised below:

Table 9: House price data

	Range of house prices		
	Flat	Terraced	Semi-detached
1 bed	Aug: £70-85k Nov: £100-120k	Aug: N/A Nov: £120k	Aug: N/A Nov: N/A
2 bed	Aug: £90k Nov: £85-120k	Aug: £115-140k Nov: £125-140k	Aug: £145-150k Nov: £150k
3 bed	Aug: N/A Nov: N/A	Aug: £115-140k Nov: £110-140k	Aug: £145k Nov: £125-135k

- 4.2 Purchase of properties would require an upfront capital contribution at the outset; along with the costs associated with a purchase such as legal fees and disbursements and any costs to bring the property up to standards. Purchase would also mean that the Council would be responsible for any repairs required to the property over time and any falls in value. Equally the Council would benefit from any growth in the housing market should it chose to dispose of the asset in the future.

Positive aspects

- 4.3 A significant positive aspect of this approach would be that the Council gains a capital asset which can be used at temporary accommodation to reduce the usage of B&B accommodation and would still retain a value if it was no longer required for temporary accommodation. Each property would be assessed and chosen to ensure it is of a good standard and provides suitable accommodation at a reduced cost than B&B usage. This approach also means that the supply of social housing in the borough is not reduced.

Negative aspects

- 4.4 As stated above, there is a significant initial capital requirement. Additionally, there are ongoing maintenance costs with the property, including all the structural repairs, general ongoing maintenance required and compliance with statutory requirements, such as gas and electric safety checks which are required for each new letting.

Delivery option 2: Build our own units

Land owned by the Council could be used to build properties for use as temporary accommodation. There are two specific sites that have been identified at Burton Road and Station Road Carlton which could deliver around 17 dwellings (10 on Station Road site and 7 on Burton Road site). Options are being considered for these sites to deliver affordable housing with some units retained by the Council for use as temporary accommodation (subject to budget approval and a detailed business case for the scheme being approved).

Positive aspects

- 4.5 A significant positive aspect of this approach would be that the Council gains a capital asset which can be used to reduce the usage of B&B accommodation and would still retain a value if it was no longer required for temporary accommodation. The properties would be designed and built to ensure it is of a good standard and provide suitable accommodation at a reduced cost than B&B usage. This approach could also provide a means that if increasing the supply of social/affordable housing in the borough if a proposal to deliver both temporary accommodation and social/affordable rented units on both sites were approved. The Council also holds grant funding and commuted sums from financial contributions made towards the provision of affordable housing through planning obligations which could be used towards the financing of the overall scheme (but could not be used to fund any temporary accommodation units).

Negative aspects

- 4.6 As stated above, there is a significant initial capital requirement, which would need a business case to justify the expenditure. Additionally, there are ongoing maintenance costs with the property, including all the structural repairs and statutory requirements.

Delivery option 3: lease a property from a private owner/landlord

- 4.7 A third option is to lease properties from private owners/landlords. This is likely to mean agreeing terms with a landlord to take control of the property for a medium to long term (likely 1-5 years) in return for a set payment of rent. The Council is likely to be responsible for all internal repairs and general maintenance but would have the opportunity to flexibly house people in need of temporary accommodation. Leasing of properties from a private landlord may require a significant incentive to the landlord such as payment up front, but research has identified potential leased properties within the borough.
- 4.8 A review of the property prices for 1, 2 and 3 bedroom houses in the urban conurbation was undertaken through the Rightmove website in August and in November to identify the available properties. The results are included in Appendix D and are summarised below.

Table 9: House rental values data

	Range of house rent/month		
	Flat	Terraced	Semi-detached
1 bed	Aug: £425-595 Nov: £450-595	Aug: 550 Nov: N/A	Aug: N/A Nov: N/A
2 bed	Aug: £550-625 Nov: £412	Aug: £575-650 Nov: £600	Aug: N/A Nov: N/A
3 bed	Aug: N/A Nov: N/A	Aug: £675 Nov: £775-795	Aug: £750-850 Nov: £750

Positive aspects

- 4.9 A significant positive aspect of this approach would be that the Council has the ability to access a greater number of temporary properties on a relatively flexible basis without significant up front capital costs and potentially this could be achieved relatively quickly. This approach also means that the supply of social housing in the borough is not reduced.

Negative aspects

- 4.10 The Council would not own the property and therefore would not have a capital asset. Furthermore, the appetite from landlords to this approach is not yet known. Financial incentives may be required for a private landlord to lease a property to the Council. Therefore, it is difficult to fully quantify the costs and extent of opportunity of this approach however other local authorities have implemented similar schemes. The market research shows that there are significantly less properties to rent than there is to purchase, which may impact on our ability to secure the right type and quality property at an affordable cost.

5.0 Financial Observations

- 5.1 As stated above, one of the methods of delivery the Council currently utilises to deal with the current demand for Temporary Accommodation is Bed and Breakfast (B&B). In addition to the health & wellbeing concerns highlighted in section 1.4 of this report, using this type of accommodation is widely understood to be an expensive option. For the financial year 2020/21 expenditure associated with placing individuals and families into B&B accommodation is expected to cost c£300,000.
- 5.2 The Council currently have an approved budget for B&B of £35,000 per year; the additional cost has been funded by utilising the Homelessness Support Grant and Earmarked Reserves. However, using reserves to fund ongoing pressures is an unsustainable method of funding. One of the objectives of this project is to identify and assess a more economical method of delivering the Council's responsibilities in regards to Temporary Accommodation.
- 5.3 As detailed above three options have been considered for alternate delivery of Temporary Accommodation these are as follows:
- Purchase on the open market or at auction;
 - Lease on the open market;
 - Build owned units (this financial analysis does not consider this option in any detail as the Station & Burton Road Business Cases will separately consider and identify the risks and benefits of these potential projects).
- 5.4 The options appraisal has identified that in addition to the units that the Council currently owns and leases 15 more properties are required to meet estimated ongoing demand.

