



## **CABINET – 26TH SEPTEMBER 2022**

**SUBJECT: TRANSITIONAL ACCOMMODATION CAPITAL PROGRAMME**

**REPORT BY: CORPORATE DIRECTOR OF SOCIAL SERVICES AND HOUSING**

### **1. PURPOSE OF REPORT**

- 1.1 To inform members of the new Transitional Accommodation Capital Programme (TACP) which provides funding to deliver the ambition of the new draft Transitional Accommodation Strategy set out by Welsh Government.
- 1.2 To set out the projects and schemes which formed the bid to Welsh Government for the TACP by Caerphilly Homes and to acknowledge and agree the level of contribution from the Housing Revenue Account (HRA) towards the delivery of the transitional accommodation increasing the Caerphilly Homes housing stock.
- 1.3 To seek approval of a delegation to the Corporate Director of Social Services & Housing and the Head of Financial Services/S151 Officer in consultation with the lead Cabinet Member for Housing. This will ensure that as Welsh Government evolve the TACP and their strategy, Caerphilly Homes can be fleet of foot and make quick decisions to expedite delivery and act on market opportunities.

### **2. SUMMARY**

- 2.1 The Welsh Government, working in partnership with local authorities, Registered Social Landlords, the third sector and with key partners in the private sector, has successfully helped thousands of people into temporary accommodation over the course of the last two and a half years. They have worked with partners through the pandemic and humanitarian crises to ensure accommodation is available for all those in need, including working with the Wales Strategic Management Partnership (WSMP) to ensure a rights based approach to the inclusion of asylum seekers, refugees and migrants in Wales.
- 2.2 The priority is now to provide transitional accommodation opportunities to enable people to move from temporary accommodation including welcome centres and other short-term accommodation, meeting population allocation guidelines, while continuing to meet existing housing need within local authority areas.
- 2.3 The strategic objective for the Transitional Accommodation Strategy is to provide good quality transitional homes for all individuals facing homelessness, through whatever route, recognising that these homes should provide a solid basis for people to 'get on with their lives', support development or extension of cohesive, balanced

communities, provide for access to services and plan for longer term homes for residents within those communities.

- 2.4 The TACP is currently a £65m fund with future budgets to be agreed as Welsh Government plans evolve. This is not at the expense of the existing funding streams such as Social Housing Grant, Empty Property grants and loans and Regeneration funding, it is to complement these existing funds, which all look to increase the supply of affordable housing.
- 2.5 The programme was established in April 22 in response to the need to deliver homes at pace, designed to be complete within 18 months and will support work delivered through existing Local Authority and Registered Social Landlord (RSL) partnerships. The scheme can fund work on voids, bringing public and private empty homes back into use, acquisitions, remodelling and repurposing existing properties /accommodation and offices, and the use of modular homes on a temporary basis or semi-permanent basis.
- 2.6 Caerphilly Homes bid to the TACP in May 2022 and then in July 22 in total to deliver 75 homes for circa £6.1m grant under delegated authority given the speed at which the programme was announced and timelines for bids to be submitted and ultimately delivered. Caerphilly Homes are currently in due diligence with Welsh Government.
- 2.7 As the Welsh Government transitional accommodation strategy and funding programme evolve, there may be the need to act quickly and be agile with associated decision making and therefore a delegation from Cabinet is one way of ensuring Caerphilly can confidently bid to Welsh Government given the speed of delivery required.

### **3. RECOMMENDATIONS**

- 3.1 That Cabinet note the bids submitted under the TACP acknowledging the timelines for delivery and agree the indicative level of contribution from the HRA. Recognising that none of the submissions have been formally agreed and could change.
- 3.2 That, if the funding bid is successful, that the block of commercial and residential accommodation at 1 to 6 The Grove, Fochriw, be refurbished and the residential brought back into use, rather than demolished, as previously agreed by Cabinet in 2018.
- 3.3 Approve a delegation to the Corporate Director of Social Services & Housing and Head of Financial Services/S151 Officer in consultation with the lead Cabinet Member for Housing. As Welsh Government make decisions on existing submissions that may require variation and encourage additional bids under the fund this year and into next financial year, this enables autonomy of decision making acting quickly, up to a financial threshold, particularly where there are market opportunities.
- 3.4 The total combined funding envelope and threshold for which the delegation may not exceed is £4,447,031 all of which comes from the Housing Revenue Account.

