

HOUSING & NEW HOMES COMMITTEE

Agenda Item 22

Brighton & Hove City Council

Subject: Next phase of New Homes for Neighbourhoods programme
Date of Meeting: 20 September 2023
Report of: Executive Director: Housing, Neighbourhoods & Communities
Executive Director of Economy, Environment and Culture

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Ward(s) affected: Patcham & Hollingbury, South Portslade, Queen's Park, and Whitehawk and Marina

FOR GENERAL RELEASE

1. PURPOSE OF REPORT AND POLICY CONTEXT

- 1.1 The report seeks approval to proceed with the next phase of the New Homes for Neighbourhoods programme with the submission of full plans Planning Applications for four Council-owned sites.
- 1.2 This phase will deliver circa 100 new homes which will be made available for rent to those on the Council's housing register.
- 1.3 Further reports giving greater detail and seeking full budget approval to build out the sites will follow for each site, should Planning Approval be granted.

2. RECOMMENDATIONS:

2.1 That the Housing & New Homes Committee:

2.1.1 Authorises the Executive Director Housing, Neighbourhoods and Communities to progress the design development and submission of full plans planning applications for the proposed redevelopments of the Former Hollingbury Library site, Portslade Village Centre, Oakley House, and Swanborough Drive

3. CONTEXT/ BACKGROUND INFORMATION

New Homes for Neighbourhoods

3.1 Building new homes on council land is a council priority. It is essential if City Plan housing targets are to be met and the city's housing crisis tackled. The New Homes for Neighbourhoods (NHfN) programme aims to proactively respond to the acute housing need in the city, and to build much-needed new rented homes on Council-owned, land making best use of Council assets.

3.2 Established in 2013, NHfN has delivered 269 new homes across 15 sites. A further 264 homes (including 212 on the Moulsecoomb Hub and Housing Project) have Planning approval, and are progressing through the development process.

3.3 This proposed next phase represents an exciting opportunity to deliver circa 100 homes on four Council owned sites. This could deliver a mix of one, two, and three bedroom homes which will comply with Nationally Described Space Standards (NDSS), meet with the Council's Affordable Housing Design Requirements, and deliver against the acute Housing Need in the city on a programme level.

3.4 Proposals for these sites have been progressed through the Council's feasibility budget and are now at a stage where they can move towards detailed design, and the subsequent submission of Planning Applications.

The former Hollingbury Library

3.5 Hollingbury Library was a Council-owned library located on Carden Hill, Hollingbury, Brighton, BN1 8DA, which has been closed since 2017. The site is allocated in the City Plan Part 2 for housing development. A site plan is included as Appendix 1.

3.6 The library was constructed in 1950 and is a prefabricated building construction which was originally used as a pub. The pub relocated to a building adjacent to the site in 1961 and the prefab building was re-fitted as the small branch library, which opened in 1962.

- 3.7 The site is currently hoarded as the building has become derelict and needs to be demolished. This will enable the site to come forward for a General Needs housing scheme to deliver a mix of up to 10 new one and two bedroom homes.
- 3.8 Architects have been appointed to develop design proposals, and pre-application Planning advice has been sought.
- 3.9 A public consultation has taken place to seek the views of the local community to inform design proposals. Of those that attended, 38% supported the proposals, 33% supported the proposals with some reservations, and 29% were unsure. None of those that attended the consultation objected to the proposals.
- 3.10 Points raised at the consultation will be considered by the project team, and will inform the scheme as it progresses.
- 3.11 This project is in receipt of £150,000 grant funding from One Public Estate's Brownfield Land Release Fund (BLRF). Additionally, it is assumed that the scheme will also make use of Retained Right to Buy receipts applied at 40% of eligible costs.

