

# Acquisition Fund For Housing Development Provision

**Decision maker: Cabinet member economy and growth**

**Decision date: 30 October 2024**

**Report by: Service Director Economy and Growth, Head of Service  
Housing, Interim Head of Housing Development**

## **Classification**

Open

## **Decision type**

Key

This is a key decision because it is likely to result in the council incurring expenditure which is, or the making of savings which are, significant having regard to the council's budget for the service or function concerned. A threshold of £500,000 is regarded as significant.

This is a key decision because it is likely to be significant having regard to: the strategic nature of the decision; and / or whether the outcome will have an impact, for better or worse, on the amenity of the community or quality of service provided by the authority to a significant number of people living or working in the locality (two or more wards) affected.

Notice has been served in accordance with Part 3, Section 9 (Publicity in Connection with Key Decisions) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

## **Wards affected**

All Wards

## **Purpose**

To seek delegated approval to acquire and develop sites to meet our critical housing need across Herefordshire, enabling a quick response as opportunities arise, subject to the completion of a due diligence business case. In July 2024 full council approved an outline business case (appendix 1) to

add £5m to the capital programme to enable the council to develop the critical housing provision we need in the county. The council faces an increasing demand for social housing provision, there is a lack of local provision to meet this need, as such people are being placed in temporary accommodation which isn't fit for purpose and has significant additional costs.

## **Recommendation(s)**

### **That:**

- a) **The Corporate Director for Economy and Environment or the Corporate Director of Community Wellbeing in consultation with the Cabinet Member for Economy and Growth and the Director for Finance, to be given delegated authority to draw down and up to £5 million (capital) of the Acquisition Fund for Housing Provision allocation, and**
- b) **make all required operational decisions to acquire and develop sites to meet our critical social and affordable housing need.**

## **Alternative options**

1. The council could choose not to bring forward the Acquisition Fund for Housing Provision, however this would mean there continues to be a critical social housing gap, with local people who need support either not able to access the accommodation they need or placed in temporary accommodation which has a high cost and may not be fit for purpose. This is not recommended.
2. The council could choose to bring forward individual projects for consideration rather than establishing a delegated fund. To date the council has pursued this approach often losing out on key sites given the timescales to be able to pursue and acquire buildings as they become available. Establishing a delegated fund will allow the council to respond quickly as sites become available, subject to the full business case being in place. This is not recommended.

## **Key considerations**

3. The Council Plan core strategy - Place – states 'We will protect and enhance our environment and ensure that Herefordshire remains a great place to live. We will support the right housing in the right place and do everything we can to improve the health of our rivers.'
4. The council's Herefordshire Homelessness Prevention and Rough Sleeping Strategy 2020-2025, which aligns with the central government policy in the Homelessness Reduction Act (HRA) 2017, focusses on
  - i. Prevention - early identification
  - ii. Intervention - access to appropriate housing and support services
  - iii. Recovery - tenancy sustainment opportunities and support are provided
5. These statutory obligations impose a resource and financial burden on the council that has increased by almost 100% over the last two years. The table below shows the number of accommodation units per month being 'sourced' by the council to support homeless families including care leavers. In March 2022 the council housed 74 families, in May 2024 this rose to 141 families.

	Jan - 22	Feb- 22	Mar- 22	Apr- 22	May- 22	Jun- 22	Jul- 22	Aug- 22	Sep- 22	Oct- 22	Nov- 22	Dec- 22
Temp	44	42	40	40	45	48	43	42	44	44	39	43
B&B	29	28	27	32	29	32	29	37	35	40	45	43
Total	73	70	67	72	74	80	72	79	79	84	84	86

	Jan - 23	Feb- 23	Mar- 23	Apr- 23	May- 23	Jun- 23	Jul- 23	Aug- 23	Sep- 23	Oct- 23	Nov- 23	Dec- 23
Temp	49	54	55	57	62	59	59	59	63	66	66	71
B&B	44	42	48	57	58	52	66	71	71	82	88	87
Total	93	96	103	114	120	111	125	130	134	148	156	158

