

Subject:	Housing Delivery Options – Living Wage Joint Venture - Extract from the proceedings of the Housing & New Homes Committee meeting held on the 16 November 2016.		
Date of Meeting:	8 December 2016		
Report of:	Executive Lead Officer for Strategy, Governance & Law		
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Wards Affected:	All		

FOR GENERAL RELEASE

Action Required of the Policy, Resources & Growth Committee

To receive the item referred from the Housing & New Homes Committee for decision.

Recommendation: That the Committee note the resolutions from Housing & New Homes Committees and agree the revised recommendations as set out below:

- (1) That the Housing & New Homes Committee recommends the report to the Policy, Resources and Growth Committee as set out in paragraph 2.2, as amended.
- (2) That officers be instructed to take a report to Policy, Resources & Growth Committee addressing the issues raised in the Conservative draft amendment.
- (3) That Officers arrange a briefing before Policy Resources & Growth Committee to which Housing & New Homes Committee members are invited to ensure members are fully briefed on the answers to the Conservative draft amendment.
- (4) That the following amendments be made to the recommendations listed under point 2, so that the document reads as follows:
 - 2.2 That the Policy, Resources and Growth Committee:
 - i) Support in principle the living wage joint venture proposal; and
 - ii) Give delegated authority to the Executive Director of Economy, Environment and Culture following consultation with the Executive Lead Officer for Strategy, Governance & Law, the Executive Director of Finance & Resources, the Estate Regeneration Board and the Strategic Delivery Board to:

a) Develop and negotiate the deal with Hyde; in which the following are sought:

- 1) 100% of nominations for Living Wage Rented Housing are provided only for households from the BHCC waiting list, for whom specifically, the market rent for housing in the private sector exceeds 50% of their income. This is estimated at an annual gross income of:- £36,000 for a three-bed- £31,000 for a 2 bed,- £22,500 for a one bed-£16,000 for a studio
- 2) That 100% of nominations for shared ownership properties are achieved for residents with a local connection to Brighton and Hove, as defined in the Housing Allocations Policy
- 3) That a 'first refusal' option is agreed in the event Hyde become bankrupt; and/or that in the event that Hyde should separately dispose of their stake in the partnership, that their stake be sold to the council or to a charitable housing association, with charitable objectives;
- 4) That the rent levels set are reduced to the levels modelled in the 30% of living wage rent sensitivity test, (made possible by lowering the rate of return in the base model)

b) the final terms of the agreement be put forward and agreed by full meeting of Council, prior to the completion of the deal;

iii) Note that the reserved matters (as detailed in 3.30) will come back to committee for approval including any business plans which are to be delivered through the Joint Venture, and the disposal of land/sites to the JV:

iv) That reserved matters for the Joint Venture should include:

- a) An option to veto any future rent increases that exceed increases in the National Living wage;
- b) An option to veto any future rents increases that raise combined rents and service charges above the Local Housing Allowance;
- c) An option to increase allowances for maintenance of properties after year 10 in the model

v) That should the business model exceed its projected rate of return, all surplus council monies be ring fenced exclusively to provide additional council owned emergency accommodation for homeless people and additional living wage rented housing.

BRIGHTON & HOVE CITY COUNCIL**HOUSING & NEW HOMES COMMITTEE****4.00PM 16 NOVEMBER 2016****COUNCIL CHAMBER, HOVE TOWN HALL****MINUTES**

Present: Councillors Meadows (Chair); Councillor Hill (Deputy Chair), Councillor Mears (Opposition Spokesperson), Councillor Gibson (Group Spokesperson), Councillors Atkinson, Barnett, Bell, Druitt, Lewry & Moonan.