Portslade Village Centre

- 3.12 This site is located at Windlesham Close, Portslade, Hove. The site was identified by the Council's Estates team as part of a review of Council owned assets and was considered suitable for redevelopment to make best use of this underused landholding. This site could provide a mix of 28 new one, two, and three bedroom homes for rent alongside the reprovision of 413m² community space.
- 3.13 This project is in receipt of £338,834 grant funding from BLRF. Additionally, it is assumed that the scheme will also make use of Retained Right to Buy receipts applied at 40% of eligible costs.
- 3.14 It currently comprises the Portslade Village Centre and surrounding areas including a hard surface games area, a row of garages, a parking area with garages, and an area of grass and pathway. A site plan is included as Appendix 2.
- 3.15 A consultation comprising two public exhibitions and mail drop to surrounding properties took place in spring 2023. Of those who responded, 28% supported the scheme, while 35% would prefer if no development took place on the site. Wide-ranging comments outlining the concerns of neighbours were received, and these have informed the development proposals.
- 3.16 Further consultation will take place as the scheme progresses.

Oakley House

- 3.17 This site is located on the junction of Leicester Street and Edward Street, Brighton, BN2 0AZ and comprises the current Oakley House building. The site

sits within DA5 (Eastern Road and Edward Street development area) in the City Plan Part 1. A site plan is included as Appendix 3.

- 3.18 The current building houses six General Needs residential council tenants and one commercial tenant occupying part of the building under a tenancy at will.
- 3.19 The commercial tenant has leased part of the property as meanwhile use on a sub-market rent since May 2021. The lease expired in May 2023, and occupation is under a tenancy at will. It is anticipated that a new lease will be granted until November 2024, after which the commercial tenant will be expected to find alternative accommodation.
- 3.20 Should approval be granted to progress this project towards a planning submission, the Council will work with the six affected households. They will be offered priority on the housing register, help with moving, and support to consider their options for alternative housing.
- 3.21 It is proposed that the current building is demolished, and the site is redeveloped to provide a new scheme maximising the provision of affordable housing and making best use of the site. It is anticipated that the site could deliver a mix of circa 23 new one, two and three bedroom homes.
- 3.22 Significant recent changes to Homes England's Capital Funding criteria mean that all 23 units would be eligible for grant funding, rather than funding being limited to additional units under the previous guidance. This change would help address any viability gap, and presents an opportunity to maximise development on this brownfield site. The project is in receipt of £93,031 from BRLF
- 3.23 The current occupants of the building have been informed of the council's proposals. Their initial responses have been mainly positive, and there has been constructive engagement in the process. There will be continued communication from the Estate Regeneration team and colleagues in Housing Management
- 3.24 The local community have recently been made aware of the proposed development and they and the building's current occupants will be invited to consultation events in due course.

Swanborough Drive

- 3.25 This site is a former play area and allocated for housing in City Plan Part 2 for around 39 new homes. A site plan is included as Appendix 4.
- 3.26 An early round of community engagement delivered by Planning for Real, took place between June and October 2022. The resident and stakeholder engagement on how the site might be developed to deliver new homes and some wider benefit to the community has helped to inform the project brief.
- 3.27 Architects are appointed to develop the design proposals, and a further round of community engagement is planned for Autumn. An application pre-application Planning advice with input from Urban Design and Design Panel has been made, and separately pre-application advice from Highways has been sought.

- 3.28 The site is subject to an application for Brownfield Land Release funding (BLRF2) of around £600K toward costs of site clearance and abnormal costs, with an updated application to be submitted by end this year. The new affordable homes are expected to be funded by Homes England Grant.

