



Purpose: For Decision

Cabinet report

Date **13 JANUARY 2022**

Title **DEVELOPMENT OF RELOCATABLE HOMES**

Report of **DEPUTY LEADER AND CABINET MEMBER FOR COMMUNITY PROTECTION, DIGITAL TRANSFORMATION, HOUSING PROVISION AND HOUSING NEEDS.**

EXECUTIVE SUMMARY

1. This report seeks approval from Cabinet to initiate the Relocatable Homes Project to help meet the urgent housing needs of the increasing numbers of Island families suffering homelessness.
2. The council has a legal requirement to accommodate those families for whom it has accepted a homelessness duty and this purpose of this project is specifically to meet their needs.
3. The purpose of the report is to get in principle agreement from Cabinet to pursue the Relocatable Homes Project without committing the budget until the necessary Full Council authorisations can be secured in February 2022.
4. The proposed development is for 20 x two bed relocatable homes with long term affordable rents and running costs to accommodate Island families with the most urgent housing need.
5. The provision of a high-quality living environment is proven to be fundamental to homeless families staying in employment, participating in their local communities and to their wider wellbeing and better contribute and participate in the local economy.
6. This project has the potential added value as a pilot for testing Modern Methods of Construction (MMC) in the off-site manufacturing of homes for future council schemes to deliver “affordable” homes for Islanders using its own land and capital resources to meet housing needs.
7. The project aim is to also achieve as close to possible zero carbon in construction and long-term energy use in line with the Island’s Climate and Environment Strategy and its Biosphere designation.

RECOMMENDATION

8. Cabinet is requested to:

- (a) Approve Option 3: To commission, develop and build 20 x two bed relocatable modular homes, subject to the related capital bid being approved by Full Council in February 2022 and the required borrowing being approved by the S151 Officer on receipt of a detailed business case, and any other necessary consents.
- (b) Approve Option 6: If the Capital bid is approved by Full Council, delegate commissioning decisions and day to day project management to the Director of Regeneration to ensure minimal time delays to procure and deliver the 20 units of accommodation as soon as possible.

9. Cabinet approval of the Relocatable Homes Project will provide a mandate for staff to continue this project to deliver this housing opportunity for the council and complete a full business case as required for capital funding approval.

BACKGROUND

- 10. The housing situation has fundamentally changed on the Island over the last 18 months and there are few if any properties available to rent on the open market. The council has purchased data from housing market estate agents that indicate that there has been a severe reduction in homes available to rent on the Island. This is from an average of 350 homes per month being available up until December 2019 which rapidly reduced to around 60 homes per month by October 2021 at all rent levels within the housing market.
- 11. This equates to an 83 per cent loss of availability of Private Rented Sector (PRS) properties since the start of the Pandemic which has traditionally accommodated around 18 per cent of all households on the Island which equates to around 15,000 families.
- 12. This is a significant housing market failure and unsurprisingly has driven increasing numbers of displaced families to approach the council for social or “affordable” rented housing. This ‘new’ housing need is mainly from working households that have rented their property over many years. Most have never before approached the council for housing support, but now find themselves facing homelessness or displacement as they have mostly been given notice through the Section 21 legal “no fault” eviction process.
- 13. There is currently little security of tenure in the private rented sector due to this legislation and government is seeking to remove the Section 21 eviction process through legislative changes. This proposed legislative change has unfortunately only added to the incentives for private sector landlords to sell-up at the current time given that house prices have increased by up to 25 per cent over the last 12 months.