PART ONE**40 HOUSING DELIVERY OPTIONS – LIVING WAGE JOINT VENTURE**

- 40.1 The Committee considered a report of the Executive Director Economy Environment & Culture which set out a proposal from Hyde Housing Association to develop a Living Wage Joint Venture with the council to acquire land and develop new homes for lower cost rental and sale for low income working households in the city.
- 40.2 Following the deferral of the report submitted to the September Committee meeting, officers had carried out further work including ongoing financial and legal due diligence on the terms of the proposed joint venture; meetings between the council and Hyde's legal teams; further development of key documents; and additional briefings for Housing spokespersons and their lead members/political groups. Details of the briefings were set out in the report. A comprehensive list of Frequently Asked Questions had also been produced and appended to the report to help inform member decisions at Appendix 3. A financial summary was contained in Part Two of the agenda.
- 40.3 Prior to the consideration of the current report, members had a 40 minute adjournment to receive advice from officers on the amendments received from the Conservative and Green Groups. The report was presented by the Head of Housing Strategy, Property and Investment, and the Programme Manager, Regeneration. They were accompanied by the Principal Accountant and Matthew Waters from Bevan Brittan.
- 40.4 Councillor Mears stated that the Conservative Group had submitted an amendment in time and had been informed that due to the complexity of the questions, the amendment could not be debated at the meeting today. She put forward a further amendment requesting a Special meeting of the Housing & New Homes Committee be held, shortly before the Policy, Resources & Growth Committee on 8 December 2016 in order to consider the report and allow officers to respond to questions. The amendment was seconded by Councillor Bell.

40.5 The Chair asked members to vote on whether to defer the report to a Special meeting of the Housing & New Homes Committee on 8 December before Policy, Resources and Growth Committee. Four members voted for the amendment and six members voted against. The amendment to defer the report was therefore not agreed.

40.6 Councillor Mears presented the original Conservative amendment as follows.

“That the recommendations on page 62 of the agenda be amended as follows:

2. RECOMMENDATIONS:

2.1 That Housing & New Homes Committee:

i) Recommends the report to Policy, Resources & Growth Committee as set out at paragraph 2.2 subject to the following safeguards being put in place to protect the Council:

- a) That prior to the signing of any Heads of Terms agreement or other legally binding agreement to form this Joint Venture, Housing and New Homes Committee, Policy, Resources and Growth Committee and Full Council must ratify such a decision, with all members receiving the external advice sought including but not restricted to that from Queen’s Counsel on reverse Teckal, VAT and corporation tax liability and the likely outcome should a court conclude that the LLP would breach the requirement to use a company where something is done for commercial purposes as set out in the legal advice. As well as but not exclusively providing members with the ‘Independent financial/treasury management advice that will be sought as part of further due diligence review to ensure financial risk exposure to the council is kept to a minimum’ as outlined in the report.*
- b) That the appointments from the Council to the management board, shall include as the councils three members of the board, the chair of the housing and new homes committee, the opposition spokesperson of the housing and new homes committee and the minority groups spokesperson of the housing and new homes committee. Such positions should be capable of being substituted for by other members, and relevant council officers may attend purely in an advisory capacity to assist members. The Chair of the Board should also be the chair of the committee, who will hold a casting vote: in perpetuity. Final details of this officer advisors list, should come back to a future Housing and New Homes Committee for final approval, with any future changes to be agreed by later meetings of a committee which holds the same housing functions as this current committee.*
- c) That no HRA asset will be transferred or sold into the Joint Venture and this shall be written into the Heads of Terms, or equivalent legal agreement or final contracts.*
- d) That the HRA will have first refusal of any General Fund land being sold to the Joint Venture, with member oversight of this being considered for any sum above and including zero pence at the Estate Regeneration Board.*