4 RISK ANALYSIS & PROPOSED WAY FORWARD

- 4.1 These projects do not currently have Planning Approval. In the case of Hollingbury Library and Portsade Village Centre, pre-application advice has been sought from the Planning Department, and designs have been developed in accordance with recommendations from this advice. Oakley House will follow the same route, seeking advice from the Case Officer and working up proposals which are acceptable in Planning terms.
- 4.2 In all cases, public consultation over and above the statutory consultation required by the Planning Process will be integral to managing the planning process and ensuring residents have an opportunity to feed in the views. The views of the local community will be considered and will inform proposals as they progress towards Planning submission.
- 4.3 The long-standing uncertainty in the market initially caused by Brexit and Covid-19 was exacerbated by the conflict in Ukraine. Economic factors including cost inflation and high interest rates are contributing towards this uncertainty.
- 4.4 Given the challenging environment in which we are operating, risk allowance within an Order of Costs for these projects is likely to be increased giving a higher build cost which may impact upon viability. It is not clear at this stage how much costs will be impacted, and therefore how much risk allowance will be realised.
- 4.5 Given the lack of clarity and the resultant impact on project viability, it may be prudent to delay seeking Committee approval for the full budget for these projects until Planning Approval is in place, and there is greater cost certainty. Detailed reports for each project, seeking approval to build out the schemes, will be sent after the receipt of Planning Approval when the projects are ready to progress.
- 4.6 Receipt of Planning Approval significantly de-risks these projects, safeguards the development potential of each site and gives the Council time to firm up funding options and gives greater comfort that all details can be resolved. It allows the Council to maintain momentum on these projects, making use of design work which has taken place to date and making the Council well placed to bid for any future funding opportunities that arise.
- 4.7 If the submission of Planning Approvals is delayed, there is a risk that momentum may stall, and funding opportunities may be lost. The planning process and subsequent procurement of a delivery partner is likely to take between 9 and 12 months, given sufficient time to ascertain accurate costings, request a budget, and receive approval to take each project into the construction phase.

- 4.8 The current Homes England grant funding programme runs from 2012-2026, with a longstop date for development completion set at March 2026. While these timescales are achievable, they are challenging, and any delays to the programme may impact on meeting these timescales. Future funding rounds are yet to be announced.
- 4.9 Funding from the Brownfield Land Release Fund is conditional on land being released within defined timescales. Delays in securing Planning for these schemes may impact on the Council's ability deliver within milestones, and may result in funding being lost.

5 COMMUNITY ENGAGEMENT & CONSULTATION

- 5.1 As described above, consultation has taken place with the local community to inform the proposals on the Swanborough Drive, Hollingbury Library, and Portslade Village Centre sites. Similar events will take place for Oakley House. Statutory consultation will take place as part of the Planning process, allowing the local community to comment directly upon the Planning Application.
- 5.2 As with all NHfN projects, consultation will remain integral to the development process as these projects progress. Other opportunities for community engagement will be explored, including 'Meet the contractor' events before development starts to ensure that the local communities' concerns are taken into account, and steps are taken to minimise disruption during the build.

6. CONCLUSION

- 6.1 Uncertainty in market conditions makes seeking full budgets for these projects difficult at this stage of the development process, but delaying submitting Planning Applications may stall the projects and prevent grant funding opportunities being released.
- 6.2 Enabling the planning application to be submitted at this stage will de-risk these projects and allow each project to gain momentum through the design and planning processes. This, in turn, will allow a significant phase of up to 100 new affordable homes to come forward under the NHfN programme.
- 6.3 Approval to proceed to Planning Submission does not mean that these schemes will automatically progress into development stages should Planning Approval be granted. Viability analysis, and if necessary value engineering, will take place post-planning to ensure value for money and to inform more detailed reports to requesting full budgets and seeking approval to proceed.
- 6.4 This approach will allow further work to be undertaken to finalise design, assess funding options and ensure accurate cost, funding and viability information can be provided to inform the final budget and subsequent decision.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 7.1 The costs of bringing the four identified sites up to the planning submission stage is estimated to be £0.442m split across 2023/24 and 2024/25. The 2023/24 HRA capital programme includes a budget line for feasibility work of £0.350m, after deducting the actual and committed spend to date of £0.180m there is budget remaining for 2023/24 of £0.170m. Expected costs associated with the four sites for the remainder of 2023/24 are estimated to be £0.175m, creating a minor variance which can be managed in year via the councils TBM process. The provisional 2024/25 budget formed part of the 2023/24 HRA budget paper and was estimated to be £0.300m, 2024/25 costs associated with the four sites outlined in the report are expected to be £0.115m therefore there is sufficient budget included in the capital programme to meet these costs next year. The feasibility budget is in place to bring forward new sites and test the viability of those sites. It is funded by HRA borrowing which once projects are completed the rental income from the new homes will pay for the associated financing costs. These financing costs have been factored into the latest TBM position and the Medium-Term financial forecast for the HRA.
- 7.2 If sufficient progress with the developments outlined in the report is not made there is a risk that the Brownfield Land Release Funding of £1.192m, of which £0.582m is already received will have to be foregone. In addition to this any significant delays could impact on the use of Right to Buy Receipts which are assumed to be used to fund two of the developments outlined. The worst-case scenario being that these receipts would need to be returned to Central Government with an interest charge applied.
- 7.3 Should the projects not proceed to completion then in line with the councils accounting policies the cost associated to get to planning would need to be charged to the HRA's revenue account, which would become an in year financial pressure, based on current estimates this would be £0.442m if all four did not progress. However, these projects are expected to proceed, and will be subject to a full financial appraisal which would be presented to Housing & New Homes Committee and subsequently Strategy, Finance and City Regeneration committee for full scheme and budget approval. Taking the projects to planning should de-risk the sites sufficiently to provide more cost certainty, allowing for a more robust appraisal to be undertaken. The financial appraisal will need to ensure Value for Money is achieved.