14. The increased costs to landlords connected with increasing government regulation and taxation of private landlords introduced over the last 12 months has also prompted many landlords to exit the private rented sector all together.
15. The very few Island families that are successful in finding themselves a new rented home each month are facing significant rent increases of around 30 per cent and are in severe competition for every property, including a bidding war as to whom will pay the higher rent with both on and off-Island families as demand is so high and supply so low.
16. Traditional landlords have also shifted in large numbers to the “staycation” market including Airbnb where there are higher weekly profits and less government regulation. Even the traditional winter easing-up on holiday accommodation demand cannot be fully relied upon due to this continuing demand. This combination of factors has also resulted in a housing crisis for many working low-and median-income Island families including many keyworkers in health, social care, and other essential public services.
17. The current non-availability of most forms of accommodation on the Island makes it unlikely that this trend will reverse any time soon, or at least revert to the pre-pandemic levels as evidenced by our regular data-updates from agents on the Island and by the Housing Needs Team running weekly if not daily searches on Zoopla, and Rightmove etc.
18. The Housing Needs Team have currently identified around 200 Island families that have an urgent housing need for temporary accommodation and are at risk of homelessness in the short term. There is a significant risk that many of these families may end-up having to be placed in Bed and Breakfast Accommodation, which has long been proven to be the worst form of accommodation impacting employment, children’s health, education, and life chances nationally.
19. It is recognised that the Housing Needs Team has done well in previous years in minimising the use of Bed and Breakfast accommodation ensuring families with children are rarely if at all placed in Bed and Breakfast accommodation due to the negative impacts on children’s well-being in particular. Nevertheless, current market pressures mean that the use of Bed and Breakfast accommodation could well increase as there is currently little or no choice in the market for the Housing Needs Team. This option is a large direct financial cost to the council as this is the most expensive type of accommodation for the council to fund on a nightly rate basis.
20. Considerable staff resources from the Housing Needs Team have also been engaged in trying to find, secure and arrange accommodation and negotiate with the Island’s landlords and their agents to a higher degree than ever before throughout the pandemic, often with little success due to current market conditions and severe competition for any rental property that becomes available.
21. Island families could be forced to leave the Island to seek housing and employment elsewhere against their wishes and the strategic ambitions of the council without market intervention. The wider impact is that many local working families including keyworkers are now also unable to accommodate themselves in the market due to both lack of availability and high rental prices, which potentially undermines the economic recovery of the Island and exacerbates staff shortages in local businesses

and the widely reported recruitment difficulties in health, social care, and the hospitality sectors etc.

22. Potential strategic interventions identified include:
- a) The direct commissioning by the council of relocatable off- site manufactured housing units for deployment on a council owned site;
 - b) The direct purchase by the council of existing suitable ready to occupy properties in the general housing market;
 - c) The direct purchase of properties on the market in need of adaptation or renovation.
 - d) The commissioning of a third party (e.g., Island based housing association) to procure, develop, deliver, and manage the Relocatable Homes Project.
 - e) Compulsory purchase of “empty” properties;
23. In considering the timeliest and most cost-effective intervention to addressing the most urgent housing need on the Island the options above have been analysed, and are conclusions explored in further detail in the Evaluation section of the report.

STRATEGIC CONTEXT

24. Investing in the development of relocatable modular homes for this purpose fully fits with the council’s key strategic objectives mandated in the [Corporate Plan 2021 - 2025](#).
25. The recommendation to go forward with this proposal helps to deliver the Alliance Administrations’ aspirations linked to all three cross-cutting objectives of the Corporate Plan.
- (a) Provision of affordable homes for Island Residents
 - (b) Responding to climate change and enhancing the biosphere
 - (c) Economic recovery
26. The proposal further aligns and contributes to the delivery of outcomes as set out in the following strategies:
- (d) Adopted Homelessness and Rough Sleeping Strategy 2019 - 2024
 - (e) Adopted Housing Strategy 2020 - 2025
 - (f) Climate and Environment Strategy and Action Plan 2021 - 2040
 - (g) UNESCO Biosphere
27. The potential impact this project will bring is firstly to increase the number of “affordable homes” to give increased opportunities for more family households to stay

on the Island and reduce the number of Island households being placed in more expensive Bed and Breakfast placements.

