

PROPOSAL FOR THE REDEVELOPMENT OF JUBILEE HOUSE, HITCHIN

Purpose

The purpose of this paper is to seek North Herts District Council agreement to either extend Aldwyck's existing lease on Jubilee House to 99 years or to assign the freehold interest in the property to Aldwyck, both at nil cost. This is to enable the site to be redeveloped to provide for a 20 bed-space Foyer type scheme for young single people and young parents.

Background

Around 2000/1 agreement was made between NHDC and Aldwyck for Aldwyck to refurbish Jubilee House on behalf of the council for use as 12 units of temporary accommodation for statutorily homeless families. The property was transferred to Aldwyck on a 30 year lease from the council to enable it to draw down some £453,000 of debt finance to fund the works. An under-lease, again for 30 years, was put in place requiring the council to manage the scheme and to pay to Aldwyck the full annual cost of maintaining the debt finance.

Shortly before the completion of the works in 2002 the council (Patrick Odling-Smee) approached Aldwyck to see whether it had the capacity to take on the management of Jubilee House as the council had insufficient staff resource to cover the scheme. Aldwyck agreed to take over the management and to retain the rental income in order to meet the cost of its debt finance.

More recently it has been found that some time after the transfer of the management to Aldwyck the under-lease to the Council was surrendered releasing it from any responsibility for meeting the debt finance costs. But no other agreement was put in place to cover Aldwyck's financial risks, which was clearly an oversight.

The scheme was managed by Aldwyck's Young Persons Team although it did not strictly fit within their remit. Funding was achieved through Supporting People at some £42k per annum which enabled daytime support to be provided.

Whilst initially the scheme was designated as temporary accommodation for homeless families, in time the majority of the referrals from council to the scheme, were largely young single parents, meaning that the nature of the scheme changed and it became much more a part of the young persons service ethos linked to Aldwyck's existing young parents floating support service. As a consequence of this the Jubilee House service was included in the combined contract for all of Aldwyck's Young Persons services which was negotiated with Supporting People about a year ago.

Almost at the same time the single contract arrangements with Supporting People were put in place referrals to the scheme significantly reduced, largely due it appears to the success of homeless prevention measures in the District. This quickly got to the point where the scheme was operating with large void levels and Aldwyck was unable to meet the cost of its debt finance for the scheme. In order to try and turn things around and make use of the resource, attempts were made to use the scheme for single young people with higher support needs but the lack of overnight and weekend staff cover meant that this had a very negative impact on the local community due to incidents of anti-social behaviour. Using the scheme in this way

was deemed to be unsustainable and was stopped. The scheme has now been empty for about 9 months and has subsequently been boarded up to prevent vandalism/squatters.

In addition to the above, following an internal review of young persons accommodation, Jubilee House which is largely shared hostel type accommodation, has been deemed to be not fit for purpose as it does not meet best practice models or Aldwyck's own standards for accommodation and service provision.

Hence, Aldwyck is at the point where it has to consider what can be done with the building to ensure that it provides a sustainable service going forward and one that covers the cost of Aldwyck's previous investment and additional build costs.

Discussions have taken place with officers of the Council to determine the best use for the building/site. What is clear both from NHDC statistics and referrals to Aldwyck's other schemes in the district is that there is a high demand for supported accommodation for young homeless people. At one point for example there were some 75 names on Aldwyck's waiting list for young persons accommodation in North Herts and the list had to be temporarily closed because of insufficient capacity in the service.

Proposed Redevelopment

In addressing the issues identified above the proposal is to redevelop the site and to provide a new purpose built 20 bed-space Foyer scheme for young single people and young parents. The design will follow good practice models developed by Aldwyck elsewhere in Hertfordshire.

The design in essence uses the footprint of a large one bedroom flat split into two en-suite rooms with a shared kitchen. This strikes a good balance between providing a good standard of accommodation and minimal sharing of facilities with the need to ensure there are no disincentives for young people to move on to independent living which might otherwise be the case if it were fully self contained. *Please refer to the drawings attached*

The scheme will be staffed 24hours a day with a specialist staff team on site. The revenue funding for the support will be achieved by combining Supporting People funding from the current 16/18 Newtons Way and 58 Dacre Road young persons schemes in Hitchin, along with the existing Supporting People allocation for Jubilee House (which has been ringfenced for this purpose even though the scheme is now empty pending redevelopment).

