

Subject: New Homes for Neighbourhoods: Scheme Approval
Victoria Road

Date of Meeting: 6 December 2018

Report of: Executive Director for Neighbourhoods, Communities &
Housing

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Wards Affected: South Portslade

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:

- (3) That the Policy, Resources & Growth Committee be recommended to:
- (v) Approve the site within the redline boundary (see Appendix 1) to be appropriated to the HRA from the General Fund for a capital receipt of £1.454m for planning purposes;
 - (vi) Delegate authority to the Executive Director of Environment, Economy and Culture to appropriate for housing purposes once the development is complete; and
 - (vii) Approve a budget of £12.914m financed by HRA borrowing, right to buy receipts and Government Land Release funding to form part of the HRA capital programme for 2019/20 – 2021/22.

BRIGHTON & HOVE CITY COUNCIL**HOUSING & NEW HOMES COMMITTEE****14 NOVEMBER 2018****COUNCIL CHAMBER, HOVE TOWN HALL**

Present: Councillor Meadows (Chair) Councillor Hill (Deputy Chair), Councillor Mears (Opposition Spokesperson), Councillor Gibson (Group Spokesperson), Councillors Atkinson, Bell, Moonan, Sykes, Wares, and Wealls.

DRAFT MINUTE**PART ONE****42 NEW HOMES FOR NEIGHBOURHOODS - SCHEME APPROVAL VICTORIA ROAD**

- 42.1 The Committee considered a report of the Executive Director, Economy, Environment & Culture which requested members' approval to progress development proposals for the site comprising the former Housing Office, Portslade Bowls Club and bowling greens (Appendix 1), which the New Homes for Neighbourhoods Programme wished to take through to planning and construction stage. If the proposal was approved it would deliver 45 new homes for the council to let within affordable rent levels to applicants from the Homemove register.
- 42.2 Members were informed that officers had successfully bid for funding (£340k) from the Government's Land Release Fund which would help towards the costs of re-locating the bowls club thereby releasing the entire site for residential development. All costs for the scheme had been independently valued. If the scheme was approved by Committee, planning applications would be submitted in the Spring of 2019. An error was reported in a figure quoted in paragraph 2.3 (5). This should read £1.454m (not £1.436m). The report was presented by the Project Manager, Estates Regeneration Team.
- 42.3 The Chair thanked officers and stressed that the project involved an immense amount of work.
- 42.4 Councillor Atkinson thanked officers and welcomed the possibility of 45 new council homes. The council had had some extremely constructive discussions with the bowls club and there was a need to ensure that the expectations of the club were met in terms of the re-provision of the facility. The re-provision of the club had led to the provision of another 30 units of accommodation.
- 42.5 Councillor Gibson pointed out some inconsistencies in the figures quoted in Table 4 - Alternative Financial Modelling Results, compared to Table 3 – Financial Modelling Results. The Principal Accountant explained that Table 4 should be amended to state

that the 60 year subsidy/surplus should read £0.589 (not £0.501) for LHA/80% mkt Rent and £0.861m (not £0.948m) for Living Wage 37.5%

- 42.6 In relating to the Green amendment, Councillor Gibson asked the Principal Accountant to confirm the mixed rents amendment was modelled as having a payback period of 61.3 years and after the 60 years would be £72,000 in deficit but would recover by 61.3 years. The Principal Accountant confirmed that the amendment to have the 2 bed units at 37.5% living wage rent and the others at LHA 80% market rent meant that the viability model showed that subsidy of £72,000 would be required by the HRA and that it would take 61 years to pay back. A table showing this comparison was circulated to members.
- 42.7 Councillor Gibson asked for confirmation that a report would come back to the committee if the costs came in less than predicted, making it possible to achieve lower rents. The Executive Director explained that she would only report back to the committee in the event that there was a significant difference in costs, leading to a massive surplus. In that event, she would report to the committee and say that officers wanted to change the rent.
- 42.8 Councillor Gibson stated that the report and scheme were excellent and he thanked officers. The Green amendment was trying to make some of these homes more affordable by having a mixed rent proposal with lower rents on 21 two bed properties. The proposal would take longer to pay back and it was proposed that this should be over 61 years rather than the 53 proposed in the report. This would offer substantial savings in rent and costs for people on low wages. The amendment was set out as follows:
- “To amend recommendation 2.2 (3) as shown below in ***bold italics***
- 3) The scheme rent levels with ~~one~~ ***two*** bedroom properties set at 37.5% living wage rent and all other properties at 80% of market rent levels capped at LHA rates in line with the New Homes Rent Policy and delegates authority to the Executive Director of Neighbourhoods, Communities & Housing in consultation with the Estate Regeneration Member Board to adjust the rent within the parameters of the Rent Policy should scheme costs change.”
- 42.9 The amendment was seconded by Councillor Sykes. Councillor Sykes commended the internal service in Property & Design and raised questions relating to risk contingency and utilities. The Project Manager explained that in relation to risk contingency there had been a ground survey carried out and the quantity surveyor had extensive experience. A sum had been set aside to ameliorate the risks. With regard to utilities, it was sensible to set aside additional money to improve existing power capacity and cover every eventuality.
- 42.10 Councillor Hill considered the scheme to be excellent and thanked officers for the briefing offered to councillors which she had attended. Councillor Hill was minded not to accept the Green amendment as the current policy was to ensure schemes were viable. Councillor Hill proposed the same amendment as for the Buckley Close report namely that paragraph 2.2 (iii) should delete the words *..”and delegates authority to the Executive Director of Neighbourhoods, Communities & Housing in consultation with the Estate Regeneration Member Board to adjust the rent within the parameters of the Rent*

Policy should scheme costs change.” The amendment was seconded by Councillor Mears.