28. In line with the council's [Climate and Environment Strategy and Action Plan 2021-2040](#) the proposed development will include 20 x two bed modular homes, communal shared area, internal courtyard, and access to outdoor space that promotes health and wellbeing. A separate entrance will be created to the apartments where appropriate, which in turn will have very low running costs due to their design and build standards up to [Passivhaus](#) which is the net-zero-carbon gold standard in house building design and operation.
29. This development of relocatable homes will support our bigger project initiatives by continuing to provide homes for vulnerable homeless families whilst retaining council land for future use and regeneration. The basic concept is flexibility as the units can be relatively easily moved from site to site and will remain an asset for different housing uses over many years as the market build standard is for a 60-year life span.
30. This project provides an ideal solution to increase the "affordable" housing that the council controls to meet its statutory duties and its broader Corporate objectives as outlined in its strategic housing documents and maintains its Biosphere principles [IW UNESCO Biosphere](#)
31. Currently there is nowhere on the Island for homeless families to live that is directly provided by the council. The economic benefits of securing the residency of local families, near family, friends, school, and their community support networks should not be underestimated and have been proven to include sustaining employment, staying in education, significant positive health benefits including mental health and overall community cohesion.
32. The Relocatable Homes Project has been agreed by Housing Needs Team staff as a suitable and preferable option to their current arrangements of placement of Island families experiencing homelessness with private landlords and Bed and Breakfast operators.
33. Whilst there has been a recent slight easing of the situation due to some holiday accommodation becoming available there are additional concerns about the price increases and this supply of accommodation once the tourism season returns next year. However, whether the unprecedented levels of tourist demand experienced this year continues into next year and beyond remains uncertain at present dependent on the on-going impacts of the pandemic globally.
34. The Relocatable Homes Project is a fundamental delivery opportunity for the Council's homelessness and rough sleeping strategy 2019 - 2024 to enhance its intervention "pillar". That is by focussing on helping families who are already in crisis to get swift, targeted support, supporting us to achieve overarching aspirations to ensure homelessness will be a rare occurrence and a one-off brief experience for Islanders.
35. In the context of the housing crisis facing the Island it is recognised that this one Relocatable Homes Project and housing market intervention will not meet all the needs of homeless families on the Island given the size and scale of presenting need and housing market pressures. It is however considered a better option than being

totally reliant on the volatile private rented sector as it is now and likely to be in the future.

36. The core concept of the project is that the homes are relocatable and placed on sites ear-marked for future strategic investment and development and may be moved two or three times in their lifetime according to housing needs and strategic land supply.
37. The capital funding investment will also allow the purchase and siting of properties that will become long term council owned housing assets for the purposes of meeting the local needs of Island families suffering homelessness to support and sustain the Island's economy, environment, and people.
38. This project also demonstrates that the council is ambitious to deliver its corporate plan, alongside its housing and environment strategies.

SERVICE IMPACT

39. It is proposed that this service is managed via the Housing Needs Team on a day-to-day basis including property allocation, rent collection and day to day management once the relocatable homes are delivered on site and handed-over and signed-off as 'fit for purpose'.
40. The relocatable properties will be let to families to whom the council owes a housing duty using an appropriate form of tenancy agreement. Agreements will also be put in place to ensure that controls on rent levels, local occupancy, tenant selection, allocation and general management standards are agreed and honoured in line with the council becoming a registered provider of housing itself in October 2021.
41. Standards for the management and maintenance of the properties will be set by the Housing Needs Service taking account of national and legal best practice and obligations. The service would also offer a paid for housing management service from move-in, supporting the social benefits of being a sensible, stable, regular, and reliable landlord and producing a financial return for the council to pay back its borrowing on the loan capital for the project.
42. The council would also through the planning system seek a meanwhile use on its own land for the relocatable homes, and where legally possible, exclude these homes (in perpetuity) from mechanisms that could result in the homes becoming available for rent or sale on the open housing market. That is, whatever its future uses, if the homeless need dried-up for example, we would still maintain these properties as "affordable" homes for Island families in council ownership for keyworkers or others in need for "affordable housing".
43. To fulfil the additional housing requirements needed to scale up our housing-led approaches, new and bold measures are required by the council to acquire additional accommodation, with supporting capital and revenue funding being made available.
44. The Relocatable Homes Project provides a unique service opportunity to develop and bring online "affordable" temporary accommodation for families which is frequently cited as one of the key challenges up and down the land by councils struggling to meet their legal homelessness duties.

