

Report to: **COUNCIL**

Date: **19 December 2023**

Title: **20 Plymouth Road, Tavistock, PL19 8AY,
Conversion of existing office
accommodation to residential units.**

Portfolio Area: **Housing - Cllr Mark Renders**

Wards Affected: **Tavistock / All Wards**

Urgent Decision: **Y** Approval and clearance obtained: **Y**

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RECOMMENDATIONS:**That the Council:**

- 1. APPROVES the repurposing of No. 20 Plymouth Road, Tavistock PL19 8AY from office accommodation to 3 x residential units in accordance with Planning Consent Ref: 1318/23/FUL;**
- 2. AGREES the total project cost of £650,000 to be funded as follows:**
 - Internal borrowing in the form of a 50 year loan of up to £500,000 at a fixed interest rate of 3%; and**
 - £150,000 in housing revenue grants.**
- 3. AUTHORISES the Head of Assets to make the contract awards necessary for the delivery of the Project;**
- 4. NOTES the programme dependency on:**
 - a. Securing a Bat Mitigation Licence from Natural England;**
 - and**
 - b. Works being restricted to the active bat season (1st March to 31st Oct)**

1. Executive Summary

- 1.1 The report provides an update and makes recommendations with regard to No. 20 Plymouth Road, Tavistock, PL19 8AY.
- 1.2 This property is owned by West Devon Borough Council and situated on Plymouth Road, Tavistock adjacent to the bus station (also within the ownership of the Council). The property is currently used for office accommodation and houses the bus station kiosk.
- 1.3 The property provides small, poor quality offices and as such, has been underoccupied for a significant period. For the last two years, only one tenant has been in occupation and they are due to vacate the building in December 2023.
- 1.4 Therefore, the building was identified for potential repurposing to residential accommodation, in response to the acute temporary housing demand and to support local housing need.
- 1.5 The Council has a statutory duty to provide temporary accommodation under the Housing Act 1996 (as amended) to households who are, or are at risk of becoming homeless.
- 1.6 A recommendation was taken to the March 2023 Hub Committee to approve, subject to positive pre-planning application discussions, to prepare and submit a full planning application for the conversion and use of No. 20 Plymouth Road, Tavistock as temporary accommodation (Minute Reference, HC 91/22).
- 1.7 Following positive pre-planning application advice, a planning application was submitted and West Devon Development Management and Licensing Committee resolved to grant planning consent for a change of use in September 2023 (1318/23/FUL), to convert the existing building from office accommodation to residential units (2 x 1 Bed and 1 x 2 Bed flats).
- 1.8 The proposed conversion excludes the bus station kiosk which is required to be retained in its existing use, albeit requires some refurbishment work to the existing facility prior to reletting.
- 1.9 Following the resolution to grant planning consent, tender documentation was issued on 16th October 2023, in accordance with South Hams and West Devon's joint Contract Procurement Rules, seeking tender submissions from contractors to undertake the necessary works.
- 1.10 Six tender submissions were received on 17th November 2023 and remain commercially sensitive.
- 1.11 The tender submissions are currently being evaluated however are all within a range which supports a total project cost of up to £650,000.
- 1.12 The total project cost of up to £650,000, includes:

- Historical expenditure: comprising of feasibility and work activities required to submit a full planning application,
- Tender price: preferred contractor to be confirmed,
- Risk: age of building and requirement of a bat licence,
- Project Management: ensure right project support can be provided.

1.13 The Business Case shows a positive financial return from Year 1 onwards with the rental income, forecast to be £21,800 per annum (Year 1) exceeding the £19,400 per annum fixed cost of borrowing.

1.14 Therefore, the officers' recommendation is to proceed with repurposing the existing building into three flats to provide additional temporary accommodation to support the council's temporary housing needs subject to completion of the tender evaluation.

1.15 The next step, subject to gaining Full Council approval, will be for the Council to enter a construction contract with the preferred contractor.