Purchase

- 5.5 Using the cost information on Appendix C the financial model has assumed an average price of £140,000 per unit. This relates to mainly the purchase of two bedroom properties but would give some flexibility to include a small number one and three bedroom properties.
- 5.6 Borrowing from PWLB would be used to finance the project over a 25-year period, which would be appropriate given the properties are not likely to be new.

Lease

- 5.7 Using the information set out in Appendix D the financial model has assumed an average rental sum of £650pcm. Again, this is mainly based on two bedroom properties and would give a degree of flexibility to include some one and three bedroom units.
- 5.8 The financing of a leased option would be through the Revenue Budget.

- 5.9 Both financial models have allowed for repairs, maintenance dilapidation payments and managements costs.

Financial Analysis

- 5.10 This Options Appraisal sets out a recommend approach for the Council to deal with its responsibilities in regards to the provision of temporary accommodation, and demonstrates that there is ongoing demand for an additional 15 units needed for Temporary Accommodation within the Borough.
- 5.11 In order to ascertain the most cost effective method of delivery of these 15 units, financial modelling has been undertake to compare the net cost to the Council of purchasing or leasing. (This part of the financial model is to purely to consider the most cost effective method of delivery the proposed mix is considered below) Table 9 below demonstrates that the purchase option has a significantly lower net costs to the Council compared to the lease option.

Table 9: Financial analysis of temporary accommodation options

Options	Purchase	Lease
	£	£
1 Year (Net cost)	36,000	70,000
5 Year (Net cost)	173,000	356,000
25 Year (Net cost)	712,000	1,994,000

- 5.12 The net cost to the Revenue Budget of purchasing 15 units modelled on the assumptions above is £712,000 over the 25 borrowing term. This equates to an average c£29,000 per year. The net cost in year one would be £36,000 this decreases year on year due to a 1% inflation included on rent payments.
- 5.13 In comparison, the net cost of a lease option is £1,994,000 over the 25-year period, which is on average is £48,000 a year £70,000 in year one. The same 1% inflation increase has been included as the purchase option above.

Bed and Breakfast

- 5.14 The Council is currently utilising the higher-priced provision of B&B to accommodate cases. As stated above this provision is largely unbudgeted for and causing significant pressures on the Council's budget. Table 10 below sets out the comparable net costs to accommodate 15 cases in B&B accommodation.

Table 10: Overview of B&B costs for 15 rooms

Table 2.		
No. of rooms	1 Room	15 Rooms
	£	£
B&B Cost per annum	29,000	437,000
Reimbursement HB	(5,000)	(77,000)
Net Cost	24,000	360,000

5.15 The net cost of accommodation of an equivalent 15 cases is £360,000 each year or £24,000 per case.

5.16 Table 11 below compare the two options of purchase and lease with the net costs of B&B provision.

Table 11: Annual comparison between purchase and B&B costs

Options	Purchase	Lease	B&B
	£	£	£
Cost per 1 unit	2,400	4,600	29,000
Cost per 15 units	36,000	70,000	360,000

5.17 It is clear from the above tables, that both the purchase and lease options would significantly reduce the Councils cost when compared to using B&B accommodation. However, greater savings would be generated through the purchasing option.

Financial Summary

5.18 The above tables indicate that both the purchase and lease options would generate significant cost savings to the Council when compared to using B&B accommodation. However, the annual net cost of purchasing 15 properties in year 1 would be £36,000 compared to the leasing option of £70,000. This would generate savings from current use of B&B of £26,000 per unit of purchased and £23,000 for leasing.

5.19 From a financial perspective the purchase option would be a more cost effective solution and would generate significantly more savings than the lease option. In addition, purchase of properties would result in ownership of an asset, which can be sold at some point on the future to raise a capital receipt for repayment of debt.

Risks

5.20 There is a risk that the requirement for Temporary Accommodation reduces. The Council would have number of options for the use of any purchased units including rental for social rents, affordable rent or market rent.

- 5.21 Alternately the Council could use the purchased units to replace current stock which are a lower quality accommodation. The assets could also be sold to raise capital receipts for repayment of debt.
- 5.22 There is also a risk that the property market could fall. However, historically property has tended to appreciate over time; therefore, this risk is viewed as minimal. If this did happen Council could chose to rent out the units until the market improved.
- 5.23 The leasing option would eliminate this risk, however may be subject to lease increases or decreases in line with market rents.

Conclusion

- 5.24 If after all the risks and rewards of purchased v lease have been considered and the Council concludes that the most effective option is to purchase, the next step is to consider a proposed mix.
- 5.25 There is currently a Business case being prepared up for the delivery option to build our own units on Station & Burton Road. The proposal suggests the scheme could realise 7 owned units in around 2 years' time for use as Temporary Accommodation. Whilst this scheme has not yet been approved it would not be appropriate at this time to consider purchasing all 15 units. Therefore, we could assume the most financially beneficial mix would be as follows:
- 7 units leased on a 2 year lease commencing from March 2021, however it should be noted that the timings of this may be delayed due to market conditions which have yet to be assessed.
 - 8 units purchased in 2021/22, at an average cost of £140,000 per unit plus Stamp Duty Land Tax at 3% a total capital outlay of £1,154,000. However, depending on the market and the timings of purchases this may spread across more than one financial year.
- 5.26 The five-year revenue impact of this proposal would be as follows.