	Jan - 24	Feb- 24	Mar- 24	Apr- 24	May- 24	Jun- 24	Jul- 24	Aug- 24	Sep- 24	Oct- 24	Nov- 24	Dec- 24
Temp	72	70	68	59	56	55	64	56	55			
B&B	76	75	74	79	85	74	73	81	78			
Total	148	145	142	138	141	129	137	137	133			

6. In 2023/24 Housing Solutions spent £3,415,832.27 on accommodation solutions, which comprised £3,030,030.55 on budget hotel B&B style accommodation and £385,801.72 on private sector rental accommodation.
7. Due to the relatively limited supply of this type of accommodation and an ever increasing demand, the costs of securing these places continues to rise, a budget hotel room now costs an average of £90 per night, however this fluctuates depending on what events are going on in the county at any one time eg. the races, a football match, when costs can rise to £120 per night. The demand for homeless accommodation is constant throughout the year and is rising as demand outweighs supply.
8. The council have a statutory duty to hold a waiting list, Homepoint has 2097 households registered for rental accommodation.
9. The council currently has the following units to accommodate our street homeless:
  - Whitecross Road (WXRH) Hub: 8 single rooms (shared facilities) & 4 self-contained flats
    - Staffed Monday-Friday (9-5) by support staff
  - Dispersed accommodation with light touch support provided by the Rough Sleeper Outreach Team from the WXRH: 17 self-contained 1 bed properties Hereford with a further 3 to come on line in Ross on Wye.
  - Hope Scott House: 14 single (ensuite) rooms & 2 self-contained pods
    - Owned by a Charity and operated by a local support provider offering 24 hours on site support
  - Pomona Place and Bridge House: 32 units of supported accommodation
    - Support provided by Caring for Communities and People (CCP), with staff on site 24/7 at Pomona and Monday-Friday at Bridge
  - 4 emergency pods
    - Support provided by Rough Sleeper Outreach Team
10. None of the above accommodation is available as 'direct access' and all persons presenting go through an application and interview and referral process, which can span over a period of time, before being housed. People are not moved into the accommodation on the day of application, which increases hardship.

11. The council provide a Winter Shelter between the months of December and May to ensure accommodation, support, food and bathing facilities are available to remove all rough sleepers off the street in the cold months. People accommodated are usually those that have been found intentionally homeless therefore not owed a housing duty and those that do not have recourse to public funds. There are a small number of individuals who also choose to remain on the streets.
12. Approval to spend the fund currently identified in the capital programme will enable the council to respond quickly to opportunities to acquire and develop further stock to meet this demand, and decrease costs spent on temporary accommodation.
13. Each proposed acquisition and development will be subject to the completion of a due diligence business case review, detailing the specific need/ demand in the location of each project, the related costs, and the income likely to be generated (or offset against temp accommodation costs) demonstrating how the investment by the council will be recovered and operational costs met. In taking forward a development any appointment of the required technical design teams, surveys and/ or a contractors will be undertaken in accordance with the council's contract procedure rules

### **Community impact**

14. The council's Delivery Plan 2020-2024 embraces the principle of no 'second night out' and 'housing first' through developing a model of delivery that prevents homelessness.
15. The council has a collective responsibility to promote the life chances of looked after children and care leavers, additional provision of accommodation would provide transitional housing which is a stepping stone towards independent living and reduces the risk of homelessness and rough sleeping reoccurring in young people.
16. The proposed programme of activity will directly support Herefordshire's residents that are in greatest need, establishing homes to meet the critical shortage of social housing. Each due diligence business case will detail the specific need for the accommodation in meeting community's requirements in the location of the building we intend to acquire and develop. Any appoint of the required technical design teams, surveys and/ or a contractors will be undertaken in accordance with the council's contract procedure rules.