1.16 Thereafter, the construction phase programme is about six months duration. However, the presence of Lesser Horseshoe Bats will influence the programme as follows:

- Works require a Bat Mitigation Licence to be secured from Natural England prior to commencement.

In order to secure the required Bat Mitigation Licence, our preferred contractor must be appointed as soon as possible as information as to working methods etc is required for the licence application to be submitted.

- It is likely all licensable works are to be undertaken during the Bat Active season (1st March to 31st October) which limits the construction window.

The works programme will therefore not commence until 1st March 2024 at the earliest.

1.17 If the decision to proceed is not secured at December 2023 Full Council, there is unlikely to be sufficient time to secure the necessary licences for works to commence this Bat Active season and it is likely works will be unable to commence until the next Bat Active Season of 1st March to 31st October 2025.

2. Background

- 2.1 No. 20 Plymouth Road, Tavistock, PL19 8AY is owned by the Council and situated adjacent to Tavistock bus station (also within the ownership of the Council). The property is currently used for office accommodation and houses the bus station kiosk.



- 2.2 A site location plan is included in Appendix A.
- 2.3 The building is accessed via Plymouth Road and has parking to the front and can accommodate circa five cars. The rear of the property is accessed via a corridor leading from the bus station.
- 2.4 The property which was originally a pair of semi-detached houses, was built in the early 1900's with accommodation over four floors, including a basement.
- 2.5 The property provides small, poor quality offices. Over the last five years, it has been advertised consistently on Rightmove and the Council's website but has remain underoccupied and for the last two years has only had one tenant in situ. The remaining tenant is due to vacate the building in December 2023.
- 2.6 Furthermore, the property has suffered increasing maintenance and repair issues. For example, extensive roof repairs have been required and a new central heating system installed. There are also some structural issues which need to be attended to within the building in due course.
- 2.7 As such, the Asset was not performing well commercially and has been identified as being unviable for continued letting as office accommodation, particularly as the Council has other vacant office space available in Tavistock at Kilworthy Park.
- 2.8 An opportunity was identified to convert the property to residential accommodation, to support local housing need, particularly for temporary housing.

- 2.9 In March 2023 the Hub Committee agreed subject to positive pre-planning application discussions, to authorise the Head of Assets to prepare and submit a full planning application for the conversion and use of 20 Plymouth Road, Tavistock as temporary accommodation with at-risk costs of up to £30,000 being financed from the Homeless Prevention winter pressure grant (Minute Reference, HC 91/22).
- 2.10 Further to this, a planning application was submitted and the West Devon Borough Council Development Management and Licensing committee resolved to grant planning consent for a change of use in September 2023 (1318/23/FUL), to convert the existing building from office accommodation to residential units (2 x 1 Bed and 1 x 2 Bed flats).
- 2.11 The proposed conversion works will ensure good quality accommodation is provided to current building regulation standards. This will include required upgrades in relation to energy efficiency measures.

3. Temporary Housing Need

- 3.1 The Council has a statutory duty to provide temporary accommodation under the Housing Act 1996 (as amended) to households who are, or are at risk of becoming homeless.
- 3.2 On average there are 15 people requiring accommodation across the Borough at any one time. Over the last quarter this has increased to 19.
- 3.3 The requirement for temporary accommodation placements within the borough has increased by 211% over 5 years (see stats below).

Placement type	2018 - 19	2019 - 20	2020- 21	2021- 22	2022- 23
Accommodation secured by LA	35	62	54	83	109

