

## 8 Truro Road Ramsgate Purchase

<b>Cabinet</b>	14 March 2024
<b>Report Author</b>	Ashley Jackson, Head of Housing Planning
<b>Portfolio Holder</b>	Cllr Helen Whitehead, Deputy Leader and Cabinet Member for Housing
<b>Status</b>	For Decision
<b>Classification:</b>	Unrestricted
<b>Key Decision</b>	No
<b>Reasons for Key</b>	Cost is below the threshold of £750k for the acquisition or disposal of land or property.
<b>Ward:</b>	Eastcliff Ward

### Executive Summary:

The Council is seeking to acquire a property in Truro Road, Ramsgate to secure the longer term use of the property and to provide accommodation to meet the needs of homeless households.

A capital scheme Homelessness Accommodation was approved by Council in January 2023 within the 2023/24 General Fund capital programme and this report seeks approval to use this funding for the purchase and associated works of the property.

The property has been valued and the owner has indicated acceptance of an offer of £650,000 which is within the valuation figure, subject to contract.

### Recommendation(s):

Cabinet is asked to agree:

1. To proceed with the purchase of the building using the allocated funding within the capital programme.

### Corporate Implications

#### Financial and Value for Money

The purchase of the property and refurbishment works can be funded via the existing capital budget in the General Funds Temporary Accommodation Programme.

Finance has assessed both the revenue and capital implications of the proposed acquisition, future detail is set out in section 3 below.

## **Legal**

The Council has a Best Value Duty under the Local Government Acts to ensure that it pays no more than market value for the acquisition of any properties. A professionally qualified Valuer has been appointed who has provided advice about the market value and negotiated purchase price to ensure that the purchase is within the market value.

Under section 120 Local Government Act 1972 the Council has a general power to acquire property by agreement. A local authority may also purchase properties for housing the homeless under section 17 Housing Act 1985.

Property acquisitions by the Council must comply with its Property Procedure Rules.

## **Risk Management**

Housing development is inherently risky and key risks include planning, construction costs and demand for homes. It is also important to note that we have undertaken a survey and an additional structural survey and this has not highlighted any issues. However, a fire risk assessment will be commissioned to ensure compliance with Temporary Accommodation standards.

The appointment of a suitably qualified design team will help to reduce the risks associated with construction projects including design risks and construction costs.

Demand risk is limited considering the number of households currently registered on the councils housing register and the number of households living in temporary accommodation.

The council has already successfully delivered similar projects in the area.

## **Corporate**

TDC is aware of the challenges facing its residents and in 2019 our Corporate Statement committed to supporting residents through effective partnership working with both the public sector agencies and the community. We will provide leadership and direction across the District and the region to ensure everyone is working to the same goal. Delivering high-quality housing, safer communities and enhancing the health and wellbeing of our residents. Specifically we committed to improve standards and safety in homes across all tenures.

## **Equality Act 2010 & Public Sector Equality Duty**

Members are reminded of the requirement, under the Public Sector Equality Duty (section 149 of the Equality Act 2010) to have due regard to the aims of the Duty at the time the decision is taken. The aims of the Duty are: (i) eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act, (ii) advance equality of opportunity between people who share a protected characteristic and people who do not share it, and (iii) foster good relations between people who share a protected characteristic and people who do not share it.

Protected characteristics: age, sex, disability, race, sexual orientation, gender reassignment, religion or belief and pregnancy & maternity. Only aim (i) of the Duty applies to Marriage & civil partnership.

This report relates to the following aim of the equality duty: -

- To advance equality of opportunity between people who share a protected characteristic and people who do not share it

The provision of temporary accommodation within the district helps to ensure that people with protected characteristics are more able to access suitable homes to meet their needs.

## **Corporate Priorities**

This report relates to the following corporate priorities: -

- To keep our district safe and clean
- To deliver the housing we need
- To protect our environment
- To create a thriving place
- To work efficiently for you

## **1.0 Introduction and Background**

- 1.1 The Council has identified an opportunity to purchase 8 Truro Road Ramsgate, which is currently an empty hotel. The property has recently been refurbished and includes 7 self contained rooms.
- 1.2 In January 2023, Council approved the allocation of £2.2m for the provision of Temporary Accommodation within the capital programme. This is to replicate the project known as 'Foy House'.

## **2.0 The Current Situation**

- 2.1 Thanet District Council is committed to increasing the amount of temporary accommodation that it provides, and in January 2023, opened the refurbished Foy House in Margate, which includes eight self-contained flats. Tenants are supported throughout their stay by a dedicated manager.
- 2.2 As at 25th January 2024, there were 288 households in Temporary Accommodation. Of those, 171 households were placed outside of Thanet.
- 2.3 The property identified as a potential second temporary accommodation project is a 3-4 storey semi detached building currently configured as a guest house. It is situated on the edge of Ramsgate town centre. It has recently been refurbished and contains 7 self contained rooms which each contain a kitchen, bathroom and bedroom/living area.

2.4 A change of use application will need to be submitted for this site but early discussions with planning have indicated that this would be supported.

### **3.0 Funding**

3.1 The proposal has been assessed by Financial Services to determine the capital and revenue impact of the proposed acquisition. In addition to the acquisition price of £650,000 other capital costs of £45,000 have been assumed to adapt the property, bringing the total scheme costs to £695,000. It is proposed to fund the scheme through a mix of £495,000 of borrowing and £200,000 of housing capital receipts.

Housing capital receipts of up to £200k are required in order to ensure borrowing costs are low enough to generate the revenue surplus in the early years of the project. These receipts will be switched from the affordable housing programme and be replenished with Section 106 funds or Homes England grant.

3.2 When comparing the revenue impact of borrowing and associated running costs versus the cost of the current provider, it is estimated the proposal will provide a modest initial annual saving of £5k, however due to the profile of the costs that annual savings grow each year and modelling shows the savings may increase to £110k by year 50. Over the 50 year assessment period the proposal has been estimated to save a cumulative sum of approximately £2.7m, however these estimated savings may vary upwards or downwards depending on several factors such as inflation rates and borrowing rates.

3.3 Within the operating cost base of the property for Temporary Accommodation estimates have been allowed for repairs and maintenance and other building related costs. It is assumed that management and operation on the property can be contained within existing staffing budgets.

3.4 The main financial benefit to the authority is that the proposed acquisition provides more control over future costs of Temporary Accommodation provision and therefore provides more certainty over future costs and also is expected to generate significantly higher annual savings in future years.

### **4.0 Options**

4.1 Purchase 8 Truro Road, Ramsgate for use as Temporary Accommodation.

4.2 Alternatively Cabinet could decide not to purchase the building. Securing an alternative building is likely to be difficult, so not proceeding with this might mean that the remaining £2.2m in the Temporary Accommodation programme may need to be reallocated to other projects.

Contact Officer: Ashley Jackson (Head of Housing and Planning)

Reporting to: Bob Porter (Director of Place)

### **Annex List**

None

## **Background Papers**

None

## **Corporate Consultation**

**Finance:** Matthew Sanham (Head of Finance and Procurement)

**Legal:** Ingrid Brown (Head of Legal and Democracy & Monitoring Officer)