### **4. REASONS FOR THE RECOMMENDATIONS**

- 4.1 Cabinet need to be aware that Caerphilly Homes are actively looking to engage with

this capital funding programme to optimise addition investment into providing additional affordable housing opportunities for those in temporary accommodation across the County Borough.

- 4.2 Caerphilly Homes can review its current assets and target their use accordingly to address the existing pressures faced across all communities in Wales. This is therefore demonstrated by Cabinet endorsing the reversal of the decision made in May 18 to remove the Grove from supply and use these properties for this transitional use ensuring improvements are made to the successful commercial business on the ground floor.
- 4.3 Ensuring that Caerphilly Homes can make quick amendments to any variation required from Welsh Government on the current bids that have been submitted is important in terms of speed of delivery given the deadlines of the programme. As Welsh Government have indicated they are keen for Caerphilly Homes to bid again during this programme, ensuring that market opportunities are not missed. The autonomy the delegation affords means that primarily HRA funds can be used swiftly to acquire properties or land when the opportunity arises.

## **5. THE REPORT**

### **Background**

- 5.1 The strategic objective for transitional accommodation is to provide good quality transitional homes for all individuals facing homelessness, through whatever route.
- 5.2 It is difficult to quantify the exact numbers of homes that will need to be provided, but currently across Wales there are over 8,000 homeless people, approximately 2,000 of which living in hotels and bed and breakfast. This is in addition to households living in unsatisfactory accommodation, and/or threatened with homelessness.
- 5.3 There are circa 75 Afghan and Syrian refugee families in Wales and as we watch the humanitarian crisis in Ukraine unfold over the last 6 months, a significant increase in Ukrainian nationals fleeing the war can be expected across Wales.
- 5.4 At the time of writing there were circa 5,000 Ukrainian arrivals under the Homes for Ukraine Scheme and the Welsh Government Super Sponsor routes. The majority are currently with hosts or in hotels and welcome centres and there will soon be the need to find alternative accommodation as these arrangements come to end over the coming months.
- 5.5 In addition, the UK Government is intending to significantly increase the number of people seeking asylum accommodated in Wales and across the UK in the private rented sector, both this year and throughout 2023.
- 5.6 The primary housing objective of Welsh Government and its LA and RSL partners is to provide longer term settled accommodation however, it is clear though that the rising numbers of homeless, the emerging cost of living crisis and the number of people and families seeking urgent help means transitional accommodation is urgently required.
- 5.7 The introduction of the TACP in April 22, intends to complement existing funding streams that focus more on permanent settled accommodation. Bids were sought

from RSLs and LAs in May 22 with a view to completing the projects within 9 to 18 months from approval.

- 5.8 To support access to TACP and other capital programmes, Welsh Government established minimum standards for transitional accommodation. Providing a pragmatic and hierarchical approach to accommodation standards to be adopted, recognising that there is a need to strike a balance between the need to increase capacity at pace with ensuring that all homes provided are a quality place to call home.
- 5.9 Transitional accommodation can be across many development routes and Welsh Government are seeking ideas and potential opportunities that can deliver quickly increasing the stock of social landlords. These include; conversions and remodelling of existing properties or accommodation such as care homes or commercial units, bringing empty properties both affordable and private back into use, acquisitions from the market, use of modular construction for temporary or semi-permanent homes, extension of leasing scheme Wales to encourage different, more reluctant landlords to let properties at Local Housing Allowance rent levels.
- 5.10 Caerphilly Homes bid under delegated authority given the speed at which Welsh Government required bids and the timeline to deliver. The bidding guidance offered by Welsh Government suggested that for the quicker delivery within 9 months there would not be any viability assessment. For those schemes looking to deliver over 18 months which may be more significant potentially involving demolition and new build or looking at modular options, these would need to go through more detailed assessment including scheme viability modelling.