Table 12: Five Year Revenue

Year	Year 1	Year 2	Year 3	Year 4	Year 5	Total
	£	£	£	£	£	£
Lease (7 units)	32,500	32,800	33,200	33,600	33,900	166,000
Purchase (8 units)	19,200	20,900	20,600	20,300	20,000	101,000
Housing Needs Budget	126,500	35,000	35,000	35,000	35,000	266,500
Total Cost	178,200	88,700	88,800	88,900	88,900	533,500
Current Provision of B&B						
	280,000	280,000				
Potential Savings	101,800	191,300				

- 5.27 The table above is based on the assumption that in year 1 there will be timing issues related to the purchase of units, therefore, a B&B budget will be required to enable the provision of TA whilst the units are being procured. The current forecast expenditure for temporary accommodation in 2020/21 is expected to be in the region of £280,000, therefore the proposal could generate savings of £101,800 in year 1.
- 5.28 The savings could increase to £191,300 from year 2 on the assumption that all the units are procured by this time, a small budget for provision of emergency B&B would remain. Principally these savings enable a reduced reliance on earmarked reserves that are currently required to cover additional costs, the release of grant funding in the region of £16,000 to enable additional investment in homelessness prevention measures and a saving in the Council's ongoing budget for bed and breakfast accommodation of £35,000.
- 5.29 The net revenue cost of purchasing and leasing units as set out in Table 12 of c£89,000 per year will be met by utilising the Homelessness Reduction Grant which is expected to continue for the foreseeable future.

6 Recommended Approach

Summary of findings

This options appraisal has reviewed a variety of initiatives and options, some of which have been discounted (as detailed in section 4). Of the three options considered in more detail, there were various aspects considered, including the financial implications, exit strategy and availability of properties. A summary of these assessments are shown below:

- **Purchase property on the open market** - there is an identified supply of suitable properties, in the right location and have demonstrated to be the best option from a financial point of view. This will then increase the council's asset base, and would be considered a longer term option. If demand for temporary accommodation dropped significantly, then the asset could be disposed of and a capital receipt realised.
- **Build our own properties** – this option will allow the Council to design and build 17 properties to meet the current affordable housing requirements of the Borough, whilst also ensuring 7 of these properties were made available for temporary accommodation.
- **Leasing properties on the open market** -- the financial modelling shows that this is a viable option for the Council. The range of properties and flexibility on their location means that Officers can choose properties that are most suitable to their needs of for temporary accommodation as evidence in the options appraisal. Furthermore, this option could provide properties to cover the interim period whilst plans are being progressed with the build delivery option (if approved).

Conclusion

From the review of the three delivery options (outlined in section 5), and in view of the pressing need to increase the Council's supply of properties for use as temporary accommodation quickly, it is proposed to adopt the following approach:

- **Purchase delivery option:** buying units as the most preferable option and so it is proposed to purchase 8 units (mix of 2/3 bedroomed), at an average cost of £140,000 per property;
- **Build delivery option:** subject to a successful detailed business case and budget approval, delivery of 7 two bedroomed units on the Council owned land at Station Road and Burton Road; and
- **Lease delivery option:** in order to have access to 7 units whilst the ones on Station and Burton Road are being built, it is proposed to lease 7 properties (mix of 2/3 bedroomed) on a 2 year lease commencing from March 2021 (on average at £650/month).

Exit strategy

Whilst there has been considerable evidence to show the repeated demand for temporary accommodation since April 2019, officers have considered what may happen if this demand decreases. It is considered that there are two main options:

- use of any purchased units including rental for social rents or affordable rent; and/or
- use the purchased units to replace current stock which are a lower quality accommodation. The assets could also be sold to raise capital receipts for repayment of debt.

Appendix A: Size of households in the various types of temporary accommodation

Table 13: Size of households in Council owned/leased accommodation (at end of each month)

	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	July -20	Aug -20	Sept – 20	Oct-20	Nov-20	Dec 20	Average
1 or 2 Adult(s)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1 or 2 Adult(s)/1 Child	3	3	4	3	3	3	2	2	0	0	0	1	1	1	1	1	1	1	1	1	1	2
1 or 2 Adult(s) / 2 Children	2	2	2	3	3	3	4	4	5	6	6	5	5	5	5	5	6	5	5	5	2	4
1 or 2 Adult(s) / 3 children	4	5	4	4	5	4	4	4	5	5	5	5	5	5	5	4	3	4	4	4	5	4
1 or 2 Adult(s)/4 children	2	2	2	2	2	2	2	2	2	1	1	1	1	1	1	1	1	1	1	1	1	1
1 or 2 Adult(s)/ 5 children	1	1	1	1	0	0	0	0	0	0	0	0	0	0	0	1	1	1	1	1	1	1
1 or 2 Adult(s)/ 6 children	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	1	1	1	1	1	0
1 or 2 Adult(s)/ 7 children	0	0	0	0	0	1	1	1	1	1	1	1	1	1	1	0	0	0	0	0	0	1
Total	12	13	13	13	13	13	13	13	13	13	13	13	13	13	13	13	13	13	13	13	11 ⁶	13

⁶ Two of the properties were undergoing essential maintenance at the end of December 2020.