- e) *That a short 30 day Prior Information Notice be issued to ascertain, and this should be clearly set out in the OJEU Council Documents, whether another registered provider believes their frameworks could provide better value for money for the Council's significant investment than Hyde's: whilst clearly stating the Council has no legal compulsion to procure in this instance, and if responses to the PIN are received this is not binding for a full procurement process to be gone through. The results of which should be brought back to a future Housing and New Homes committee meeting, for the committee to assess whether a full procurement process, if any registered provided responds positively to the Prior Information Notice, should be undertaken in the interest of value for money. The Procurement Advisory Board prior to the results coming to committee should also consider the results, and make recommendations which will be included in the report back to this committee.*
- f) *Further financial modelling should be undertaken and reported back to a future meeting of this committee for approval, as well as Policy Resources and Growth Committee and Full Council. This financial modelling should include SFVM and NPV calculations over each, 2, 5, 7, 10, 15, 20 and 40 years period, not simply the current 60 years one modelled as earlier exit is a possibility. This should also be a more extensive combination of sensitivity analysis at each of these time periods of the proposed joint venture. These should include both a best and worst cases scenario for each, but as a minimum should include a rental market reduction of 10%, an interest rate increase up to and including 8%, stress testing of the current proposed unit cost with additional 10% contingency and fees, construction costs increases of 20% seen on other council schemes, exposure of the LLP to corporation tax and VAT which should include tax increases and decreases down to 12% and up to 40%, as we are still waiting on Counsel Advice on this. This model should also include provision for legal advice should the dispute resolution mechanisms fail and achieving each element of the council's affordable housing brief in full, not simply partially. This modelling and sensitivity analysis should also include a market value of property reduction of 20%, at any stage, and the likely effect on the sale of shared ownership properties or propensity of ownership default of the shared ownership properties if the UK entered recession and GDP contracted by 7%, and the financial impact on the joint venture and council, including but not exclusively of mortgage companies having first refusal over the LLP retained, rented percentage of these shared ownership properties, using historic recession trends particularly the results on Housing Associations of the 2008 financial crisis.*
- g) *That the council, in order to protect general fund services, internally underwrite the risk of any exposure to the loan for the LLP, which could result in the joint venture in any one year resulting in a deficit for the general fund; including any extension to right to buy: with the council's existing general fund asset portfolio (as the sale of any of these assets should be used to fill the gap if the sale of the joint venture properties is unobtainable) and/or future in year loans to fill any gap, which the JV profits in subsequent years could repay. This to ensure that should there be a deficit in any year, that in none of these years will the general fund have to make reductions to services to make*

loan repayments. This being conditional on it being a non-HRA loan. This to form part of the heads of terms, contract or equivalent legal document by the council solely and/or the Joint Venture.

- h) That a full and in depth review spanning the preceding 5 years of Hyde Housing Association and Hyde Housing Group be conducted and reported back to members at a future meeting of this Committee. This should also include a 5 year outline of all credit rating agency ratings, outlining every upgrade and/or downgrade over this period.*
- i) The Heads of Terms should clearly state at 2.1.6 d) the council or a third party to provide corporate and financial services, with an added, on costs incurred basis. Clarification on the requirement for a procurement process to be undertaken should these good or services be provided by a third party should also be set out to members at a future meeting of this committee.*
- j) Legal advice on state aid compliance should be provided extensively at the relevant committee agreement stage for the sale of any council land to the Joint Venture and the annual approval of the business plan approval stage.*
- k) It should be explicit in the heads of terms or subsequent contracts that any profit from the Joint Venture should be split on a 50/50 basis.*
- l) That the Heads of Terms be amended at 3.3.5 g) to delete '(or first phase)' and to instead read 'whole development'.*
- m) That financial solvency checks for its lifetime be conducted on 'Hyde New Build' as outlined at 4.1.2 of the heads of terms.*
- n) Changes to the Heads of Terms be made to ensure that only the Housing and New Homes Committee can agree to a change in the reserved matters list and this cannot form part of the annual business plan to be changed.*
- o) The expenses policy of the LLP as set out at 4.10 of the Heads of Terms should be agreed by a future meeting of this committee prior to the Heads of Terms being signed.*
- p) The Heads of Terms be amended at 4.15 to read that 97% of fair value of 3 independent valuers, including the district valuer, shall be transferred in the event of a default.*
- q) The Heads of Terms be amended at 4.17 so that any third party must undergo financial solvency checks and be approved by the remaining partner of the Joint Venture.*

2.2 That Policy, Resources & Growth Committee:

- i) Support in principle the living wage joint venture proposal **subject to the further safeguards being put in place outlined above**; and*
- ii) Give delegated authority to the Executive Director of Economy, Environment & Culture following consultation with the Executive Lead Officer for Strategy Governance & Law, the Executive Director of Finance & Resources, the Estate Regeneration Board and the Strategic Delivery Board to:*

- a. *develop and negotiate the deal with Hyde;*
 - b. *agree and authorise execution of **develop** the Heads of Terms and subsequently the documentation required to implement the proposed Joint Venture; **both of which should come back to a future Housing and New Homes Committee, Policy Resources and Growth Committee and Full Council for final approval.***
 - c. *make ~~the appointments~~ **suggestions on the Council officer advisory attendees** from the Council to the management board; **as the councils three members of the board shall be the chair of the housing and new homes committee, the opposition spokesperson of the housing and new homes committee and the minority groups spokesperson of the housing and new homes committee. Such positions should be capable of being substituted for by other members, and relevant council officers may attend purely in an advisory capacity to assist members. The Chair of the Board should also be the chair of the committee, who will hold a casting vote: in perpetuity. Final details of this advisors list, should come back to a future Housing and New Homes Committee for final approval.***
- iii) *Note that reserved matters (as detailed in 3.30) will come back to **the Housing and New Homes committee, as well as the Policy Resources and Growth Committee** for approval including any business plans which are to be delivered through the Joint Venture, and the disposal of land/sites to the JV."*