### **Caerphilly Homes Bids**

- 5.11 As the bids are indicative at this stage and haven't been formally approved or rejected, the details in this paper of most locations or scheme names if known, have been made anonymous. The primary objective is demonstrating what Caerphilly Homes are contemplating and how much this will cost the council.
- 5.12 Where there is the need to consult local members on these opportunities, members have and will be contacted for a briefing, so they are aware of the work that is under way in developing these transitional accommodation solutions.

### **Private Sector Empty Properties**

- 5.13 We will work on the information and data that our newly formed Private Sector Empty Property Team have gathered in recent months for the HRA to acquire private sector empty properties for the use of affordable accommodation, either via private treaty, auction or CPO. The bid includes an average purchase price and an assumption that there will be additional average refurbishment cost per property which is incorporated into the level of funding requested. The properties will be transferred into and managed by the HRA hence the HRA contributing.
- Total scheme cost: £850,000 TACP grant: £595,000 HRA contributes: £255,000
  - Number of Homes: 5
  - 12- 18 months delivery

## **Sheltered Remodelling**

5.14 The remodelling works of a current sheltered housing scheme, currently at indicative design stage, will consist of converting a 3-storey sheltered scheme of predominantly bedsit accommodation, identified for decommissioning, to 14 no. 1 bed flats & 3 no. bedsits. Incorporated in the works will be a new heating system & rewires to individual properties and communal areas. The kitchens and bathrooms will be brought up to WHQS standard. There are currently households resident in the scheme who are awaiting a permanent transfer to a planned innovative new build development. However, this is not due for completion within 18 months so this proposal will require a longer delivery. Caveats to this bid were the level of quality achievable and timelines for delivery, as the remodelling would need to be considered alongside the delivery of other sheltered housings schemes, taking longer than 18 months.

- Total scheme cost: £2,092,295 TACP grant: £1,464,606 HRA contributes: £627,689
- Number of Homes: 14
- 18 + months delivery

## **Voids Back into Use**

5.15 In May 2018 Cabinet approved to take a block of two commercial and four residential HRA properties at The Grove in Fochriw out of debit pending demolition. There is a successful shop and post office continuing to trade on the ground floor and therefore given the service it provides the local community, Cabinet deferred demolition until the lease on the shop expired. Given the changing situation with temporary accommodation, increased housing need, and the Ukrainian situation, a bid was submitted to refurbish the exterior of the block and the four flats to bring them back into use as affordable accommodation, whilst also securing the future of the general store and post office at the location for the benefit of the community.

5.16 The three-storey block will require renewal of the roof, windows and doors, provision of EWI, comprehensive refurbishment of the flats to achieve WHQS. The HRA will contribute CCBC's proportion of costs as this will be long term affordable.

- Total scheme cost: £214,472 TACP grant: £150,130 HRA contributes: £64,342
- Number of Homes: 4
- Delivery 6-9 months

## **Private Landlord Leasing**

5.17 Through the Caerphilly Keys network of private sector landlords interested in bringing properties back into use and letting them for temporary accommodation purposes a deal has been agreed for 9 flats. This is proposed as a 5-year lease arrangement with the landlord and CCBC, similar to the Covid 19 phase 2 PRS funding, mirroring all the agreements that were in place, the lease and land charge. There is no contribution to the total scheme costs for this proposal as Caerphilly Keys have negotiated a 30% contribution direct from the landlord. The rent strategy is to make the rents as affordable as possible and under market rates. Should those required to be housed only be able to service the rent via Housing Benefit and Universal Credit there may be the need to top up the rent via other sources to be agreed, possibly Housing Support Grant or DHP or Ukrainian tariff.