45. The main driver for choosing this housing type is speed of delivery as it's feasible to deliver these units on site within 12 months from funding approval including securing a "meanwhile" planning use. This compares favourably with an average traditional build scheme taking between three to five years to complete starting from scratch.
46. These relocatable units should be available for occupation as soon as possible if the budget approvals are put in place by Full Council in February 2022.

CONSULTATION

47. There has been recent past public consultation in regard the development of our housing and homelessness strategies including every household on the Island being asked their views. Other public bodies; housing associations; scrutiny panels; and service users were consulted and there is majority support for new council housing development specifically for Island families and tackling homelessness.
48. The long-standing ambition of direct delivery of council housing has been widely consulted upon and is reflected in the new corporate priority of providing "affordable" homes for Island residents. There is currently work going-on to identify potential sites for this project and further consultation will be undertaken on identifying the precise location including the feasibility and viability of potential sites.
49. Once the project becomes live and a preferred site is identified for the relocatable homes additional consultation will take place with all stakeholders, including the Town and Parish Council, ward councillors, and local residents.

FINANCIAL / BUDGET IMPLICATIONS

50. The Capital Investment for relocatable homes is included in the current capital bids list for the council, the final list will form part of the budget report to be approved by Full Council in February 2022.
51. The final mix of the cash-backed capital, S106 monies and borrowing will be finalised once the investment appraisal for the relocatable homes is concluded. The prudential borrowing element has to be approved by the S151 Officer on receipt of a detailed business case which is currently being worked-up by the service with the involvement of departmental accountants.
52. Equally the accountants have taken account of the on-going revenue budgets required to operate and maintain the properties and the extent to which revenue budgets in the Housing Needs service will result in cost avoidance and, where additional budget will be needed, this will be included in the Business Plan and proposed budget.
53. The revenue funding proposal is that on-going revenue expenditure is covered by the rents and existing homelessness grants within the service budgets of the Housing Needs Team to provide the required housing management, maintenance and necessary health and support services to be commissioned for homeless families inclusive of their health and wellbeing.
54. Cabinet is being asked to proceed with the project subject to the subsequent approval of the budget by Full Council in February 2022.

55. The project enables service realignment and additional support to be offered to Island families in housing distress which may have a positive impact on service budgets going forward.

IMPACT ON YOUNG PEOPLE AND FUTURE GENERATIONS

56. The decisions the council makes now in regard to funding “affordable housing” not only affects current residents, but may have long term impacts, both positive and negative, on young people and future generations.
57. These housing impacts will be interrelated across the various domains of young people’s lives and those of their families, in regard to employment or training, health, and the environment.
58. It is important for the council to invest in and deliver this project as a demonstration to promote confidence for future investment opportunities and realise the nationally recognised though not always quantifiable impacts and benefits of a stable housing environment for families and young people as outlined below:
- a) Reduction in homelessness applications and current staff resource needed by young people.
 - b) Prevent families moving off Island to specialist accommodation providers including bed and breakfast accommodation and all the associated costs of travel, education, and child welfare etc.
 - c) Reduce multi-agency support and input of other partner agencies for young people and their families.
 - d) Reduction in Police interventions with young people.
 - e) Reduction in Safeguarding referrals.
 - f) Reduction in wellbeing impacts on families and young people due to housing crisis.
 - g) Reduction in Psychological impacts of anxiety due to housing instability.
 - h) Reduction in mental health interventions.
 - i) Reduction in family breakdowns impacting young people.
 - j) Reduction in hospital admissions for children and young people.
 - k) Reduction in risks in the community.
 - l) Reduction in housing and social care practitioner time and expenses.
 - m) Reduction in potential high-cost residential care placements for children and young people due to family breakdown.
59. If the relocatable project is completed, the families will pay an “affordable rent” no higher than Local Housing Allowance (housing benefit) which will set the standard for

high quality living at the lowest rents on the Island. This will enable better financial resilience for families and young people over time.