- 40.7 The Executive Lead Officer for Strategy, Governance and Law explained it would be difficult for officers at today's meeting to give confident legal, financial and practical implications of the proposals contained in the amendment. By law the Committee were required to ensure that they have taken all relevant considerations into account, including the legal, financial and practical implications of what the Committee are proposing. If the amendment was moved as it was, it could potentially amount to negating the proposal in the report, because the level of change had significant implications. Given that situation the committee had two options in terms of how it wanted to proceed. The first one was to defer the item or to defer to a Special Housing & New Homes Committee. That idea was not supported. The other way to proceed was for the Committee to instruct officers to prepare a covering report addressing the points raised in the Conservative amendment and for that to be submitted to the Policy, Resources & Growth Committee so that they would be fully sited about the issues. Officers would be happy to facilitate a member briefing so that the PR&G Committee would have the benefit of that input.
- 40.8 The Executive Lead Officer for Strategy, Governance and Law suggested that if Councillor Mears was happy to proceed on the basis outlined above then the committee could vote on that. If she wanted to vote on the amendment as it was presented above, rather than taking a report to PR&G Committee, that would cause difficulties.
- 40.9 Councillor Mears requested an adjournment to discuss the advice given above. The Chair agreed to the adjournment.
- 40.10 Following the adjournment the Executive Director, Finance & Resources addressed the Committee as Section 151 officer. He stressed that the proposals in the amendment

were quite complex and officers had not had time to carry out any work in considering the proposals and were not in a position to provide advice to members.

40.11 The Executive Lead Officer for Strategy, Governance and Law explained that the suggested way forward did not reject the amendments. PR&G Committee would have a full set of amendments before it. It would also have the officers' comments on those amendments, including the legal and financial implications. Meanwhile, officers would be happy to facilitate a briefing for members.

40.12 Councillor Mears stated that the Conservative Group agreed to amend the original Conservative amendment to state that officers would be instructed to prepare a report covering issues raised in the draft amendment to the Policy, Resources & Growth Committee and that a briefing be arranged before Policy, Resources & Growth Committee to which members of Housing & New Homes Committee were invited.

40.13 Councillor Bell seconded the amendment to the amendment.

40.14 The Chair stated that the Committee would now need to consider the Green amendments. There would then be a debate and members would come back to the vote.

40.15 Councillor Gibson read out the Green amendments as follows:

First Green amendment:

"That the following amendments be made to the recommendations listed under point 2, so that the document reads as follows:

2.2 That the Policy, Resources and Growth Committee:

ii) Give delegated authority to the Executive Director of Economy, Environment and Culture following consultation with the Executive Lead Officer for Strategy, Governance & Law, the Executive Director of Finance & Resources, the Estate Regeneration Board and the Strategic Delivery Board to:

a. Develop and negotiate the deal with Hyde; ***in which the following are sought:***

- 1) ***100% of nominations for Living Wage Rented Housing are provided only for households from the BHCC waiting list, for whom specifically, the market rent for housing in the private sector exceeds 50% of their income.***

This is estimated at an annual gross income of:

- £36,000 for a three-bed
- £31,000 for a 2 bed,
- £22,500 for a one bed
- £16,000 for a studio

- 2) ***That 100% of nominations for shared ownership properties are achieved for residents with a local connection to Brighton and Hove, as defined in the***

Housing Allocations Policy

- 3) ***That a 'first refusal' option is agreed in the event Hyde become bankrupt; and/or that in the event that Hyde should separately dispose of their stake in the partnership, that their stake be sold to the council or to a charitable housing association, with charitable objectives;***
- 4) ***That the rent levels set are reduced to the levels modelled in the 30% of living wage rent sensitivity test, (made possible by lowering the rate of return in the base model)***
- ~~b. agree and authorise execution of the Heads of Terms and subsequently the documentation required to implement the proposed Joint Venture;~~
- b. the final terms of the agreement be put forward and agreed by full meeting of Council, prior to the completion of the deal;***
- ~~c. Make appointments from the Council to the management board;”~~

