

## EXETER CITY COUNCIL

EXECUTIVE  
22 JANUARY 2013

### VACANT STUDENT ACCOMMODATION

#### 1 PURPOSE OF REPORT

- 1.1 To seek approval to negotiate a lease on two blocks of student accommodation (96 bedspaces in total) for use as additional short term housing options for single people and couples, managed partly through the council's EXtraLet scheme and partly as leased temporary accommodation.

#### 2 BACKGROUND

- 2.1 There is currently an oversupply of purpose-built student accommodation for the University and the university expects this to continue for several years.
- 2.2 The University has approached the Council and offered us the opportunity to take a medium term lease of 10 years or to purchase the freehold of 96 bedspaces of student accommodation across two sites in the city.
- 2.3 Both sites are owned by Signpost Homes and leased to the University until 2029 & 2032. A lease would need to be negotiated with the University.

#### Housing Need

- 2.4 There is a compelling need to increase the supply of social rented housing in the city. In the last 12 months only 457 properties were let in Exeter through Devon Home Choice. As of 1 December 2012 the housing register was as follows:

#### HOUSING NEED

	A	B	C	D	E	Total
<b>1 Bed</b>	4	253	124	1703	1099	<b>3183</b>
<b>2 Bed</b>	3	293	300	189	781	<b>1566</b>
<b>3 Bed</b>	0	93	163	59	234	<b>549</b>
<b>4 Bed</b>	0	43	35	12	24	<b>114</b>
<b>5 Bed</b>	0	5	1	1	3	<b>10</b>
<b>6 Bed</b>	0	0	0	0	1	<b>1</b>
<b>7 Bed</b>	0	0	0	0	0	<b>0</b>
<b>8 Bed</b>	0	0	0	0	0	<b>0</b>
<b>Total</b>	<b>7</b>	<b>687</b>	<b>623</b>	<b>1964</b>	<b>2142</b>	<b>5423</b>

- 2.5 The need for one bedroom accommodation accounts for over half the households on the register. Within this, the large majority of applicants are in the lower housing needs bands. However, the assessment of their housing need is made in line with the Devon Home Choice policy and makes no allowances for affordability of the accommodation.
- 2.6 We have written to all applicants in need of a one bedroom property on the register in Bands C, D and E asking if they would be interested in the offer of private

accommodation under our management. We have received 73 positive responses. Whilst this appears disappointing, this offer was made prior to the university's offers and therefore was an enquiry as to whether the applicant would be interested in accommodation with a shared kitchen and bathroom. Given the high demand for affordable good quality well managed rented accommodation in the city it is likely that there would be additional demand and also wider demand amongst people not on the housing register.

### **Completions**

- 2.7 Over the past three years, 473 new affordable homes have been provided in partnership with registered providers, developers and the voluntary sector. These new homes are valuable to help to meet the need, but more homes are required. Only a certain amount of new affordable housing can be delivered via s106 planning agreements, due to the way that the volume house builders wish to control the flow of new housing into the market place.

### **Use of the Accommodation**

- 2.8 Most of the accommodation would be managed under the EXtraLet scheme to provide affordable private rented housing for those currently living at home with family and unable to afford to rent or buy themselves, typically those in Bands D and E who face a long wait for housing with Devon Home Choice.
- 2.9 Additionally, a proportion of the properties would replace current bed and breakfast provision and be used as a combination of homeless prevention and temporary accommodation for single people who are either accepted as homeless or at risk of being made homeless. It is not proposed that these schemes should replace the use of Shauls Court where we would continue to accommodate more chaotic and high needs homeless applicants.
- 2.10 It is proposed that the proportion should be 70% under the EXtraLet Scheme and 30% used as temporary accommodation.

### **The Accommodation**

- 2.10 Two former student blocks have been offered. Bonhay House is a 31 bed scheme made up of 24 studio flats and 7 en-suite rooms with a shared kitchen. King Edwards Studios is a 65 bed scheme made up of all studio flats.

### **Valuation**

- 2.11 A valuation exercise has been undertaken both on the basis of a 10 year lease and a freehold purchase.

## **3 PLANNING ISSUES**

- 3.1 The occupation of the smaller Bonhay House scheme is unrestricted and there would be no issue in using this property for social housing purposes.
- 3.2 The occupation of King Edwards Studios is limited to students by a s106 agreement. This s106 agreement would need to be varied in order to use this property for social housing purposes. This would need to be in place before we took over the property.

## **4 FINANCE**

- 4.1 This report is seeking permission to progress negotiations and we are not yet at a point where the university has committed to a lease cost. We would not however undertake any agreement unless it was cost neutral to the council, that is to say that the rental income (factoring in voids and bad debt) would exceed the lease, management and maintenance costs throughout the duration of the lease. This would certainly be more cost effective than providing alternative temporary accommodation for single people in bed and breakfasts where the council makes an average weekly loss of at least £100 per person. By using 32 of these bedspaces for temporary accommodation the council will make a modest saving of around £2,500.
- 4.2 We would also seek to secure break clauses within the lease to mitigate against any risk to the council if, for example, the schemes did not prove popular and were under-occupied. Without agreements on these break clauses we would not enter in any agreement with the university.
- 4.3 The freehold purchase of this accommodation would, most likely, cost in excess of £3m and there is no provision for this in the capital budget. This option is not recommended.

## **5 PROPOSAL**

- 5.1 To pursue a change of use for King Edwards Studios so that it can be used for social housing purposes
- 5.2 To negotiate a 10 year lease with the University for both sites, with the caveats set out at 4.1 and 4.2.

## **6 RECOMMENDED**

- 6.1 That Executive approves:
- (1) The negotiation of a 10 year lease on both schemes, subject to the variation of the s106 and to the schemes being cost-neutral to the council
  - (2) A request to the Assistant Director City Development and the Chair of Planning Committee to agree a variation of the s106 agreement on King Edwards Studios
  - (3) That the accommodation should be used mainly for properties managed under the EXtraLet scheme with the remaining properties being used as temporary accommodation to prevent homelessness

**SARAH WARD**  
**ASSISTANT DIRECTOR HOUSING AND CONTRACTS**

**Local Government (Access to Information) Act 1972 (as amended)**

***Background papers used in compiling this report:-***

None