60. Care and education costs are separate to this project and are changeable over time, it should be recognised that completion of this project might reduce costs on different public service budgets indirectly such as welfare benefits, education, children services and healthcare as outlined.

CLIMATE, ENVIRONMENT and UNESCO BIOSPHERE IMPACT

61. In order to help meet carbon reduction targets in line with the Council's Climate and Environment Strategy we will 'Invest to Save' in sustainable design and construction and will apply an holistic approach in the design, construction and operation processes in a super energy efficient, low carbon building to ensure future running costs and emissions are kept to a minimum.
62. We will ensure an Energy Performance Certificate (EPC) rating is undertaken using the Standard Assessment Procedure (SAP) in the early stage of the design process which will help prevent costly redesign and ensure an EPC rating of B as a minimum.
63. Ideally, we will deliver homes for the first time on the Island to [Passivhaus](#) standard which is the net-zero-carbon gold standard in house building design and operation. This development can be then be used as an exemplar and 'proof of concept' for future housing development particularly on constrained and traditionally non-viable brown-field sites.
64. This approach is in line with the council's overarching strategies as outlined in design and construction of the project will incorporate measures to maximise energy efficiency and reduce carbon emissions during both the construction and the operating phases of the new buildings.
65. The design of the scheme will reflect 'whole lifetime' costs including potential relocation two or three times during its lifetime. The project will reduce carbon emissions through a 'fabric first' approach to insulation, low-energy lighting, and heating and through the inclusion of renewable energy generation, for example solar PV panels and air-source heat pumps for space and water heating.
66. The buildings selected will be designed to be durable and resilient in the face of the more extreme weather conditions (very high or low temperatures and very wet, dry, or windy weather) which are expected as the result of climate change. This includes capturing rainwater and battery storage for self-consumption. This will be further strengthened by applying a range of innovative assisted technologies as part of the original design and construction which will guarantee endurance and longevity of the buildings.
67. The build will apply project management principles by constructing the right building, will be value for money, built with a long-term lifecycle and will achieve the best outcomes for families and individuals. We will monitor developments and undertake environmental audits to ensure they are being effectively managed to ensure high standards are being met, reduce the impact on the environment, including energy use, biodiversity, and pollution in keeping with the Island's Biosphere status.

LEGAL IMPLICATIONS

68. The 2017 Homelessness Reduction Act imposed a legal duty on all councils to prevent and relieve homelessness and intervene much earlier to prevent families and individuals becoming homeless rather than only dealing with the situation once an individual or family presented to the council as homeless, usually following eviction or family breakdown.
69. The council has a wide range of statutory powers to deliver new homes including the 1963 Local Authorities Land Act, which gives councils the power to develop land; the 2000 Local Government Act, which gives the council the power to do anything that promotes the “wellbeing” of their communities; and the 2011 Localism Act, which bestows the “general power of competence”, giving councils the legal power to do anything a private individual can do.
70. Whilst none of these are housing acts per se, their ramifications for direct delivery housing have been significant, it allows the council to act in a more entrepreneurial way and for example to commission and develop new relocatable homes, subject to the relevant financial approvals.

EQUALITY AND DIVERSITY

71. The proposed option is to approve the capital funding to be made available by the Council to develop bespoke relocatable homes for Island families at risk of homelessness. The report does not introduce new or revised policy or procedure as it is linked to implementing the Homelessness and Rough Sleeping Strategy 2019-2024 for which a detailed equality impact assessment is in place. The objective of this funding is to also mitigate the impact of Covid-19 on Island families who may be at greater risk.
72. Over time, the decision will positively impact the lives of a significant number of vulnerable families who have been identified as homelessness or at imminent risk of homelessness. We know that since the lockdown homelessness has increased, and Island residents on lower incomes, young people, ethnic minority communities, and lone parents are likely to have faced challenges associated with housing on a disproportionate scale and will likely be among those overrepresented in the cohort of homeless families and will be positively affected by this Project if approved by Cabinet and Full Council.