Second Green amendment:

That the following addition be made to the recommendations listed under point 2, section (iii), so that the document reads:

- iii) Note that the reserved matters (as detailed in 3.30) will come back to committee for approval including any business plans which are to be delivered through the Joint Venture, and the disposal of land/sites to the JV
- iv) That reserved matters for the Joint Venture should include:***
- (a) An option to veto any future rent increases that exceed increases in the National Living wage;***
- (b) An option to veto any future rents increases that raise combined rents and service charges above the Local Housing Allowance;***
- c) An option to increase allowances for maintenance of properties after year 10 in the model.”***

Third Green Amendment

“That the following addition be made to the recommendations listed under point 2, section (iii), so that the document reads:

- iii) Note that the reserved matters (as detailed in 3.30) will come back to committee for approval including any business plans which are to be delivered through the Joint Venture, and the disposal of land/sites to the JV.
- v) That should the business model exceed its projected rate of return, all surplus council monies be ring fenced exclusively to provide additional council owned emergency accommodation for homeless people and additional living wage rented housing”***

40.16 Councillor Druitt seconded the Green amendments as outlined above.

40.17 Councillor Hill stated that the Labour group had no objections to the Green amendments as described above. There was also no objection to the Conservative amendments as further amended above. Councillor Hill stressed the importance of the initiative which would make a great difference to people in the city.

40.18 Councillor Gibson raised the following issues:

- It was important to achieve cross party support for the initiative.
- Councillor Gibson shared concerns that HRA assets were being sold. He was attracted to the idea of a first refusal on general fund sites for HRA development.
- The initiative was an exciting and innovative proposal with a number of benefits.
- Concern was expressed about the affordability of the scheme, and most of the amendments the Green group were proposing were designed to address that aspect. The proposed rent was double the amount of council rents.
- He considered that the proposals would fail to deliver living waged rented housing. The amendment sought to make it more affordable for more people in the city.
- The amendment was saying that if the national living wage isn't progressed the council should have safeguards in place.
- Concern was expressed that the modelling for management and maintenance was considerably lower than the amount that the council spends on average. In the longer run it might not be sufficient to properly maintain the properties. The amendment was asking if the council could revisit this after 10 years.
- Should the business model make more money for the council then this should be put into council owned emergency accommodation and living wage rented housing.

40.19 Councillor Atkinson thanked all the officers for all the work they had put into the proposals which would provide a large amount of family housing. The issue of non-competitive procurement was well covered in Section 3.1.1 on page 64 of the report. Section 3.10 pointed out that Hyde was a nationally recognised organisation and a longstanding member of the affordable housing delivery partnership. Section 3.30, laid out in some detail the strategic control the council would exercise over the operation. It also suggested that that a senior councillor could sit on the board of the joint venture thereby giving even more democratic input. The joint venture fitted in with the proposed allocations policy. Hyde would not charge access fees when the partnership was buying goods or services using Hyde's frameworks. The proposed venture provided the unique opportunity to build a large number of new homes for local people.

40.20 Councillor Bell stated that the Conservative Group fully supported the concept of the proposals and thanked Hyde for bringing this to the officers and for the time spent on the proposal. The Living Wage Joint Venture was something the city really needed. Councillor Bell was concerned despite all the meetings that had been held over the months and all the questions asked and answers given, the papers in front of members did not bear a lot of resemblance to what councillors had at the last committee meeting.