Table 14: Size of households in B&B and some nightly accommodation⁷ (at end of each month)

	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20 ⁸	Apr-20	May-20	Jun-20	July-20	Aug-20	Sept-20	Oct-20	Nov-20	Dec-20	Average
1 or 2 Adult(s)	5	5	2	4	7	7	8	5	0	0	3	6	10	13	9	13	11	10	11	11	8	7
1 or 2 Adult(s)/ 1 Child	2	3	4	5	8	6	6	6	10	10	9	11	5	4	5	5	9	8	9	5	5	6
1 or 2 Adult(s) / 2 Children	0	0	1	4	4	3	3	2	1	1	3	3	2	2	3	2	3	1	0	3	3	2
1 or 2 Adult(s) / 3 children	0	0	1	1	1	1	1	3	2	2	2	2	2	2	3	2	2	3	3	4	2	2
1 or 2 Adult(s)/ 4 children	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	1	1	1	0
1 or 2 Adult(s)/ 5 children	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1 or 2 Adult(s)/ 6 children	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	7	8	8	14	20	18	18	16	13	13	17	22	19	21	20	22	25	23	24	24	19	17

⁷ This does not include Hound Lodge

⁸ The use of temporary accommodation in the period after March 2020 was impacted with the Covid19 restrictions and the “Everyone In” Initiative. Before this period, the average was 15 households in B&B and some nightly paid accommodation.

Table 15: Size of households in B&B and all nightly accommodation⁹ (at end of each month)

	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	July-20	Aug-20	Sept-20	Oct-20	Nov-20	Dec-20	Average
1 or 2 Adult(s)	6	5	2	4	7	7	8	5	1	2	5	6	10	13	9	13	11	10	11	11	8	8
1 or 2 Adult(s)/ 1 Child	4	6	6	7	9	7	8	9	12	15	14	11	5	4	6	5	9	8	9	5	5	8
1 or 2 Adult(s) / 2 Children	1	1	3	8	8	6	6	4	3	2	4	3	2	2	3	2	3	1	0	3	3	3
1 or 2 Adult(s) / 3 children	1	0	1	1	1	1	1	3	2	2	2	2	2	2	4	3	3	3	3	4	2	2
1 or 2 Adult(s)/ 4 children	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	1	1	1	0
1 or 2 Adult(s)/ 5 children	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1 or 2 Adult(s)/ 6 children	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	12	12	12	20	25	22	23	21	18	21	25	22	19	21	22	23	26	23	24	24	19	21

⁹ This does include Hound Lodge.

Appendix B: Housing Benefit costings

Source document

Circular HB S5/2017 (3rd revision)

Current B&B calculation

When using B&B accommodation the Housing Benefit (HB) subsidy is calculated using the LHA rate as at January 2011 as per the above circular. We can only claim one bedroom LHA rate for B&B and this amounts to a maximum of £98.08 per week.

In simple terms if we book a room in a privately owned Bed and Breakfast for £50.00 a night for 7 days the weekly cost is £350.00 per week. **IF** they claim HB we can claim back a maximum of £98.08 per week meaning a cost to the Housing Need's budget of £251.92 per week for just one household. For non-benefit customers we would expect the customer to pay the £98.08 that they would receive if they were on Housing Benefit,, again with the remaining cost being borne by the Housing Needs budget.

Leasing

For all homeless accommodation in England that is self-contained and leased to the LA for a period not exceeding 10 years we can claim the 90% of the appropriate LHA rate as set at January 2011. The calculation is 90% of the appropriate LHA rate and not the household size.

1 bed property:

For a 1-bedroom property the appropriate LHA rate in January 2011 was £98.08. Therefore, we can claim up to 100% subsidy on 90% of this figure, which amounts to £88.27 per week.

£88.27 per week calculates to £382.50 per month. If the core rent we need to pay a private landlord to lease their accommodation is more than £382.50 per month then this would again be a cost to the HN budget.

In simple terms if we lease a property for £468.69 per month, based on current LHA rates from April 2020 the Council would be losing £86.19 in HB shortfall per month. This only equates to £19.89 per week compared to £251.92 per week in B&B as in example 1 above. This is already a saving of £232.03 per week per household and this will provide them with a better quality property and self-catering facilities. Over a 52-week period, this property could potentially save the Council £12,065.56 per annum on existing B&B expenditure.

2 bed property:

For a 2-bedroom property, assuming the family need the 2 bedrooms the appropriate LHA rate in January 2011 was £114.23 per week. Therefore, we can claim up to 100% subsidy on 90% of this figure, which amounts to £102.81 per week.

£102.81 per week calculates to £445.51 per month. If the core rent we need to pay a private landlord to lease their accommodation is more than £445.51 per month then this would again be a cost to the HN budget.

In simple terms if we lease a property for £548.51 per month, based on current LHA rates from April 2020 the Council would be losing £103.00 in HB shortfall per month. This only equates to £23.77 per week compared to £251.92 per week in B&B as in example 1 above. This is already a saving of £228.15 per household per week and this will provide them with a better quality property and self-catering facilities. Over a 52-week period, this property could potentially save the Council £11,863.80 per annum on existing B&B expenditure.

3 bed property:

For a 3-bedroom property, assuming the family need the 3 bedrooms the appropriate LHA rate in January 2011 was £126.92 per week. Therefore, we can claim up to 100% subsidy on 90% of this figure, which amounts to £114.23 per week.

£114.23 per week calculates to £495.00 per month. If the core rent we need to pay a private landlord to lease their accommodation is more than £495.00 per month then this would again be a cost to the HN budget.