PROPERTY IMPLICATIONS

73. The council has a number of sites that could accommodate the new homes and is by far the quickest way of securing their development rather than have to purchase third party land. Any decision as to the most appropriate site will consider existing use and income generation to the council. Property management implications will be

assessed by a surveyor within the councils Strategic Asset Management team once the project receives funding approval.

74. The relevance of the proposal to the Strategic Asset Management Plan will be outlined once scheme detail have been confirmed. Both capital and revenue issues relating to property will be reflected in the Business Plan.
75. Potential future Landlord and Tenant implications have been identified and have been built-in already to the Statutory Compliance or Health and Safety matters will be identified for inclusion in on-going housing management contracts with the third sector by the Housing Needs Service based on other supported housing accommodation managed directly by the service.

SECTION 17 CRIME AND DISORDER ACT 1998

76. The Local Development Framework provides the local policy context within which decisions on planning applications are made and their crime and disorder implications considered by our Planning Department. There is a whole range of partnerships and client groups represented in the Community Safety Strategy which can be consulted with during the work stages if the proposal for development is approved by Cabinet.
77. This proposal offers a potential opportunity to reduce crime, disorder, and antisocial behaviour by providing a quality physical living environment to homeless families who are often more vulnerable to the impacts of crime and insecure housing situations. Additional support geared at generating positive individual behavioural changes and greater community ownership for the families concerned should result in due course.

OPTIONS

78. The feasible options available to the council are as follows:

Option 1: Do Nothing.

Option 2: Buy second-hand properties from the market

Option 3: Commission, develop and build 20 x two bed relocatable modular homes, subject to the related capital bid being approved by Full Council in February 2022 and the required borrowing being approved by the S151 Officer on receipt of a detailed business case, and any other necessary consents.

Option 4: Commission relocatable homes via a third-party "affordable" housing organisation. subject to the related capital bid being approved by Full Council in February 2022 and the required borrowing being approved by the S151 Officer on receipt of a detailed business case, and any other necessary consents

Option 5: Compulsory Purchase Empty Homes

Option 6: If the Capital bid is approved by Full Council, delegate commissioning decisions and day to day project management to the Director of Regeneration to ensure minimal time delays to procure and deliver the 20 units of accommodation as soon as possible.

All the options are risk assessed and fully evaluated in the next sections of the report.

RISK MANAGEMENT

79. Summary of project risks and benefits for each option:

Options	Risks	Quantifiable Benefit	Non-quantifiable benefit
Option 1 Do nothing	We would not meet our statutory duty to provide safe and “affordable” housing for homeless families and those in need. Failure to meet a Statutory duty to provide “affordable” homes for families at risk of homelessness	None	None
Option 2 Buy second-hand properties from the market	The business case cannot be made to enable the project to be funded.	10 -12 new “affordable” homes from market supply following purchase and renovation.	None.
Option 3 Commission, develop and build 20 x two bed relocatable modular homes, subject to the related capital bid being approved by Full Council in February 2022 and the required borrowing being	Not able to fill the units (this is mitigated as we already have a significant number of families waiting for accommodation)	20 new family “affordable” homes. Expanded council property portfolio. Future preventative savings identified, estimated at £0.418m per annum	This will be a flagship scheme for Isle of Wight Council, the first fully serviced Passivhaus build to be made available on Isle of Wight Council land. Other benefits during delivery are employment while the