- Total scheme cost: £281,305 TACP grant: £196,914 Private Landlord contributes: £84,391
- Number of Homes: 9
- Delivery 6-9 months

### Modular Housing

5.18 Modular housing programme on 5 sites close to amenities and town centres in Caerphilly County Borough. The Council are looking to package up these sites into one, transitional programme for the county borough and procure a modular solution meeting the Council's design and efficiency ambitions in addition to providing flexible homes that can meet a variety of needs. The Council intends to utilise a modular home building framework available via the Welsh Procurement Alliance procured and delivered relatively quickly. Costs are indicative at this stage as is the anticipated grant rate. The programme can be scaled up or down to meet the anticipated need. These will form part of our temporary accommodation portfolio to address increasing levels of homelessness.

- Total scheme cost: £6,200,000 TACP grant: £3,720,000 HRA contributes: £2,480,000
- Number of Homes: 40
- Delivery 18 months

### Funding Bid

- 5.19 Caerphilly Homes have submitted bids under TACP to Welsh Government with a total development cost of £9,638,072 with Caerphilly proposing to contribute £3,427,031 funded from the Housing Revenue Account. The bids will deliver up to 75 new affordable homes for Caerphilly to contribute towards addressing current and future temporary accommodation pressures.
- 5.20 The proposals that will likely complete earlier will not be subject to any viability assessment whereas those bids that are up to 18 months in delivery will need to be scrutinised using the Standard Viability Model (SVM) used in Social Housing Grant bids.
- 5.21 On average the contribution from the council is circa 36% with three of the bids contributing 30%. When informally discussing the TACP with Welsh Government this 70/30 apportionment wasn't considered unreasonable.

Phase	Total cost assumptions	WG Grant bid	LA contribution
Private Empty Property	£850,000	£595,000	£255,000
Remodelling	£2,092,295	£1,464,606	£627,689
Void	£214,472	£150,130	£64,342
PRS Leasing	£281,305	£196,914	(*£84,391)
Modular	£6,200,000	£3,720,000	£2,480,000
<b>Total</b>	<b>£9,638,072</b>	<b>£6,126,650</b>	<b>£3,427,031</b>

\*private landlord contribution

## Delegation

- 5.22 As referenced, the bid has yet to be formally agreed by Welsh Government and decision making is underway with further due diligence and financial appraisal taking place. Therefore, on receipt of formal outcome of the bid further decisions may be required if the council contribution needs to be increased.
- 5.23 Welsh Government have also indicated that they would like Caerphilly Homes to bid again in particular for our strategy to bring empty private sector properties back into use. This is either via encouraging private sector empty property landlords to rent or, as per the bid, Caerphilly Homes acquiring empty properties on the market by negotiation, auction or compulsory purchase order. These opportunities will become available without warning and Caerphilly Homes will need to be able to act.
- 5.24 An informal target based on our records of those empty landlords that may wish to sell would equate to another bid of funding to Welsh Government with a total cost of £3,400,000 and a Caerphilly contribution of £1,020,000. All of the Council contribution would come from the Housing Revenue Account with the intention of the stock being transferred into and managed by the HRA and would be submitted after further discussion with Welsh Government.
- 5.25 The transitional accommodation strategy and the TACP has been developed and presented to all Welsh social landlords very quickly, the expectation of Welsh Government is that bidding landlords will be able to make swift decisions to ensure the earliest delivery of proposed schemes.
- 5.26 In order to act swiftly, particularly in the marketplace and make any further decisions following feedback from Welsh Government on the TACP bids already submitted, Caerphilly Homes are requesting that Cabinet agree a TACP decision-making delegation to the Corporate Director of Social Services & Housing, Head of Financial Services/S151 Officer in consultation with the lead Cabinet Member for Housing.
- 5.27 Under this delegation all decisions required in relation to existing and future TACP bids will be made by the Corporate Director of Social Services & Housing and the Head of Financial Services/S151 Officer in consultation with the lead Cabinet member of Housing and Head of Housing through by a project board. This will include members of Caerphilly Homes Housing Management team including the Principal Group Accountant Housing. It will minute and record all decisions and manage the ringfenced threshold of financial exposure to the programme.
- 5.28 Should any bids not be supported and through dialogue with Welsh Government other opportunities present themselves for which to bid against, the delegation will allow the project board to decide and submit new bids. Equally if any bid is deemed to not have contributed sufficiently then these decisions can also be made via the delegation.
- 5.29 The financial threshold of ringfenced funds the delegation will have to operate within is the total of the existing bids and the forecast of future empty property acquisitions. The vast majority of this ringfenced financial threshold for which to make decision comes from the HRA, which is already ringfenced for the sole purpose of funding Caerphilly owned affordable housing related costs.
- 5.30 The total combined funding envelope and threshold for which the delegation may not exceed is £4,447,031 all of which comes from the Housing Revenue Account.