In simple terms if we lease a property for £623.31 per month, based on current LHA rates from April 2020, the Council be losing £128.31 per month in HB shortfall. This only equates to £29.61 per week compared to £391.92 per week in B&B as in example 1 above. This is already a saving of £362.31 per household per week and this will provide them will a better quality property and self-catering facilities. Over a 52-week period, this property could potentially save the Council £18,840.12 per annum on existing B&B expenditure.

LA Owned

Self-contained homelessness accommodation, which the authority has a right to use under an agreement other than a lease with a third party, attract 90% of the appropriate LHA rate as set at January 2011.

Current Temporary Accommodation

Below is a list of the current TA we use and the weekly rents associated with them. It also shows the potential amount of rent we can generate annually.

Address	Rent	Weeks	Calculation	Owned
2 Jacobs Court	£127.61	52	£6,635.72	Derwent
5 Jacobs Court	£127.61	52	£6,635.72	Derwent
18 Brook Ave	£135.17	52	£7,028.84	Derwent
20 Brook Ave	£135.17	52	£7,028.84	Derwent
6A Wollaton Ave	£123.76	52	£6,435.52	GBC
8A Wollaton Ave	£123.76	52	£6,435.52	GBC
10A Wollaton Ave	£123.76	52	£6,435.52	GBC
12A Wollaton Ave	£123.76	52	£6,435.52	GBC
3A Beechwood Rd	£123.76	52	£6,435.52	GBC
6a Beechwood Rd	£123.76	52	£6,435.52	GBC
141A Oxclose Lane	£123.76	52	£6,435.52	GBC
49 Church Lane	£114.23	52	£5,939.96	Gedling Homes
84 Redland Grove	£114.23	52	£5,939.96	Gedling Homes
Total			£84,257.68	

Appendix C: House Sales Values

Market research (August 2020)

1 bedroomed properties

Street	Type of Property	No of Beds	Cost £	Agent	Other Information
Arnold					
Chelsbury Court	Flat	1	£85,000	Fixed price - agent	Top floor with garage
Killarney Park	Park Home	1	£72,500	Agent	
Oxborough Road	Flat	1	£69,950	Agent	
Carlton					
Manor Road	2 x Flats	1 & 2	£140,000	Agent	Parking at rear

Range is £70-85k for a 1 bed flat

2 bedroomed properties

Street	Type of Property	No of Beds	Cost £	Agent	Other Information
Arnold					
Duke Street	Terraced house	2	£120,000 guide price	Agent	
Edison Way	Flat	2	£94,950 fixed	Agent	
Queens Bower Road	Terraced House	2	£115,000	Agent	
Carlton					
Mayfield Road	Semi	2	£145,000	Agent	Courtyard Garden
Foxhill Road	End Terrace	2	£140,000	Agent	Shared Driveway
Carlton Square	Flat	2	£135,000	Agent	
Kestrel Close	Mid Townhouse	2	£130,000	Agent	
Foxhill Road	Maisonette	2	£110,000	Agent	
Fletton Court	Flat	2	£99,000	Agent	
Holme Lodge	Flat	2	£80,00	Agent	Parking
Gedling					
Florence Road	Semi	2	£150,000	Agent	
Stoke Lane	Flat	2	£140,000	Agent	
Stoke Lane	Maisonette	2	£120,000	Agent	
Beckett Court	Maisonette	2	£90,000	Agent	

Netherfield/Colwick					
The Elms	Townhouse	2	£130,000	Holden Copley	
Nether Pasture	Semi	2	£145,000	Haart	Parking
The Elms	Maisonette	2	£120,000	Nottingham	Ground Floor
Cooper Street	Terrace	2	£120,000	Nottingham	
Carnarvon Street	Terrace	2	£115,000	Johnsons	
Festus Street	Terrace	2	£115,000	Agent	
Vale Road	Terraced	2	£125,000	Thomas James	
Daybrook					
St Albans Road	End Terrace	2	£140,000	Greaves	
Edwards Lane	Mid Terrace	2	£120,000	Walton & Allen	

Range is £90k (flat), £115-140k (terraced) through to £145k (semi)

3 bedroomed properties

Street	Type of Property	No of Beds	Cost £	Agent	Other Information
Arnold					
Mildenhall Cres	Semi det house	3	£125,000	Agent	
Danes Close	Semi det House	3	£140,000	Agent	
Glade Hill Road	Semi det house	3	£150,000	Agent	
Chippenham Road	Semi det house	3	£150,000 guide	Agent	
Carlton					
Yeomans Parade	Mid Townhouse	3	£150,000	Agent	Parking
Southdale Road	Mid Townhouse	3	£135,000	Agent	
Mayfield Road	Terrace	3	£130,000	Agent	
Foxhill Road	Semi	3	£140,000	Auction	
Gedling					
Newcastle Road	Semi	3	£150,000	Agent	
Bessecar Avenue	Mid Townhouse	3	£140,000	Agent	
Queens Avenue	Mid Townhouse	3	£125,000	Agent	
Philip Grove	End Terrace	3	£125,000	Agent	
Netherfield/Colwick					

Godfrey Street	Semi	3	£150,000	Agent	
Daybrook					
St Albans Road	End Terrace	3	£130,000	Frank Innes	

Range is £125k (terrace) to £150k (semi)

Market research (November 2020)

1 bedroomed properties

Street	Type of Property	No of Beds	Cost £	Agent	Other Information
Arnold					
Milbeck House, Oakdale Road	Flat	1	£119,999	David James	Parking
Carlton					
Cross Street	Flat	1	£100,000	Holden Copley	Ground Floor
Carnarvon Grove	Mid Terrace	1	£120,000	Johnsons & Partners	