- 42.11 Councillor Moonan considered the scheme to be excellent and a creative use of the land and a good solution for the bowls club. Councillor Moonan stated that she was a member of the Planning Committee. It was not a conflict of interest at this stage but going forward to planning she was in no way pre-judging her decision by approving both the Buckley Close and Victoria Road schemes at planning as it was a different consideration. Councillor Moonan asked why there was a recommendation that the one bedroom flats had the lower rent level. The Principal Accountant explained that the reason for the recommendation was due to it being a viable scheme. The Green amendment was not viable and did not recover costs over 60 years and required a small subsidy. Table 4 modelled some other combinations of rents that were viable but these were not put forward as recommended options as it was felt it would cause inequity between the 3 beds and the 4 beds or the 2 beds and 3 beds. As a result the 1 beds were recommended at the living wage. Councillor Moonan stressed the need to look at these issues in an in depth way and looked forward to a future report.
- 42.12 Councillor Mears thanked officers for a fantastic scheme. She stressed that the committee had already had an in depth discussion on the rent policy. The Conservative Group would not support the Green amendment. Councillor Mears seconded Councillor Hill’s amendment as set out in paragraph 42.8 above.
- 42.13 Councillor Wares congratulated officers for unlocking the government’s land release funding. £340,000 was a significant amount to help the council’s house building. Councillor Wares asked for clarification about planning and programming for the homes and the bowls facility which were being submitted as separate applications. He asked for assurance that his assumption that the building of the homes was contingent on getting the bowls club facility approved and built first was correct. Finally, Councillor Wares asked for an idea of where the £203,000 of Section 106 money was likely to be spent.
- 42.14 The Project Manager stated that there had been positive early discussion with planning officers and there was a very low risk of the scheme being refused. The plan was to demolish the old sports pavilion and build a new sports pavilion as soon as possible. There had been initial discussions with the Friends of Victoria Park regarding the 106 agreement. The park was in need of regeneration and some of the money would go to the Friends of Victoria Park to provide a circuit around the whole park. Improved play areas were also being discussed. There was also likely to be an education contribution.
- 42.15 Councillor Wealls stated that he was concerned how the bowls facility fitted in with the whole city strategy on sports provision. He stressed that the new King Alfred provision would not include bowling. The Lead Regeneration Programme Manager explained that the track would be paved and would not be a proper circuit. Officers from the Estates Regeneration Team had communicated with sports development officers. The Chair stressed that the council’s New Homes for Neighbourhoods programme was about improving communities.

- 42.16 Councillor Bell thanked officers for the report. He was excited by the social impact of the scheme and stressed that the proposal was vital for its social impact as well as providing. The money from the government was a welcome addition.
- 42.17 Councillor Gibson agreed that a rent policy was a good starting point. The Green amendment was consistent with the policy and was suggesting an alternative recommendation.
- 42.18 The Committee voted on the Green Group amendment as set out in paragraph 42.8 above. Members voted in favour of the amendment by 2 votes and against by 8 votes. The amendment was not carried.
- 42.19 The Committee voted on Councillor Hill's amendment as set out in paragraph 42.10 above. This was agreed unanimously.
- 42.20 The Committee voted on the substantive recommendations as amended and these were agreed unanimously.
- 42.21 **RESOLVED:-**
- (1) That the options contained on page 12 of the Stage 2 (Light) Feasibility Study in Appendix 2 of this report be noted;
 - (2) That Option 3 in the report be agreed and the following be approved:
 - (i) The proposed scheme of 45 new council homes at the site comprising the former Housing Office, Portslade Bowls Club and bowling greens (see Appendix 1), under the New Homes for Neighbourhoods programme;
 - (ii) The provision of a new Joint Sports Pavilion for Portslade Bowls Club, which includes football facilities for users of Victoria Recreation Ground, to facilitate the release of the development site;
 - (iii) The scheme rent levels with one bedroom properties set at 37.5% living wage rent and all other properties at 80% of market rent levels capped at LHA rates in line with the New Homes Rent Policy;
 - (iv) Construction through the council's City Build Construction Partnership with Morgan Sindall.
 - (3) That the Policy, Resources & Growth Committee be recommended to:
 - (v) Approve the site within the redline boundary (see Appendix 1) to be appropriated to the HRA from the General Fund for a capital receipt of £1.454m for planning purposes;
 - (vi) Delegate authority to the Executive Director of Environment, Economy and Culture to appropriate for housing purposes once the development is complete; and

- (vii) Approve a budget of £12.914m financed by HRA borrowing, right to buy receipts and Government Land Release funding to form part of the HRA capital programme for 2019/20 – 2021/22.