### **Environmental Impact**

17. The proposal for the council to advance the delivery of housing in the County and have at least an element of control over design/retrofit helps deliver the council's Environmental Policy commitments and aligns to the following success measures in the County Plan 2020 - 2024:
  - a. Reduce the council's carbon emissions – seeking high levels of sustainability and energy efficiency in the construction and operating costs of new homes delivered.
  - b. Work in partnership with others to reduce County carbon emissions – working with partners to minimise our carbon footprint in terms of methods of construction and in seeking the use of local materials and labour wherever possible.
  - c. Improve the air quality within Herefordshire – supporting the development, where appropriate, of car free schemes in new developments and making provision for safe cycling and walking spaces.

- d. Increase the number of short distance trips being undertaken by sustainable modes of travel; walking, cycling, and public transport and promoting access to sustainable modes of transport in the master-planning of larger scale developments.
18. The properties will be centrally located and would therefore allow individuals the opportunity to either walk or use public transport to move around. This in return would help to reduce the carbon emissions and go some way to improving air quality. It will also help sustainable modes of transport.
  19. Purchasing the properties will have a minimal environmental impact as they are already built. Through the refurbishment, improvements to the energy efficiency of the properties will be made wherever possible.

## **Equality duty**

Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to –

- a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
  - b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
  - c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
20. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services. As this is a decision to purchase and refurbish properties for a vulnerable cohort we believe that this decision will support the council in discharging its equality duty in particular advancing equality of opportunity for this cohort many of which share a protected characteristic. It will have a positive impact on our equality duty.
  21. The County Plan 2020 – 2024 the council has expressed an ambition to protect and improve the lives of vulnerable people and to reduce the number of people in Herefordshire identified as homeless, and to develop its own housing stock. The purchase and development of this property as supported living accommodation would contribute to achieving these ambitions.
  22. The purchase of the property will add to the County's housing stock and will be affordable in perpetuity allowing future households who share protected characteristics to have access to appropriate accommodation. The decision will support the council in discharging its equality duty.

## **Resource implications**

23. At the Council meeting held on 26 July 2024, a decision was taken to add £5million to the capital programme to support Housing Provision to meet the county's critical housing need. [Agenda for Council on Friday 26 July 2024, 10.00 am - Herefordshire Council](#). The outline

business case is as attached (appendix 1). The capital allocation is based on borrowing, with the income generated from the proposed housing rental to repay the borrowing. The repayment will take place over a 40 year term and for each £1 million borrowed the annual repayment would be £0.048m per annum on the current weighted average cost of capital interest rate.

24. The decision seeks approval to now spend the allocated funding, through delegating expenditure to the Corporate Director for Economy and Environment and Corporate Director of Community Wellbeing in consultation with the Cabinet Member for Economy and Growth and the Section 151 Officer. This will enable the council to quickly respond to opportunities to acquire and develop buildings in strategic locations that will meet the critical shortage in housing provision.
25. A due diligence business case for each development will be established, setting out how each project meets the strategic need in the relevant location, the specific cost of acquisition and development, and how the income will recover the investment made, the annual running costs of the building and provide for cyclical maintenance programme. Any appointments required in developing the project such as technical design teams, surveys and/ or a contractors will be undertaken in accordance with the council's contract procedure rules.

Capital cost of project	2024/25	2025/26	2026/27	Future Years	Total
	£000	£000	£000	£000	£000
<i>Purchase and development costs, including professional fees.</i>	2,500	2,500			5,000
<b>TOTAL</b>	<b>2,500</b>	<b>2,500</b>			<b>5,000</b>

Funding streams (indicate whether base budget / external / grant / capital borrowing)	2024/25	2025/26	2026/27	Future Years	Total
	£000	£000	£000	£000	£000
<i>Borrowing Funded from Return on Investment</i>	2,500	2,500			5,000
<b>TOTAL</b>	<b>2,500</b>	<b>2,500</b>			<b>5,000</b>

## Legal implications

16. A council without a Housing Revenue Account can hold less than 200 units of housing..
17. The Council does not hold a Housing Revenue Account and as such the provision of housing can only be funded from or borrowing on the general fund.
18. The business case for this project and lending is high level identifying the housing need and costs of the current solution for temporary housing. This recommendation above relates to

social and affordable housing and the presumption is that the fund is for temporary accommodation but also permanent housing.