Range is £100-120k (flat) and £120k terraced

2 bedroomed properties

Street	Type of Property	No of Beds	Cost £	Agent	Other Information
Arnold					
Ulgham Close	End Town House	2	£150,000	Holden Copley	
Brookfield Road	Semi	2	£150,000	David James	
Cavendish Street	End Terrace	2	£143,000	Saint	
Canonbie Close	End Town House	2	£140,000	David James	
Goddard Court	Flat	2	£140,000	Holden Copley	
Sherbrook Road	Flat	2	£120,000	Walton & Allen	
Kingswell Avenue	Flat	2	£110,000	Holden Copley	
Derwent Crescent	Flat	2	£95,000	Holden Copley	
Larkspur Avenue	Maisonette	2	£85,000	David James	

Carlton					
Radcliffe Gardens	End Town House	2	£145	David James	
Carlton Hill	Town house	2	£140,000	David James	
Carlton Square	Flat	2	£110,000	Bairstow Eves	
Fletton Court	Flat	2	£99,950	Home	
Dale Road	Mid Terrace	2	£125,000	David James	
Chatsworth Avenue	Terrace	2	£125,000	Just Move	
Gedling					
Beckett Court	Maisonette	2	£90,000	Strike	
Netherfield/Colwick					
Arthur Street	Mid Terrace	2	£105,000	Holden Copley	
Daybrook					
St Albans Road	End Terrace	2	£140,000	Greaves	

Range is £85-120k (flat) and £125-140k (house)

3 bedroomed properties

Street	Type of Property	No of Beds	Cost £	Agent	Other Information
Arnold					
Mildenhall Cres	Semi det house	3	£125,000	Holden Copley	
Mosswood Crescent	Semi	3	£130,000	Holden Copley	
Milverton Road	Semi	3	£130,000	Holden Copley	
Broadwood Road	Mid Terrace	3	£130,00	Holden Copley	
Carlton					
Apple Walk	Mid Townhouse	3	£115,000	Purple Bricks	
Southdale Road	Mid Townhouse	3	£140,000	Johnson & Partners	
Foxhill Road	Semi	3	£135,000	Auction	
Gedling					
Bessecar Avenue	Mid Townhouse	3	£100,000	Johnson & Partners	Auction

Queens Avenue	Mid Townhouse	3	£1250000	Johnson & Partners	
Philip Grove	End Terrace	3	£110,000	Haart	
Netherfield/Colwick					
n/a					
Daybrook					
n/a	End Terrace	3	£130,000	Frank Innes	

Range is £110-140k (terraced) and £125-135k (semi)

Appendix D: House Rental Values

Market research (August 2020)

1 bedroomed properties

Street	Type of Property	No of Beds	Cost £/month	Agent	Other Information
Arnold/Daybrook					
Church Avenue	Terrace	1	£550	Leaders	
Carlton					
Southcliffe Road	Flat	1	£425	Slater & Brandley	
Douglas Court	Maisonette	1	£595	David James	

Range is £425 to £595/month

2 bedroomed properties

Street	Type of Property	No of Beds	Cost £/month	Agent	Other Information
Arnold/Daybrook					
St Albans Road	Mid terrace	2	£625	David James	
Edison Way	Block of flats	2	£625	Platinum	
St Albans Road	Terraced	2	£625	David James	
Carlton					
Station Road	Flat	2	£550	Ashcourt	First Floor
Forester Road	Semi	2	£650	Woo Properties	
Netherfield/Colwick					
Forester Street	End Terrace	2	£575	Smooth Moves	
Victoria Road	Flat	2	£550	Bairstow Eves	

Range is £550 to £650/month

3 bedroomed properties

Street	Type of Property	No of Beds	Cost £/month	Agent	Other Information
Arnold/Daybrook					
St Albans Road	Terraced	3	£675	Slater & Brandley	
Worrall Avenue	Detached	3	£725	Wise Properties	
Carlton					
Calverton Avenue	Semi	3	£750	Open Rent	
Bentinck Road	Semi	3	£850	Wise Properties	
Redland Grove	Detached	3	£750	Tassi Lettings	

Range is £675 to £850/month

Market research (November 2020)

1 bedroomed properties

Street	Type of Property	No of Beds	Cost £/month	Agent	Other Information
Arnold/Daybrook					
Milford Court. Sherbrook Road	Flat	1	£450	Belvoir	
Carlton					
Burton Road	Flat	1	£550	Frank Innes	
Albert Avenue	Flat	1	£425	Slater & Brandley	
Colwick					
Verona Avenue	Maisonette	1	£595	Fairview	

Range is £425 to £595/month

2 bedroomed properties

Street	Type of Property	No of Beds	Cost £/month	Agent	Other Information
Arnold/Daybrook					
St Albans Road	Terrace	2	£600	Base Lettings	
Carlton					
Old Brickyard	Flat	2	£412	Bairstow Eves	
Netherfield/Colwick					
n/a					

Range is £412 to £600/month

3 bedroomed properties

Street	Type of Property	No of Beds	Cost £/month	Agent	Other Information
Arnold/Daybrook					
Chestnut Grove	Semi	3	£750	Belvoir	
Carlton & Gedling					
n/a					
Colwick					
Langton Close	Town House	3	£775	Royston Lund	
Gedling					
Priory Road	End Terrace	3	£795		

Range is £750 to £795/month

Appendix D: Burton Road Schemes

2017 Work by Halsall Lloyd Partnership

Site being considered



Options considered

Option 1B: 10 flats across three storeys on part site



Option 2A: 26 flats across three storeys on full site



Option 2B: 14 flats and 3 houses across three floors on full site



2017 Work with registered providers

In early 2017, as part of the Council's asset management process, expressions of interest from Registered Providers were sought for the Site. At this time, Gedling Homes expressed an interest in developing an affordable housing scheme on the Site.