<p>approved by the S151 Officer on receipt of a detailed business case, and any other necessary consents.</p>			<p>scheme is under way and the provision of paid and voluntary job opportunities.</p> <p>Kick starts broader regeneration of the intention being to identify potential sites within the Newport area and further work and consultation will be in line with existing Place Plans.</p> <p>Demonstrable delivery of a number of strategic objectives including Housing Strategy, Island Plan, and Climate Change Strategy etc.</p>
<p>Option 4 Commission relocatable homes via a third-party "affordable" housing organisation. subject to the related capital bid being approved by Full Council in February two0two and the required borrowing being approved by the S151 Officer on receipt of a detailed business case, and any other necessary consents.</p>	<p>Lack of current housing association market interest in delivering relocatable MMC homes as not standard housing type and grant is difficult to obtain. They would also have to commission relocatable homes from specialist providers incurring additional time delays and costs of council land transfer etc.</p>	<p>20 new family "affordable" homes.</p>	<p>The procurement is open market so they are able to tender if they wish and if so, could help share project delivery risks.</p>
<p>Option 5 Compulsory Purchase Empty Homes.</p>	<p>Business Case not viable for borrowing, few if any empty homes are available</p>	<p>None or minimal.</p>	<p>Reputation – council could be seen as acting against absent owners, but this is not within the</p>

<p>Option 6: If the Capital bid is approved by Full Council, delegate commissioning decisions and day to day project management to the Director of Regeneration to ensure minimal time delays to procure and deliver the 20 units of accommodation by as soon as possible.</p>	<p>that could meet “affordable homes” standards and lengthy expensive CPO legal process to yield a few properties at most.</p> <p>Nationally this is a two-year average legal process, and the owner could sell-on at any stage meaning the council would have to re-start proceedings with the new owner each time for each property.</p> <p>Risk of time delays if not approved.</p>	<p>20 new family “affordable” homes delivered within timescale.</p>	<p>scope of this particular project.</p> <p>Efficiency and smooth running of project with speedier decisions on spend and project variables.</p>
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EVALUATION

80. Consideration has been given to the associated risks, legal and budget implications of each of the options outlined below for this project to go forward.

Option 1 – Do Nothing

81. This is a reasonable option for the council if capital funding is not available. However, if Cabinet agree this option, the project does not proceed to Full Council for funding, and it is likely that council will need to carry on placing more families in highly expensive Bed and Breakfast accommodation and some off Island at significant cost and detrimental to the families’ wellbeing and social links.

82. The council would continue to spend up to £0.5 Million on the accommodation for 20 families alone (based on £100 per night), currently funded by ASC and unlikely to prevent any increased costs and budgetary control for the remaining 200 families in urgent need. This is arguably the worst of both worlds; highest costs to guarantee the worst outcomes This option is therefore not recommended.

Option 2 - Buy second-hand properties from the market

83. This is an alternative option Cabinet could agree to pursue. The main challenges to this option are current market availability and increasing house prices so only around 10-12 properties could be purchased for the same capital investment based on a similar house size including Stamp Duty Land Tax.
84. Option two is more expensive on a home for home basis and the business case for this approach would probably not be supported by finance. A critical factor is the majority of housing stock on the Island is Victorian and acquiring a variety of second-hand properties would likely entail higher renovation costs, even if they could be acquired given the currently overheated housing market.
85. This project could incur additional risks and unbudgeted costs without any guarantee of the homes being able to meet the 2025 EPC Level C minimum legal requirement on building energy efficiency standards. This in itself is far short of the council's Passivhaus relocatable homes vision. Option two is not deemed Best Value for the council and is therefore not recommended.

Option 3: Commission, develop and build 20 x two bed relocatable modular homes, subject to the related capital bid being approved by Full Council in February 2022 and the required borrowing being approved by the S151 Officer on receipt of a detailed business case, and any other necessary consents.

86. This option is essentially for the council to procure a low or zero carbon housing development and provide accommodation on its own land to provide accommodation for homeless families through public procurement routes with the aim of finding the right balance of quality, cost, and strategic ambition between the type of units purchased and the total investment required.
87. It proposes installing factory made modular housing up to [Passivhaus](#) standard which is the net-zero-carbon gold standard in house building design to deliver a permanent housing solution that can easily be relocated, when required. Passivhaus is generally assessed to be around 10-15 per cent more to construct than conventional housing but is considerably cheaper to run and the additional cost is, therefore, offset quickly over the first few years of occupation. As future energy costs are predicted to rise, the 'payback period' for this higher initial outlay is expected to reduce over time.
88. A further advantage of such housing is that it generates significantly better internal air quality which benefits the health of occupants relative to a conventional design. Examples include a scheme of relocatable two bed roomed apartments successfully delivered for Cardiff City Council by a specialist market provider. These types of units can be either fully manufactured offsite or in part ready for a contractor to finish. They can be installed and installed ready for occupation within hours if the groundworks and services are pre-prepared on site.