40.21 Councillor Bell raised a number of issues which were answered by officers as follows:

- The scheme of delegation referred to the Estate Regeneration Board and the Strategic Delivery Board, both of which contained cross party membership.
- Modelling assumptions had been reviewed as detailed in part 2 of the report. Funding would be something that would come back to the Policy Resources & Growth Committee and it would be determined on how the LLP was structured. That matter had not been discussed with Hyde and Bevan Brittan.
- Section 106 financial implications were based on £6000 per property which was a standard assumption for this size of development.
- Greater Brighton references were referred to in the report to give contextual reference, as officers wanted to show members the body and the breadth of efforts they were making to improve housing. The references did not relate directly to the Joint Venture. Paragraph 3.34, clearly showed how JV allocation was cross reference with the council's allocation policy. There was no indication anywhere that the JV properties would be allocated to anybody other than those living and working in Brighton & Hove. Under the frequently asked question number 4, page 94, officers had outlined how they would make sure these homes go to local households.
- It was confirmed that officers were not talking about HRA land being transferred. Officers could amend the papers to reflect that for the Policy, Resources & Growth Committee. There was different legal advice on the sale of HRA land to the sale of general fund land, so Bevan Brittan had provided advice to both. This JV was not about HRA land.
- In regard to questions about the land terminology such as transfer and drawdown, it was confirmed that any land going from the council would be going in at value. Transfer was a legal term that would have to happen to effect that. The council would still be receiving market value for it. With regard to legal questions around the Board and conflicts there would be considerations around conflicts whether it the Board members were officers or councillors. With regard to costs incurred, the Heads of Terms stated that the services for which Hyde were providing development management services would be carried out on a cost incurred basis. They would be not be making a profit. If the council provided services to the vehicle then that would also be on a cost incurred basis.
- Hyde was proposing to enter into a contract directly with Hyde New Build. The council would have a contract with the parent company. There would therefore be no need for a parent company guarantee. Hyde New Build limited provided the design and build services to Hyde Housing Association. They were proposing that Hyde New Build could be used to provide design and build services and that could be cost efficient for the joint venture. Hyde New Build was set up over 5 years ago and had a trading history and accounts and details could be provided.
- Officers had sought to answer questions on the running of the company and the Board on frequently asked question number 14 on page 97. The suggestion that members should be members of the Board was one of the amendments that would be going forward to the Policy, Resources and Growth Committee. The governance structure was a reserved matter. Anything officers discussed with Hyde would be brought back to members for approval. With regard to options appraisal, officers had tried to demonstrate in the report that there were a range of options. Two of the

options were in front of members today. The Wholly Owned and the Joint Venture. Any other options would have to be agreed by Committee.

- The £3 figure for £1 of investment was a national collation. Details could be circulated to members after the meeting. Officers had not identified which sites would be transferred. They had to make sure that the JV would work. Some work had been carried out on the types of sites required but they had not been identified or agreed. There would be a full consultation process on any sites that did come forward. They would all need to come through committee for agreement.

40.22 Councillor Druitt wanted to put on record that the hours that councillors had spent having multiple meetings did not seem to be the right way to carry out democracy. He asked if everyone could reflect on that and explore other ways in the future. He shared a number of concerns expressed by the Conservative group but he was happy to trust Policy, Resources & Growth Committee on the legal and financial due diligence of the joint venture. Councillor Druitt wanted to see the Conservative amendments explored in full at the briefing and at PR&G Committee. He welcomed all the work that had gone into the joint venture, but considered that there needed to be more effort in ensuring that the rents were truly living wage rents.

40.23 Councillor Mears raised a number of concerns and questions which were answered as follows:

- Delegated authority was in consultation with the two cross party boards. Under 2.2 (iii) noted that reserved matters would come back to the Committee for approval. Paragraph 3.30 outlined a full range of reserve matters that would have to come back to members; this included the business plan for the JV, any funding and any issues to do with governance as well as any disposals.
- The affordable housing brief was a means by which the council try and maximise the number of affordable housing in the city. The reason for doing this was to seek a significant number of rented homes. Size standards did link to the previous Homes and Community Association size standards and this was one of a number of options that were being considered to deliver new homes.
- In terms of whether there were enough sites for a 1000 homes, the purpose of the list officers shared confidentially with members was to review the sorts of sites that might be used. There were HRA sites included in that list: however, it was confirmed in this joint venture officers were absolutely not talking about HRA sites coming into the joint venture.
- Members were reminded that all sites that come forward for disposal or transfer to the joint venture would need to go through Housing & New Homes Committee.
- With regard to comments about the report changing since the last meeting it was explained that Bevan Brittan had been engaged for 6 months or so supporting the council. Bevan Brittan always tried to update the advice as the project had evolved. The papers had been updated to remove issues that were no longer on the table or to add more detail where there was more clarity.
- Paragraphs 4.16 to 4.18 of the draft heads of terms were highlighted. At the last committee members wanted more detail and more focus about what might happen at the end of the venture. Bevan Brittan had sought to capture the key principle that the council would have a lock in period during which it would know there would be

certainty regarding the partners. In any event the council would have first right of refusal in the event that Hyde at some point in the future had an intention to walk away. The restriction on the use of the housing would always continue.

