



Reigate & Banstead
BOROUGH COUNCIL
Banstead | Horley | Redhill | Reigate

| | |
|--------------------------|-------------------------------------|
| REPORT OF: | HEAD OF PROPERTY |
| AUTHOR: | Alison Peet |
| TELEPHONE: | 01737 276023 |
| E-MAIL: | Alison.peet@reigate-banstead.gov.uk |
| TO: | Executive |
| DATE: | 10 th November 2016 |
| EXECUTIVE MEMBER: | COUNCILLOR N. BRAMHALL |

| | |
|-------------------------------|----------------|
| KEY DECISION REQUIRED: | YES |
| WARD (S) AFFECTED: | HORLEY CENTRAL |

| | |
|-----------------|--|
| SUBJECT: | ACQUISITION OF GUEST HOUSE TO CONVERT INTO EMERGENCY ACCOMMODATION. |
|-----------------|--|

RECOMMENDATIONS:

That authorisation be given to use S106 funds for:

- (i) the acquisition of a guest house in Horley to use as emergency accommodation; and
- (ii) the necessary alterations, surveys and application for planning consent to convert the guest house for that purpose.

REASONS FOR RECOMMENDATIONS:

One of Housing's objectives in their business plan is the targeted use of Section 106 funding to contribute to reducing the cost implications of increased homelessness and the increased use of Bed & Breakfast / emergency accommodation.

Acquisition and conversion of this property would significantly contribute to that objective.

EXECUTIVE SUMMARY:

A price of £852,000 has been agreed for the acquisition of, a 10 bedroom detached guest house in Horley. The intention is to convert the property to use as emergency accommodation.

It is anticipated that the total cost of the acquisition, surveys and alterations, including obtaining planning permission for change of use will total approximately £1,122,160.

It is proposed to fund these costs from Section 106 monies held by the Council.

Once in use, it is estimated that the premises would produce savings of £170,600 and generate income of approximately £93,800 per annum.

This would support the Council's policies in relation to reducing the costs of emergency

accommodation and keeping vulnerable households within the borough rather than being sent out of the area.

Executive has authority to approve the above recommendations.

STATUTORY POWERS

1. The Council is required by the Housing Act 1996 Part VII to provide emergency accommodation to homeless households considered to be in priority need pending a decision on whether a homelessness duty is owed.

BACKGROUND

2. A figure of £852,000 has been agreed for the acquisition of a guest house in Horley, subject to survey, contract and Executive approval, to convert and use the property as emergency accommodation.
3. The funding for the acquisition would be from Section 106 monies held by the Council. The necessary due diligence connected with the proposed purchase is underway, with the budget for legal costs and surveys being £12,000 plus VAT, which will also come out of s106 funds.
4. Planning and Conservation Area consent is required for the change of use, and external alterations and the intention is for an application to be submitted as soon as possible.
5. Housing estimate that the Bed & Breakfast (B&B) accommodation cost savings should amount to £170,600 pa from the temporary accommodation provided by the property. The Council would also receive an income of £93,800 pa from the temporary tenants, which would be spent on running costs, including staffing.

KEY INFORMATION

6. An independent building survey, mechanical and electrical survey, asbestos and drainage surveys will be carried out.
7. The proposed alterations include a rear two storey extension in place of the conservatory, the replacement of the wooden lean to with a single storey extension extending along the length of the building, the addition of a small kitchen area to each unit, a bathroom pod per two units, one laundry for the whole block and high quality CCTV in communal areas and externally. The alterations have been budgeted at circa £200,000.
8. The Housing team will seek to employ a staff member to manage the hostel and the other 8 properties that have already been acquired, as well as the two to be constructed. This will mean that the existing managing agent will no longer need to be employed.

OPTIONS

Option 1

9. Proceed with the acquisition in order to create B & B savings of £170,600 pa and a rental income of approximately £93,800 pa.

This is the recommended option.

Option 2

10. The Council could look to build their own emergency accommodation having acquired a suitable site. Whilst this would be desirable, there would be considerable competition from both developers and members of the public due to the scarcity of sites, meaning that the Council would have to outbid other parties.

This is not the recommended option.

Option 3

11. Take no action and continue to place the homeless in B & B accommodation at a cost to the Council of £170,600 pa. and increasing.

This is not the recommended option.

LEGAL IMPLICATIONS

12. All legal implications have been dealt with elsewhere in this report.

FINANCIAL IMPLICATIONS

13. All financial implications have been dealt with elsewhere in this report.

EQUALITIES IMPLICATIONS

14. There are no equalities implications arising from this project.

COMMUNICATION IMPLICATIONS

15. The communications team are aware of this report.

RISK MANAGEMENT CONSIDERATIONS

16. Risk considerations relate to the need for planning consent.
17. The property team will look to manage these issues at the same time as the acquisition progresses.

OTHER IMPLICATIONS

18. There are no other implications.

CONSULTATION

19. Executive Members have been consulted on the proposals.
20. The Legal Services Manager and Chief Finance Officer have been consulted on the contents of this report.

POLICY FRAMEWORK

21. The acquisition forms part of the Council's strategy to reduce its costs and overheads from homelessness. The Council has already acquired eight properties and plans to build two more to manage the costs resulting from the Council's homelessness issue.
22. This would accord with the policy of reducing the Housing service budget for provision of temporary homeless accommodation.

Background Papers: None