19. The use of the delegation by the Director will need to be in accordance with the provisions of this report and the original decision by Council. For example, the rental return will need to be considered by the Director to ensure that the project is self funding from income.
20. Section 120(1) Local Government Act 1972 provides a specific power to acquire by agreement, any land inside or outside its area for the purposes of any of its statutory functions or the benefit, improvement or development of its area. Section 9 Housing Act 1985 permits a Council to provide housing accommodation and Part 7 Housing Act 1996 sets out the Council's duties in relation to providing accommodation to those that are homeless. In addition, section 1 of the Localism Act 2011 conferred a power of competence on the council to do anything that any individuals may generally do.
21. The council may use these powers in support of reasonable and accountable decision making to deliver services in an innovative and collaborative way, amongst other things to promote social and economic wellbeing, sustainable economic growth and development, equality, inclusion, and improve the quality of the local environment.
22. The properties will be procured in accordance with Finance procedure Rules in relation to valuations (Clause 93) and any associated contracts in relation to works will be procured in accordance with the Council's contract procedure rules.

### **Risk management**

23. The following risks and opportunities are considered relevant to the project;

Risk / opportunity	Mitigation
<p>The projects that are brought forward do not generate the income required to repay the borrowing. However, full business cases will be developed and scrutinised prior to a cabinet member decision to proceed.</p>	<p>The full business case will set out the evidence base that the income assessments are based on. It is anticipated that in the main the provision of housing will offset the very high council cost of providing temporary accommodation.</p>
<p>Failure to identify sites/ buildings that can come forward to meet the demand. We are proactively seeking to identify relevant sites and develop associated business cases.</p>	<p>The council has and continues to identify sites that become available for development. In the past, the council has missed out on the acquisition of key sites due to the need to be able to respond quickly. The proposed fund will address this.</p>
<p>The demand for social housing reduces, and accommodation is not required.</p>	<p>The Strategic Housing Team continually review the very high demand for social and affordable housing. As outlined in the key considerations section, the demand far outweighs current provision. However, should demand decrease the council can seek to dispose of the accommodation at market value, recovering the investment made.</p>
<p>Opportunity to accommodate many vulnerable people who are homeless or at risk of homelessness into accommodation to receive support services within a secure home environment</p>	

## Consultees

24. A political group consultation was held on the 4<sup>th</sup> December. Those attending supported the need for the council to establish accommodation to meet local needs. Comments sought to clarify the distinction between meeting social housing and affordable need. The report has been amended to reflect this. The level of required business plan requirements were also questioned. The report has been amended to reflect this is a due diligence review as each potential development site comes forward.

## Appendices

Appendix 1 – Outline Business Case

## Background papers

N/A



## Report Reviewers Used for appraising this report:

**Please note this section must be completed before the report can be published**

Governance	John Coleman	Date 07/10/2024
Finance	Karen Morris	Date 01/10/2024
Legal	Sean O'Connor	Date 23/09/2024
Communications	Luenne Featherstone	Date 20/09/2024
Equality Duty	Harriett Yellin	Date 20/09/2024
Procurement	Carrie Christopher	Date 17/10/2024
Risk	Jess Karia	Date 03/10/2024

Approved by Ross Cook Date [Click or tap to enter a date.](#)

**[Note: Please remember to overwrite or delete the guidance highlighted in grey]**

**Please include a glossary of terms, abbreviations and acronyms used in this report.**