2018 David Lock Associates work

Options considered:

Option 1: 9 flats without builder's yard



Option 2: 11 flats with builder's yard



Option 3: 9 flats and 1 houses with builder's yard



Development appraisals

To inform options for the site, David Lock Associates have undertaken development appraisals which confirm that a private sector led residential development of the Site is unviable. However, they confirmed that the scheme is capable of providing affordable housing (around 10 – 12 units) with support from the s.106 capital pot and with grant funding for affordable housing from Homes England (HE) which would be secured via development of the Site by a Registered Affordable Housing Provider.

x 62sqm 2bedroomed flats at 62sqm. There would be a saving of around £300k if three of the flats were reduced to 50sqm.



2018 David Lock Associates work

Option 1: 5 news houses

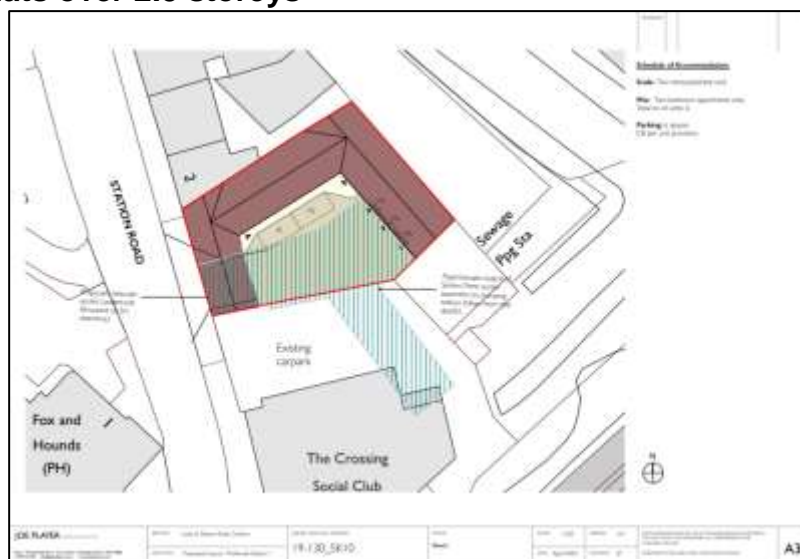


- Option 1 5 mews houses: £61,288 profit (no land value):
- Option 2 4 mews houses: £70,900 profit (no land value):
- Option 3 market rent assessed at 65% of open market value: -£210,823 deficit residual land value
- Option 4: social rent assessed at 50% of open market value: -£323,003 deficit residual land value

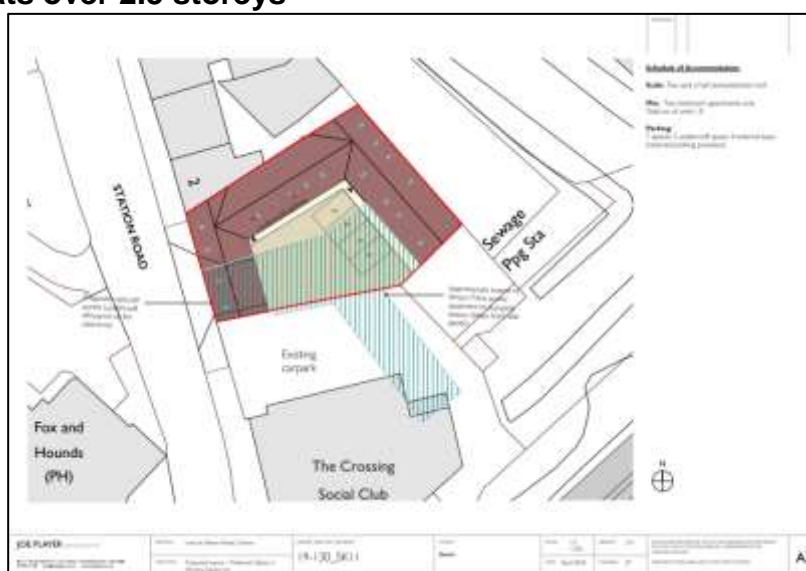
In conclusion: the reduction in GDV due to the change to affordable housing provision and the added costs for ground remediation have resulted in a negative viability for both market and social rented schemes. However, we understand that Homes England starter homes funding may be available to assist in bringing the site forward. (For information, if 5 affordable starter homes were developed on site, the viability deficit would reduce to £98,643).

2020 Work by Joe Player Architects

Option 1: 10 flats over 2.5 storeys



Option 2: 9 flats over 2.5 storeys



Costings

The two schemes were costed up, based on a series of assumptions (which have since shown to be on the low side and unachievable):

- Option 1: £1.196m
- Option 2: £868k

2020/21 Savills Review

Savills reviewed the scheme and build costs and suggested that the £1.196m was on the low side and used £1.3m in their calculations (based on a 25% figure for contingency and fees and not the 15% used previously).

