

Subject:	New Homes for Neighbourhoods – Final Scheme Approval		
Date of Meeting:	10 September 2014		
Report of:	Executive Director Environment, Development & Housing		
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Ward(s) affected:	Withdean		

FOR GENERAL RELEASE**1. PURPOSE OF REPORT AND POLICY CONTEXT**

- 1.1 Building new homes on council land is a council priority and essential if City Plan housing targets are to be met and the city's 'housing crisis' tackled.
- 1.2 At its meeting in November 2013 Housing Committee agreed to the demolition works, final feasibility study, design and development of new council housing on the site at 243-245 Preston Road, Brighton. This report focuses on development proposals for this site that the team now wishes to progress through planning and construction stages. Members are asked to agree rent level and associated level of HRA subsidy for the scheme.
- 1.3 The homes will be delivered through the council's Sustainable Futures strategic construction partnership.

2. RECOMMENDATIONS:

- 2.1 That Housing Committee:
 - i) Notes the design and change to plans for this site
 - ii) Approves the rent model set at 80% market rent capped at LHA rate
 - iii) Approves the estimated levels of subsidy required from the HRA for the chosen rent model(s) and delegates authority to the Executive Director of Environment, Development and Housing and the Executive Director of Finance and Resources to agree reasonable amendments to that subsidy if changes arise

3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 The council's New Homes for Neighbourhoods programme has been established to provide much needed new homes on council land. The team has been reviewing available sites and progressing those that are suitable for the development of new housing.

Project background

- 3.2 On Housing Committee's recommendation, the Policy and Resources Committee agreed in July 2012 that the buildings and land at 243-245 Preston Road be appropriated to the HRA. The bungalows were originally identified for leasing to Brighton & Hove Seaside Community Homes, however Housing Committee suggested that the bungalows may be more suitable for redevelopment and only flats in the main buildings were therefore leased. The Seaside leases only cover the individual flats within the main villas and the council retains full rights over all the garden land, including the right to build new homes. The bungalows were used as a site office and staff welfare facility by the contractors refurbishing the main buildings, but all four bungalow units are now vacant and in a semi-derelict state.
- 3.3 The original proposal brought to Housing Committee in November 2013 was to provide a development of four, two bedroom houses at the end of the garden of the existing building. The existing bungalows would be demolished with the new homes built in an L-shaped mews with bedrooms having sloping roofs on the first floor. Following Housing Committee's agreement it was agreed to use the council's Sustainable Futures Strategic Partnership to develop Preston Road and designs were passed to the in-house architecture team. The team have been assessing the scheme in terms of detailed design and scheme delivery.

New project proposal

- 3.4 A number of issues which affect both cost and deliverability of the scheme have arisen including:
- Planning advice reduces the number of homes deliverable from four to three
 - Officers successfully negotiated access to the new homes via the private road (Cumberland Drive), however the freeholders were not willing to allow access to construction traffic
 - Analysis showed the large amount of deliveries and ground works required mean that the narrow side access would make development costly and problematic
 - The need for significant ground works which would be particularly costly given the access restrictions
- 3.5 Since these issues have arisen the team have been looking at alternatives for delivering homes on this site. This included an appraisal of the existing bungalows that are semi-derelict, which identified good foundations and a solid wooden frame structure in place. The partnership's architects and Quantity Surveyor undertook a comparison of building new homes using the existing foundations and wooden frame compared to the original scheme (with 3 homes as per latest planning guidance).
- 3.6 The options were presented to the Estate Regeneration Member Board who, although disappointed that the new build scheme was proving unviable, supported the option of rebuilding on the existing structure and foundations provided the new homes. This would bring a number of benefits including:

- New homes delivered quickly
- Lower cost and complexity than full new-build
- Fewer planning restrictions
- More sustainable as re-using existing structure
- Fewer access issues
- No major groundworks
- Less disruption for residents

3.7 The Member Board emphasised that the new homes should be robust, have a long life span and meet strategic housing need. The building work will be a brick wall construction around the existing timber frame with new windows, doors, internal walls, fixtures and fittings. The estimated life-span of the new homes would be a minimum of 60 years.

Wheelchair accessible homes

3.8 The bungalow structures of the existing homes presented an opportunity to re-build them as much needed wheelchair accessible homes. The architects have therefore drawn up plans for two 3 bed bungalows that would be fully wheelchair accessible. The team have worked closely with the council's Adaptations Team and Occupational Therapists to ensure the designs meet local standards for accessible homes and would best meet the needs of future residents. The designs are attached in appendix 2.

3.9 The Housing Adaptations Update Report also being considered by this committee presents information on the urgent need for adapted homes in the city, the pressure on the adaptations budget and the sometimes high cost adapting existing homes. The city has a rising demand for adaptations as disabled children and adults are supported to live longer in their own homes, in particular an increase in over 85's and children living at home with complex needs. Providing fully accessible 3 bed bungalows helps meet the needs of families with parents or children with disabilities and negates the need for potentially costly adaptations which may not be required in the longer term or suitable for future residents.

3.10 There are currently nine households on the waiting list for 3 bedroom wheelchair accessible homes (Mobility 1 Category). Wheelchair accessible homes are exempt from Right to Buy legislation (provided that they form part of a group which it is the landlord's practice to let for occupation by physically disabled persons, and a social service or special facilities are provided in close proximity to the group, wholly or partly for the purpose of assisting those persons).