## 6. Conclusion

- 6.1 The schemes and associated work outlined in the paper along with the delegation are necessary for the council and Caerphilly Homes to address the significant existing and future temporary accommodation pressures which are set to be exacerbated with additional groups of vulnerable people seeking sanctuary in Wales.
- 6.2 These transitional arrangements show that Caerphilly can react quickly and address these pressures proactively and in partnership with Welsh Government contributing in the long term to increased supply of the some of the most needed accommodation across the county borough.

## 7. ASSUMPTIONS

- 7.1 There are a number of assumptions within the current TACP bids. Particularly in the modular bid as this is at a very early stage of development, pre-tender of any provider or contractor and costs are indicative and subject to change. Equally the assumption with regards to the value and cost of bringing back empty properties into use could fluctuate and therefore these assumptions add more weight to the need for a delegation to manage the programme.
- 7.2 Following discussion with Welsh Government it is assumed that there will be opportunity to submit additional bids throughout the course of this year but we are aware Welsh Government are evolving the programme.
- 7.3 The financial assumptions have been stated above but the assumed cost, grant and CCBC contributions are set out below.

	<b>Total cost assumption</b>	<b>WG Grant ask</b>	<b>LA contribution</b>
<b>Total</b>	£9,638,072	£6,126,650	£3,427,031

- 7.4 This could increase up to the delegation threshold of £4,447,031 as and when additional bids have been submitted and approved by Welsh Government during the lifetime of the TACP.

## 8. SUMMARY OF INTEGRATED IMPACT ASSESSMENT

- 8.1 Hyperlink to the Integrated Impact Assessment:

**[Link to Integrated Impact Assessment](#)**

## 9. FINANCIAL IMPLICATIONS

- 9.1 The financial implications and how this will be managed have been set out under the delegation section at 5.19 - 5.30.

## 10. PERSONNEL IMPLICATIONS

- 10.1 There are no implications here as the project will be managed by the existing



Caerphilly Homes team.

## **11. CONSULTATIONS**

11.1 All consultee responses have been included in this report.

## **12. STATUTORY POWER**

12.1 N/A

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Consultees:	Cllr Sean Morgan	- Leader of Council
	Cllr James Pritchard	- Deputy Leader of Council
	Cllr Shayne Cook	- Cabinet Member for Housing
	Cllr Andrew Whitcombe	- Chair Housing & Regeneration Scrutiny Committee
	Cllr Patricia Cook	- Vice Chair Housing & Regeneration Scrutiny Committee
	Christina Harrhy	- Chief Executive
	Dave Street	- Corporate Director Social Services & Housing
	Mark S Williams	- Corporate Director Environment and Economy
	Richard Edmunds	- Corporate Director of Education and Corporate Services
	Robert Tranter	- Head of Legal Services & Monitoring Officer
	Stephen R Harris	- Head of Financial Services & S151 Officer
	Lesley Allen	- Principal Group Accountant - Housing
	Fiona Wilkins	- Housing Services Manager
	Jane Roberts-Waite	- Strategic Co-ordination Manager
	Claire Davies	- Private Sector Housing Manager
	Kerry Denman	- Housing Solutions Manager
	Alan Edmunds	- PAMS Manager