

## STONELEIGH FLATS FOR TEMPORARY ACCOMMODATION

<b>Head of Service:</b>	Mark Shephard, Head of Property and Regeneration
<b>Wards affected:</b>	(All Wards);
<b>Urgent Decision?(yes/no)</b>	No
<b>If yes, reason urgent decision required:</b>	
<b>Appendices (attached):</b>	Appendix 1 – Exempt Business Case

### Summary

This report proposes that the Council progresses the grant of an underlease from Surrey County Council to use two Stoneleigh Community Library maisonettes as temporary accommodation for homeless households.

### Recommendation (s)

#### The Committee is asked to:

- (1) Agree to the Council being granted a commercial underlease by Surrey County Council (as described in Exempt Appendix 1) to use Stoneleigh Community Library maisonettes for temporary homeless accommodation.**
- (2) Agree to fund the required budget up to £15,000 from S106 developer funds.**
- (3) Note that the Head of Property & Regeneration, Head of Housing & Community in consultation with the Chief Finance Officer will progress the matter to completion.**

## 1 Reason for Recommendation

- 1.1 To enable delivery of additional temporary accommodation to help address the rising need for homelessness prevention accommodation.
- 1.2 Under its Terms of Reference, this Committee is responsible for real estate acquisitions which include the Council being granted a commercial underlease.

## 2 Background

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- 2.1 Stoneleigh Broadway is a thriving neighbourhood shopping parade offering a wide range of local shops and amenities including Stoneleigh Community Library.
- 2.2 The library is operated by Surrey County Council (SCC) at 1 Stoneleigh Broadway directly next to Stoneleigh Station. The library building comprises the library on the ground floor with two self-contained two bedroom maisonettes above (but accessed from the rear).
- 2.3 The library building is commercially leased by SCC in its entirety from a private landlord i.e. the library and two maisonettes form part of the same commercial lease.

## **3 Temporary housing accommodation**

- 3.1 Under the homeless legislation, the Council is required to provide applicants with emergency accommodation while their application is being investigated and, if their application is accepted, until they are housed in settled accommodation.
- 3.2 The duty is fulfilled through placing applicants in accommodation owned by the Council, a Housing Association, or by exception, expensive nightly paid (B&B) accommodation.
- 3.3 Demand for temporary accommodation is acute and the Council has responded by pursuing initiatives to increase its supply of temporary accommodation.

## **4 Proposal**

- 4.1 Following negotiations, terms have been agreed for the Council to take a commercial underlease of the maisonettes from SCC. This will co-expire with SCC's commercial lease.
- 4.2 The maisonettes have been refurbished by SCC to a high standard and will require minimal preparation by the Council's Housing Team for their use as much needed temporary accommodation.
- 4.3 As the Council will be taking an underlease of SCC's commercial lease, the Council's landlord will be SCC. In turn, SCC's landlord is the owner of the building and the owner's consent will be required to the underlease.
- 4.4 To support the proposal, a Business Case (including Best Value comparison) is attached at Exempt Appendix 1. The Business Case delivers a real cost saving to the Council of £30,920 pa for the two maisonettes combined.
- 4.5 The Business Case is commercially sensitive as it includes financial information relating to the freehold owner of the building and SCC's rental analysis.

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- 4.6 When a commercial lease or underlease is granted to the Council, the Council legally acquires a leasehold interest. Leasehold interests are deemed “acquisitions” in the same way as freehold purchases. Both legal interests confer rights and obligations (albeit to varying degrees) on the Council as purchaser.
- 4.7 Under its Terms of Reference, this Committee is responsible for real estate acquisitions i.e. both leasehold and freehold. Accordingly, this report recommends that the necessary sub lease and associated legal documentation is progressed as soon as possible to facilitate the temporary accommodation.
- 4.8 It is recommended a budget of up to £15,000 be allocated from S106 affordable housing developer funds to cover:

£5,000	Legal / surveyor costs in respect to EEBC and a contribution to SCC for their landlord approval costs (the building owner)
£10,000	Maisonettes preparation contingency

## 5 Risk Assessment

Legal or other duties

### 5.1 Equality Impact Assessment

5.1.1 The maisonettes are located at 1st floor level via a dedicated external staircase leading to their own entrance. There is no lift available and the Flat would therefore not be suitable for all residents.

### 5.2 Crime & Disorder

5.2.1 Not applicable

### 5.3 Safeguarding

5.3.1 Not applicable

### 5.4 Dependencies

5.4.1 Subject to the consent of the building’s owner i.e. the freeholder.

### 5.5 Other

5.5.1 Not applicable

## 6 Financial Implications

6.1 Financial implications are set-out in the attached confidential Appendix 1.

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- 6.2 Deploying £15,000 of S106 affordable housing sums to secure the flats would reduce remaining S106 balances available for investment in other future schemes from £1.01m to £1.00m.
- 6.3 Investment of these funds is expected to generate net annual revenue savings on temporary accommodation costs of £30,920, as set-out in Exempt Appendix 1.
- 6.4 This would be marginally offset by an estimated £675 reduction in annual treasury management income, assuming investment returns of 4.5%.
- 6.5 **Section 151 Officer's comments:** Financial implications are included at Appendix 1 and in the body of the report.

### 7 Legal Implications

- 7.1 The proposed scheme is eligible to be funded by S106 affordable housing sums, because it meets the following two criteria, which were agreed by Social Committee in January 2012:
  - 7.1.1 Where a financial analysis of the s106 investment required can be demonstrated to represent good value for money, either by reference to the number of homes delivered for the investment (e.g. by comparing the level of investment to the average level of grant that might be paid by the Homes & Communities Agency for a home of a similar size and quality) or where the s106 capital investment can be demonstrated to help the Council to achieve revenue savings elsewhere, such as reducing the cost of temporary accommodation.
  - 7.1.2 Where housing schemes will help the Council to prevent homelessness e.g. through the delivery of larger family sized accommodation.
- 7.2 **Legal Officer's comments:** Legal support required to deliver this project will be provided by external solicitors appointed by the Head of Property & Regeneration.

### 8 Policies, Plans & Partnerships

- 8.1 **Council's Key Priorities:** The following Key Priorities are engaged: Opportunity and Prosperity, Effective Council.
- 8.2 **Service Plans:** The matter is included within the current Service Delivery Plan.
- 8.3 **Climate & Environmental Impact of recommendations:** The maisonettes have been the subject of full refurbishments.
- 8.4 **Sustainability Policy & Community Safety Implications:** None

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8.5 **Partnerships:** None

### 9 **Background papers**

9.1 The documents referred to in compiling this report are as follows:

**Previous reports:**

None