- The capital budget of £151,000 referred to in paragraph 8.3 was presented to committee last march. This was funding for legal and financial advice and was made up of strategic investment fund money and DCLG money carried forward.
- Officers had provided summaries of the models in the report. If an additional level of briefing was required that would be arranged.

40.24 Councillor Moonan echoed thanks to the officers for the work that had gone into the report. She welcomed the opposition's agreement in principal. The project was a sound and exciting proposal. Detail was important and Councillor Moonan welcomed the questions being raised and the examination of the detail. It was necessary to ensure all of those concerns were answered. Meanwhile, the proposals would boost the local economy by providing many local jobs as well as homes. The scheme was aimed at low income families and key workers who were struggling to pay private rents in a private rented sector. Through the scheme they would be provided with homes with a 40% discount which will make them much more affordable.

40.25 The Chair commented that this joint venture with Hyde Housing would allow the council to build up to 1000 affordable homes, as they would be based on the national living wage (by the time these homes are built) not the Brighton & Hove Living wage which was higher. This made the homes much more affordable. These homes would be more environmentally friendly, cheaper to heat, and more efficient on water consumption. That would save people another 40% on their fuel bills. On average each house could save up to £108 a week which would be life changing for many people.

40.26 The Executive Lead Officer for Strategy, Governance and Law stated that Councillor Bell had raised the issue of officers making appointments to outside bodies. He confirmed that under the council's constitution the appointment to outside bodies is reserved to full council.

40.27 The Committee voted on the Conservative amendments as amended so that they would be referred to PR & G Committee with an officer's report addressing the issues raised. Meanwhile officers would arrange a briefing before Policy, Resources & Growth Committee to which Housing & New Homes Committee members would be invited. The amendment to the amendment was unanimously agreed.

40.28 The Committee voted on the Green amendments and these were unanimously agreed.

40.29 The Committee voted on the main recommendations which became the substantive recommendation as amended and these were agreed by five votes in favour and four abstentions.

40.30 **RESOLVED:-**

- (1) That the Housing & New Homes Committee recommends the report to the Policy, Resources and Growth Committee as set out in paragraph 2.2, as amended.

- (2) That officers be instructed to take a report to Policy, Resources & Growth Committee addressing the issues raised in the Conservative draft amendment.
- (3) That officers arrange a briefing before Policy Resources & Growth Committee to which Housing & New Homes Committee members are invited to ensure members are fully briefed on the answers to the Conservative draft amendment.
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- ii) Give delegated authority to the Executive Director of Economy, Environment and Culture following consultation with the Executive Lead Officer for Strategy, Governance & Law, the Executive Director of Finance & Resources, the Estate Regeneration Board and the Strategic Delivery Board to:
 - a) Develop and negotiate the deal with Hyde; in which the following are sought:
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 - 2) That 100% of nominations for shared ownership properties are achieved for residents with a local connection to Brighton and Hove, as defined in the Housing Allocations Policy
 - 3) That a 'first refusal' option is agreed in the event Hyde become bankrupt; and/or that in the event that Hyde should separately dispose of their stake in the partnership, that their stake be sold to the council or to a charitable housing association, with charitable objectives;
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 - (b) the final terms of the agreement be put forward and agreed by full meeting of Council, prior to the completion of the deal;
- iii) Note that the reserved matters (as detailed in 3.30) will come back to committee for approval including any business plans which are to be

delivered through the Joint Venture, and the disposal of land/sites to the JV:

- iv) That reserved matters for the Joint Venture should include:
 - a) An option to veto any future rent increases that exceed increases in the National Living wage
 - b) An option to veto any future rents increases that raise combined rents and service charges above the Local Housing Allowance;
 - c) An option to increase allowances for maintenance of properties after year 10 in the model
- v) That should the business model exceed its projected rate of return, all surplus council monies be ring fenced exclusively to provide additional council owned emergency accommodation for homeless people and additional living wage rented housing.

PART TWO SUMMARY

46 LIVING WAGE JOINT VENTURE - EXEMPT CATEGORY 3

- 46.1 The Principal Accountant presented the financial summary of the Living Wage Joint Venture proposal as detailed in appendix 4 to the report discussed at Item 40 in Part One of the agenda.

47 PART TWO PROCEEDINGS

- 47.1 **RESOLVED** - That the appendix attached at Item 46 remains exempt from disclosure to the press and public.