Name of finance officer consulted: Craig Garoghan
:11/09/2023

Date consulted

Legal Implications:

7.4 Under the council's constitution, officers' delegated land management powers do not extend to making applications for planning permission. Hence, the recommendation to authorise officers to make those applications.

Equalities Implications:

7.1 Equalities Impact Assessments will be completed for all elements of this project as part of the design and planning stage of proposals. Feedback from

communities and residents gathered through consultation sessions that relates to Equalities issues will be incorporated into proposals.

- 7.2 These projects will deliver a mix of housing types and sizes to help meet the acute need for affordable housing within the City. All of the homes will be made available for rent to those in the Council's housing register. Regular dialogue with the Council's Housing Service will take place to ensure the mix responds to need, in terms of size and accessibility. Each fully wheelchair accessible home will have their own allocated parking space.

Sustainability Implications:

- 7.3 The NHfN programme supports corporate sustainability priorities by investing in sustainable construction methods and low carbon energy supply such as solar panels, and ground or air source heat pumps avoiding the use of gas for heating. The programme is also engaged in the Circular Economy work in relation to the demolition of existing buildings on site, and the construction of new building. Opportunities to promote bio-diversity and edible growing will be considered by the Design Team, and swift bricks and bee boxes will be incorporated into the design.
- 7.4 A Whole Life Carbon Assessor will be appointed to the projects so a full understanding of the carbon impacts of the project will be understood and strategies developed for meeting the council's Zero Carbon New Homes Policy. A carbon design calculator is also being used during the design process which will inform a more sustainable choice of building materials. As part of the planning submission a full energy strategy will be submitted and will be assessed against planning policy requirements. The design team includes Sustainability Consultants, who will draft range of sustainability reports to inform the design as part of the Planning process.

Crime & Disorder Implications:

- 7.21 Making best use of Council-owned sites and demolishing buildings which are unused, damaged, or dangerous supports the local agenda to reduce antisocial behaviour.

Risk and Opportunity Management Implications:

- 7.22 The project follows corporate guidance and practice in terms of risk and opportunity management. Risk registers are in place for all elements of the project, and project/programme governance is in place to oversee mitigation and escalation as required.

Corporate / Citywide Implications:

- 7.24 These proposals support corporate and citywide priorities relating to Housing, Carbon Neutral targets, and Community Wealth, and the provision of much-needed affordable housing described in the body of the report.

SUPPORTING DOCUMENTATION

Appendices: Site plans

1. The former Hollingbury Library
2. Portslade Village Centre
3. Oakley House
4. Swanborough Drive