89. This type of high-quality unit will offer other advantages in regard to design being up-market and fitting within a regeneration area remaining attractive and available for alternative uses in the future and having the potential to remain and be a long-term option with other housing being built around it in the future. It should also be less vulnerable to planning objections due to aesthetics and zero-carbon credentials making it a future-proof option in regard to climate change policy requirements.
90. Option 3 helps meet a legislative duty and is considered the only commercial option. It would utilise land in council ownership that would be retained for future use to develop and support wider housing objectives by continuing to provide the type of “affordable” housing needed by the majority of Island households.
91. It is also the only option with added regeneration and reputational benefits to the council that meets a number of for this purpose fully fits with the council’s key strategic objectives regarding housing, environment, and economy. It will also assist with housing planning gain once a permission has been granted i.e., the number of new homes built on the Island.
92. Option 3 is therefore the recommended option.

Option 4 Commission relocatable homes via a third-party “affordable” housing organisation. subject to the related capital bid being approved by Full Council in February 2022 and the required borrowing being approved by the S151 Officer on receipt of a detailed business case, and any other necessary consents.

93. This is a potential option as the tender exercise is open to offers from housing associations and other housing providers to bring forward a range of housing options as long as they meet the criteria. However, the strategic use of council land is a critical factor in delivering this project as land transfers/sale to another organisation such as a housing association would entail additional time and costs before development could start, including Stamp Duty (SDLT) and VAT on land sales plus the key risk that the council would lose control of the land for future use.
94. Housing Associations also struggle to claim grant for what is a statutory responsibility of the council and Island based providers don’t have an agreed MMC (Modern Methods of Construction) or relocatable housing unit supply chain at present. It would be a new venture for any of them as it is for the council so there is no benefit from technical or competitive advantage by the council pursuing to this option. This option is therefore not recommended.

Option 5 - Compulsory Purchase Empty Homes

95. There are few if any empty homes available that could meet the new homes standards if they were compulsory purchased and renovated by the council. There are lengthy and expensive CPO legal process to yield each and every property and historically council has had very little experience and success in pursuing this option. Nationally this is a two-year average legal process, and the owner could sell-on at any stage meaning the council would have to re-start proceedings with the new owner for each property in its sight.
96. There is little prospect of this option delivering the number, type, timescales, or budget of the project through this option as the council still has to pay full market

value to the owner whatever the state of dilapidation of the property. This is considered the most unviable option to deliver this project and is therefore not recommended.

Option 6: If the Capital bid is approved by Full Council, delegate commissioning decisions and day to day project management to the Director of Regeneration to ensure minimal time delays to procure and deliver the 20 units of accommodation as soon as possible.

97. To ensure the efficiency and smooth running of project with speedier decisions on spend and to manage project variables this option which constitutes the project delivery approach is further recommended as there is a risk of time delays if not approved. Option 3 and the associated project approach at Option 6 are the recommended options to delivering the Relocatable Homes Project.
98. In conclusion, there is undoubtedly a balance to be struck between the potential risks to the council in taking ownership and responsibility for the delivery of this project through any delivery option. This includes reputational impact if the project is not delivered due to a site not becoming available or the competitive procurement process does not yield a suitably competent and cost-effective supplier of relocatable homes.
99. The proposed Relocatable Homes Project is however a clear opportunity for the council to invest capital grant to tackle homelessness and deliver on the council's cross-cutting strategic objectives contained within the Corporate Plan and should be viewed as such. It will be a clear demonstration of the council's ambitions across a range of strategic priorities not least "affordable" homes delivery for Island families and zero-carbon climate change goals.

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