- 3.4 Our Homeless Strategy seeks to make accommodation available locally. Having our own quality, self-contained provision within the Borough for households in crisis will greatly assist with meeting the objectives of the strategy, positively impact on the health & wellbeing of our residents and demonstrate the Councils commitment to this priority theme and homeless people of the borough.
- 3.5 Currently, temporary accommodation is often provided through Bed and Breakfast provision, sometimes out of borough, at a considerable expense to the Council.
- 3.6 Another challenge which presents, is accommodating families in Bed & Breakfast provision for longer than 6 weeks (other than in an emergency) which is unlawful.
- 3.7 There has been an increase in the time taken to source suitable long-term accommodation for those requiring it. This has led to an increase in the time applicants are staying in temporary accommodation.
- 3.8 Temporary accommodation costs are met through Housing Benefit claims made by applicants. The maximum subsidy available results in the Council having to meet the financial shortfall.
- 3.9 The repurposing of No. 20 Plymouth Road, alongside other housing projects, will enable the Council to:
- Repurpose an underperforming asset into good quality, effectively managed temporary accommodation in a sustainable location,
 - Support the Councils priority commitment to housing and significantly improve the quality of the temporary accommodation the Council is able to provide those most in need,

- Turn a service cost into a self-sufficient asset through the associated cost avoidance (i.e the difference between the total payment the Local Authority must pay to the B&B provider and the maximum that can be reclaimed through the Local Housing Allowance Rate),
- Ensure due consideration is given to Climate Change and Biodiversity aspirations through the renovation of the property.

4. Business Case

- 4.1 The recommended approach is for the Council to repurpose the existing building in line with the secured planning permission (1318/23/FUL).
- 4.2 With consideration of the ongoing tender evaluation a total project cost of up to £650,000 is required.
- 4.3 The total project cost of up to £650,000, includes:
- Historical expenditure: comprising of feasibility and work activities required to submit a full planning application,
 - Tender price: preferred contractor to be confirmed,
 - Risk: age of building and requirement of a bat licence,
 - Project Management: ensure right project support can be provided.
- 4.4 The total project cost of £650,000 to be funded as follows:
- Internal borrowing in the form of a 50 year loan of up to £500,000 at a fixed interest rate of 3%.
 - £150,000 in housing revenue grants.
- 4.5 Project returns are based upon the consideration of the rental income that the Council can claim through the Local Housing Allowance Rates.
- 4.6 The Business Case shows a positive financial return from Year 1 onwards with the rental income, forecast to be £21,800 per annum (Year 1) exceeding the £19,400 per annum fixed cost of borrowing.
- 4.7 The Council would also benefit from cost avoidance which is the difference between the total payment the Local Authority must pay to the B&B provider and the maximum that can be reclaimed through the Local Housing Allowance Rate.
- 4.8 However, the business case for No.20 Plymouth Road is positive without the need to incorporate any cost avoidance calculations.

5. Value For Money

Acquisition

- 5.1 At the full project cost of £650,000, each unit would cost an average of £216,000.
- 5.2 The Council could alternatively look to acquire 1 & 2 bed properties on the open market.
- 5.3 According to Rightmove (Oct 2023), *'Properties in Tavistock had an overall average price of £343,575 over the last year. The majority of sales in Tavistock during the last year were detached properties, selling for an average price of £512,550. Flats sold for an average of £198,944, with terraced properties fetching £254,609.'*
- 5.4 Therefore, given the limited availability of 1 and 2 bedroom properties on the open market, it is unlikely all properties will be located in such a sustainable location.

Conversion

- 5.5 Retention and conversion of 20 Plymouth Road, allows flexibility in the future, as follows:
 - No.20 Plymouth Road is in a sustainable and therefore, ideal for temporary accommodation.
 - Holding three units in the same building, allows flexible use of accommodation i.e. housing larger families in a number of units. Furthermore, efficiencies of repairs, maintenance & management.
 - No.20 Plymouth Road is part of a larger landholding, including the kiosk, the toilets and bus station and services would need to be split out etc to facilitate any disposal.
 - The works to the undercroft will be required (and the associated mitigation & NE Bat Licence) regardless of conversion to residential units, due to the structural concerns in relation to the integrity of the existing supports in the basement.
 - If the Council were to retain the premises in its current use, we would need to undertake significant works & refurbish the office accommodation before reletting.