Sustainable Futures strategic construction partnership

3.11 It is planned that pre-construction and construction phases will be undertaken by the council's in-house architecture and design team and new corporate Sustainable Futures strategic construction partnership. The partnership was procured under an OJEU procurement process authorised by Policy & Resources Committee on 21st March 2013, following two previously successful construction partnerships. The new partnership started in early 2014 for a contract term of four years and to a value of £60 million. It is delivering construction projects for

various council client departments and is managed by the council's Property & Design team.

- 3.12 The design team, including a member of the Estate Regeneration team, meet every four weeks and will work together within the assigned budget to set the Agreed Maximum Price following on from which the Quantity Surveyor will produce a review document for audit purposes which demonstrates that the project has achieved value for money. This document benchmarks the square metre (m²) rates against previous partnered and non partnered schemes and also against national construction rates for housing. In addition, an independent partnering advisor is employed and a Core Group meets monthly to oversee the arrangements and takes a strategic view of each scheme, ensuring that key deadlines are met.

Development timeline:

Milestone	Target date
Planning Permission gained	November 2014
Start on site	January 2015
Practical completion	May 2015

Tenure and rent levels

243-245 Preston Road	Rent per week at 80% market rent/LHA rate per week
Overview	The proposal includes 2 x 3 bedroom wheelchair accessible bungalows
Rent	£228 (capped at LHA rate)
HRA subsidy per home	£23,325
Total HRA subsidy requirement	£46,650

- 3.13 At its meeting on 18 June 2014 Housing Committee unanimously agreed to rents at 80% market rent, capped at Local Housing Allowance (LHA) rate, for four new council housing developments. Members' expressed concern about the affordability of 80% market rents for some residents, however the decision was made in the context of the need to maximise the number of new homes delivered by the programme and providing value for money to the wider Housing Revenue Account (HRA).

4 ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 4.1 As detailed in the report a number of options for the development of this site have been considered including:

1. New build of three 2 bed houses at the top end of the garden
2. Building on existing foundations using existing timber frame
3. Wider development opportunities
4. Do nothing

- 4.2 It is considered that the option 2 is preferred based on cost, speed of delivery, complexity and sustainability.

5 COMMUNITY ENGAGEMENT & CONSULTATION

- 5.1 Further consultation will take place with Brighton & Hove Seaside Homes and their residents of the existing building as the project develops. There is not a local residents association.

6. CONCLUSION

- 6.1 Agreeing to progress this scheme will enable the council to build two much needed wheelchair accessible family homes in the city.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 7.1 The HRA Capital Investment Programme 2014/15 includes a budget of £1.0 million, with indicative funding of £2.3 million for years 2015 to 2017, for building new homes on Infill sites, which includes Preston Road and Manor Place (Manor Place was previously reported at June Housing Committee). The original budget estimates assumed the use of RTB receipts for 30% of the development cost for Preston Road, as these receipts can be used toward funding the supply new affordable homes.
- 7.2 The viability modelling in this report assumes that the receipts will not be available for use as the proposals in this report for the Preston Road Bungalows are classified as refurbishments rather than new build. Therefore the viability modelling sets out to show whether the scheme can pay for itself by using the new rental stream only (net of management costs) over 30 years to pay for the principal and interest on the borrowing required to fund the development. This shows that without the use of RTB receipts there is a small subsidy requirement of £46,650. This subsidy can be met within the HRA Capital Investment budget for the New Homes on Infill sites, as although the RTB capital receipts cannot be applied, the original estimates were based on 4 units at a higher cost.

Finance Officer Consulted: Susie Allen

Date: 27/08/14

Legal Implications:

- 7.3 As the Housing Committee has overall responsibility for the council's housing functions, it is empowered to make the decisions set out in the report. No individual's human rights are adversely affected by the report's recommendations.

Lawyer Consulted: Liz Woodley

Date: 28.08.14

Equalities Implications:

- 7.4 The proposals include two fully accessible wheel chair adapted homes.

Sustainability Implications:

- 7.5 The new homes will be built to high suitability standards. The council will also look to include Solar Photo Voltaic systems.

SUPPORTING DOCUMENTATION

Appendices:

1. Wider implications
2. Preston Road designs

Background Documents

1. New Homes for Neighbourhoods – Estate Regeneration Programme report to Housing Committee 6 March 2013
2. New Homes for Neighbourhoods – Development of new homes on Housing Revenue Account (HRA) land 13 November 2014

Crime & Disorder Implications:

- 1.1 Good quality housing has been demonstrated to influence the rate of crime and disorder and quality of life.

Risk and Opportunity Management Implications:

- 1.2 There are a number of risks and opportunities associated with developing new homes including increases in construction and other costs. This is mitigated by the partnership financial control mechanisms as detailed in this report.

Public Health Implications:

- 1.3 This project will provide much needed wheelchair adapted accommodation. There are strong links between improving housing, providing new affordable homes and reducing health inequalities. Energy efficient homes which are easier and cheaper to heat will help support the health of households.

Corporate / Citywide Implications:

- 1.4 The Sustainable Futures Strategic Partnership is committed to working with the Local Employment Scheme to ensure that work, apprenticeship and training opportunities are provided for local people.