The proposed scheme will be for young single people and young parents 16-25yrs of age who are homeless or threatened with homelessness. The service delivery model will ensure that service staff work proactively with young people through a robust support planning process to help them to develop their independent living skills and to engage with the labour market. There will be a clear focus on achieving positive measurable outcomes.

The existing properties at 16/18 Newtons Way are owned by Aldwyck and are essentially two semi detached houses which can either be converted back to two three bedroom general needs houses or be used for another client group, possibly as move-on accommodation from the Night Shelter in Hitchin.

58 Dacre Rd is leased by Aldwyck from NHDC on a 99year lease (2002?) and consists of 5 bed-sit type units which would more readily lend themselves towards use as move-on accommodation from the Night Shelter.

The proposals around the alternative uses for 16/18 Newtons Way and 58 Dacre Rd are supported by Supporting People as they fit with their overall strategy to improve move-on arrangements from the Nigh Shelter linked to performance indicator NI 141, which measures the numbers of people achieving independent living from short-term services.

Strategic Relevance

The proposals here and the intended service delivery model will contribute to a wide range of the council's strategic objectives particularly in relation to creating safe and sustainable communities and in meeting the housing needs of vulnerable people including young single homeless people and young parents and their children.

In meeting these objectives the scheme will provide:

- Labour market activities - addressing worklessness
- Life skills training and parenting support - addressing the 5 outcomes of Every Child Matters.
- Diversion from criminal activity and anti-social behaviour - addressing the Safer Communities agenda.

In meeting the accommodation needs of homeless young people and young parents, and helping them to develop independent living skills, the proposals are in keeping with the North Herts Housing Strategy 2008 – 2013 particularly in relation to section 8, Housing for Diversity. Action 19 states that it is the council's aim: *To ensure that vulnerable people receive the housing support they need to live as independently as possible.* And that;

The council will:

- Work in partnership to deliver initiatives that support vulnerable people;
- Work in partnership to provide appropriate homes for vulnerable people; and
- Monitor the delivery of services to ensure that they are accessible to all.

Section 9, Homelessness, action 25 states the council's aim:

To secure the good outcomes for households that are homeless or threatened with Homelessness. And that;

The Council will:

- Provide an holistic service to households that are homeless or threatened with homelessness;
- Ensure that temporary accommodation is of a good standard;

Financial Appraisal

An initial financial appraisal has been drawn up as follows:

Current outstanding spend on the leasehold interest on the land (including development/ refurbishment spend to	£453,238
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HITCHIN (9.3.10)

date)	
build for 10 young persons accommodation as per drawings representing 20 bedspaces plus additional 2 units representing 1 sleep/in room and 1 training room/ office	£1, 034,025
on costs for scheme including design fees of £52,100 totalling	£195,550
Development Interest	41,223
Total Cost of scheme	£1,724,036
HCA grant requirement @ £45k per bed-space	£900,000
Net loan to fund through rent stream	£824,036
Annual rent income assuming rent levels at £70 per week per bedspace	£72,800
Management/maintenance/major repairs/voids costs	£32,274
Net annual rent income to fund loan	£40,526
Loan interest rate	5.75%
Loan repayment period in years	35
Revenue first exceeds costs in year	9

The above appraisal assumes:

- That the existing lease is extended to at least 99 years to satisfy requirements of funders.
- No further cost is incurred for the extension of Aldwyck's leasehold interest or the freehold interest is transferred at nil cost
- Interest only payments have been made on the original £453K investment and the outstanding debt remains the same as at the start of the existing lease.
- Planning can be achieved for the full 20 bed-spaces plus other facilities.
- HCA will approve grant levels of £45k per bed-space.

It should be noted that were the site to be developed for general needs housing it is envisaged that the maximum number of units that could be built on the site would be 12 one bedroom flats. The build costs would remain at approximately the same level but overall rental income and grant levels would be significantly reduced. Again, as noted above the proposed young persons development seeks to maximise the grant levels and rental income to enable the full costs of the scheme to be met.

Recommendation

In view of the foregoing it is recommended that North Herts District Council give consideration to either transferring the freehold interest in the property or an extension of the existing lease to 99 years, both at nil cost.

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Aldwyck Housing Group