

Subject: New Homes for Neighbourhoods – Rotherfield Crescent – Scheme Approval

Date of Meeting: 11 October 2018

Report of: Executive Director Economy, Environment & Culture

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Wards Affected: Patcham

FOR GENERAL RELEASE

Action Required of the Committee:

To receive the item referred from the Housing & New Homes Committee for approval:

Recommendation: That the following be referred to the Committee for consideration:

That the Housing and New Homes Committee recommend to Policy, Resources & Growth Committee to:

- iv Appropriate the Rotherfield Crescent former garages site for planning purposes and delegate authority to the Executive Director of Environment, Economy and Culture to appropriate for housing once the development is complete.

BRIGHTON & HOVE CITY COUNCIL

HOUSING & NEW HOMES COMMITTEE

19 SEPTEMBER 2018

COUNCIL CHAMBER, HOVE TOWN HALL

Present: Councillor Meadows (Chair) Councillor Hill (Deputy Chair), Councillor Mears (Opposition Spokesperson), Councillor Gibson (Group Spokesperson), Councillors Barnett, Bell, Cattell, DrUITt, Lewry, and Moonan.

DRAFT MINUTE

PART ONE

- 24.1 The Committee considered a report of the Executive Director, Economy, Environment & Culture which presented five options for consideration by members. It identified a preferred option (Option 1) and recommended that this was taken forward to the detailed design stage. The report was presented by the Project Manager, Estate Regeneration who explained that the report presented the architect's amended scheme which had been value engineered in response to the points raised by members at the Housing & New Homes Committee in November 2017. Paragraph 3.4 provided a summary of the main items where savings had been made. The value engineering exercise had realised a saving of 15% (£178,000) on total scheme costs from £1.215M to £1.037M inclusive of professional fees. A detailed breakdown of the headline savings was contained in Table 2 of the report.
- 24.2 An independent review of the costs had been carried out by the council's cost consultants Potter Raper under its city build partnership. They found that the revised scheme costs appeared to be accurate and robust. Sufficient budget had been set aside for the value engineering scheme at Rotherfield Crescent in the current HRA Capital Investment programme. Current forecasts for the use of Right to Buy receipts in 2019/20 included the development of Rotherfield Crescent. Any delay to the scheme would have a negative impact on their use and would increase the risk of not achieving the required expenditure. Members were asked to approve the value engineering scheme and agree rent levels based on the new homes rent policy. If approval was granted then it was anticipated that a planning application would be submitted later this year.
- 24.3 Councillor Gibson set out the following amendment:
- "To amend the recommendation 2.2 (iii) to read as shown below in bold italics:
- iii. The scheme rent levels at 37.5% of Living Wage **rents for 3 bed properties and 27.5% living wage rents for the 2 bed property**, in line with the New Homes Rent Policy."

- 24.4 Councillor Gibson welcomed the savings that had been made. There had been a better use of resources and this had enabled the council to charge lower rents. Councillor Gibson raised the question about financial viability. He asked for it to be confirmed that the option that was being proposed in the amendment for rent levels (27.5% Living Wage rents for the 2 bed property and 37.5% of Living Wage rents for the 3 bed properties) would produce a subsidy in the modelling of £42,000 with a payback period of 51.9 years. The Principal Accountant confirmed that amendment did mean that the scheme with the mix of rents produced a surplus of £42,000 with a payback period of 51.9 years. As amended the scheme would be viable.
- 24.5 At this point in the proceedings the Chair stated that she would like to see the paperwork to support what had been confirmed by the Principal Accountant. It was confirmed that Table 3 on page 66 was going to be amended and circulated to councillors. The Committee would consider other items on the agenda whilst the paperwork was prepared.
- 24.6 When the consideration of the report was resumed, the Chair reported that councillors had now received paperwork relating to the financial implications of the Green Group amendment.
- 24.7 Councillor Bell welcomed the report. He had had great reservations about the costs, overdesign and specification when the report was first presented at committee. He questioned why the current proposals had not been presented previously. This made him concerned that other schemes were not being engineered for the value of residents. The Lead City Regeneration Programme Manager reassured Councillor Bell that officers were taking a value engineered approach for all schemes in the programme and were trying to build in value and learning from the programme to date. The scheme under consideration was different in that it had been submitted through a design competition. Officers had learnt from the process.
- 24.8 Councillor Cattell asked the Senior Lawyer to advise if she should abstain from voting on this item as she was Chair of the Planning Committee. Councillor Moonan stated that she was also a member of the Planning Committee. The Senior Lawyer confirmed that it would be safer to abstain. If Councillors Cattell and Moonan voted and expressed a view, they could be said to have pre-determined their decision at the Planning Committee. Both councillors could remain in the Council Chamber.
- 24.9 Councillor Gibson stated that the amendment was straightforward. What was being recommended was in line with the new homes rent policies, that the council should achieve a mix of rent levels on schemes. The new table produced by the Principal Accountant could replace the one in the report should the amendment be agreed. Councillor Gibson stated that there was a problem with affordability in the city. By lowering the rents as proposed in the amendment, they potentially would be affordable for a household on an income of £20,000. Councillor Gibson commended the amendment which was seconded by Councillor Druiitt.
- 24.10 The Chair thanked officers who had carried out an enormous amount of work on the scheme.

24.11 Members voted on the amendment as set out in paragraph 24.3 above. Members voted in favour of the amendment by 8 votes with 2 abstentions.

24.12 Members then voted on the substantive recommendations as amended above. Members voted in favour by 8 votes with 2 abstentions.

24.13 **RESOLVED:-**

(1) That the Housing & New Homes Committee note the options and associated risks presented in paras 4.1-4.2. of this report.

(2) That the Housing & New Homes Committee agrees Option 1 as amended and approves:

- i. The proposed scheme of four new council homes at Rotherfield Crescent, Brighton under the New Homes for Neighbourhoods programme;
- ii The procurement of a development partner and professional services for the delivery of the project and give delegated authority to the Executive Director, Environment, Economy and Culture in consultation with the Executive Director, Finance and Resources to award the contract following completion of the procurement process;
- iii The scheme rent levels at 37.5% of Living Wage **rents for 3 bed properties and 27.5% living wage rents for the 2 bed property**, in line with the New Homes Rent Policy;

(3) That the Housing and New Homes Committee recommend to Policy, Resources & Growth Committee to:

- iv Appropriate the Rotherfield Crescent former garages site for planning purposes and delegate authority to the Executive Director of Environment, Economy and Culture to appropriate for housing once the development is complete.