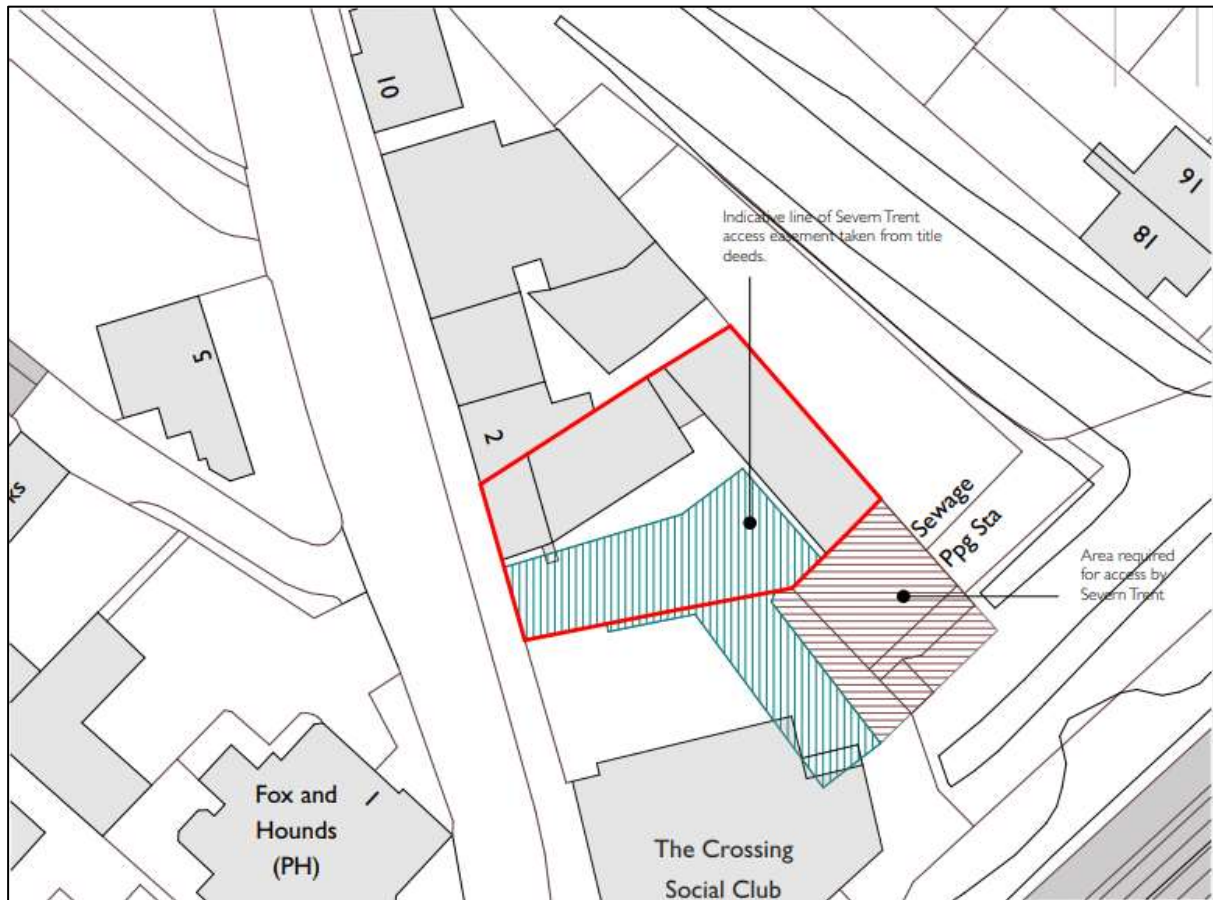
2021 Tomlinson's Work

Through the SCAPE framework, Tomlinson's were asked to review the scheme designs and costings for both sites and estimated the costs to deliver all 17 units at £2.647m.

Furthermore, the findings from this work suggested that there were some technical difficulties with the schemes put forward by JPA and proposed a new design – see below. This has since been reviewed by planners and is unlikely to be acceptable in planning terms, due to its relationship with the neighbouring buildings. The overall scheme has been estimated at £2.45m for 17 x 62sqm 2bedroomed flats at 62sqm. There would be a saving of around £300k if three of the flats were reduced to 50sqm.



Appendix F: Station Road Right of Way



Appendix G: Wider Project Team Members

- Joelle Davies (Head of Regeneration and Welfare) - Project Sponsor
- Alison Bennett (Economic Development and Regeneration Manager) – Project Manager
- Scott Anderson (Finance Business Partner) – financial and budget matters
- Tina Adams (Principal Finance Business Partner) – detailed financial considerations
- David Archer (Head of Human Resources and Performance and Service Planning) – HR matters.
- Mike Avery (Head of Development and Place) – planning and building control matters
- Sara Pregon (Head of Legal) – detailed legal considerations
- Paul Whitworth (Housing and Welfare Support Manager) – operational matters linked to temporary accommodation
- Francesca Whyley (Head of Governance and Customer Services) – legal and procurement matters
- Emma Wimble (Property Surveyor) – land and property matters

Appendix H: The Grove Case Study

The Council purchased The Grove (using commuted sums and growth point), and then put this in a tender to 3 RP's to deliver affordable housing, including the former play area on Dunstan Street and £150k commuted sums. Proposals were received from NCHA and Gedling Homes – Now Jigsaw Midlands

The assessment criteria included:

- 100% affordable – based at LHA rates
- 100% nomination rights to the Council in perpetuity
- No of units
- Design
- Capital receipt to the Council
- Timeframe for delivery

NCHA won all 3 tenders. The sites were transferred for £1 each and the commuted sum contribution was increased to £186k. The sites delivered:

- Grove provided 20 units – 16 flats and two pairs of semidetached houses
- Dunstan Street provided 6 town houses
- The Cavendish provided 41 units, a mix of flats and houses.