6. Risk

- 6.1 As the project is a renovation of an existing building already owned by the Council with finances in place, many of the risks are already mitigated.
- 6.2 However, the presence of Lesser Horseshoe bats will influence the programme as follows:

- Works require a Bat Mitigation Licence to be secured from Natural England prior to commencement.
 - It is likely all licensable works are to be undertaken during the Bat Active season (1st March to 31st October) which limits the construction window. The works programme will therefore not commence until 1st March 2024 at the earliest.
- 6.3 The Council's external ecologist has suggested a way forward which they believe will be acceptable to Natural England.
- 6.4 Additionally, to secure the required Bat Mitigation Licence, our preferred contractor must be appointed as soon as possible to provide the detailed methodology required for the licence application.
- 6.5 Over the past few years there has been increasing concerns surrounding the reliability of the construction industry supply chain and labour availability. However, with six tender submissions being received this presents a very positive position.
- 6.6 All project risks will continue to be further mitigated by internal project management alongside employment of external specialist consultants as required. An appropriate cost has been included within the total project cost to account for this.

7. Proposed Way Forward

- 7.1 The No. 20 Plymouth Road project presents a great opportunity to repurpose an underperforming asset to develop good quality temporary accommodation for the Borough to address the housing need and support residents.
- 7.2 Therefore, the officers' recommendation is to proceed with repurposing the existing building into three flats to provide additional temporary accommodation to support the council's temporary housing needs.
- 7.3 It is proposed that the total project cost of up to a total of £650,000 to be funded as follows:
- Internal borrowing in the form of a 50 year loan of up to £500,000 at a fixed interest rate of 3%.
 - £150,000 in housing revenue grants
- 7.4 The business case and financial position is positive by the income generated alone.
- 7.5 The Section 151 Officer has reviewed the business case and the associated costs, income and borrowing position of the Council and supports the recommendations set out in the report.

7.6 The recommendation is the Council approves delivery of the project and the reported Capital expenditure.

8. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance		<p>The Council has power under the Housing Act 1985 to provide housing accommodation by either building on land acquired for that purpose or acquiring houses.</p> <p>The contract for the delivery of the Project has been procured in accordance with the Council's Contract Procedure Rules.</p>
Financial implications to include reference to value for money		<p>It is proposed that the total project cost of up to a total of £650,000 to be funded as follows:</p> <ul style="list-style-type: none"> • Internal borrowing in the form of a 50 year loan of up to £500,000 at a fixed interest rate of 3%. • £150,000 in housing revenue grants
Risk		<p>As the project is a renovation of an existing building already owned by the Council with finances in place, many of the risks are mitigated. However, remaining project risks include:</p> <ul style="list-style-type: none"> • Programme - age of building, Natural England Bat licence and mitigation • Industry Wide Issues i.e. supply chain issues, labour availability <p>These will be further mitigated by internal project management alongside employment of external specialist consultants as required. An appropriate cost has been included within the total project cost to account for this.</p>
Supporting Corporate Strategy		Homeless Strategy
Consultation & Engagement Strategy		Hub Approval for planning application sought & approved.

		Leader & Portfolio Member briefings
Climate Change - Carbon / Biodiversity Impact		The repurposing of an existing asset, rather than purchasing additional assets will assist with our climate change programme.
Comprehensive Impact Assessment Implications		
Equality and Diversity		Our Homeless Strategy seeks to make accommodation available locally. Having our own quality, self-contained provision within the Borough for households in crisis will greatly assist with meeting the objectives of the strategy, positively impact on the health & wellbeing of our residents and demonstrate the Councils commitment to this priority theme and homeless people of the borough.
Safeguarding		
Community Safety, Crime and Disorder		
Health, Safety and Wellbeing		
Other implications		
		It is also envisaged that better quality accommodation will result in less anti-social behaviour and improved energy efficiency.

Supporting Information

Appendix A: Site Location Plan

Background Papers:

None