

<b>Subject:</b>	<b>New Homes for Neighbourhoods – Final Scheme Approval – Findon Road and garage sites update</b>		
<b>Date of Meeting:</b>	<b>17 June 2015</b>		
<b>Report of:</b>	<b>Geoff Raw, Executive Director for Environment, Development &amp; Housing</b>		
<b>Contact Officer:</b>	<b>Name:</b>	<b>Jaine Jolly</b>	<b>Tel: 01273290356</b>
	<b>Email:</b>	<b>jaine.jolly@brighton-hove.gov.uk</b>	
<b>Ward(s) affected:</b>	<b>East Brighton, St Peter's &amp; North Laine, Hangleton &amp; Knoll, South Portslade and North Portslade</b>		

**FOR GENERAL RELEASE**

**1. PURPOSE OF REPORT AND POLICY CONTEXT**

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. This report focuses on development proposals for the site at Findon Road, Whitehawk (former library site) the team now wishes to progress through planning and construction stages.

Members are asked to agree:

- final design
- rent levels and associated levels of HRA investment requirements

- 1.1 The report also updates Members on the progress of four sites being delivered by the Council's development agent; the Guinness Partnership.

**2. RECOMMENDATIONS:**

2.1 That the Housing and New Homes Committee approve for the :

- i. The final design.
- ii. The scheme rent levels.
- iii. The estimated levels of additional investment required from the Housing Revenue Account (HRA) for the chosen rent model and delegates authority to the Executive Director of Environment, Development and Housing and the Executive Director of Finance and Resources in consultation with the Estate Regeneration Member Board to agree reasonable amendments to that subsidy if changes arise.

2.2 That the Housing and New Homes Committee recommends to Policy and Resources Committee to:

- iv. Approve that the land at Findon Road, former Whitehawk library site and Wellsbourne site is appropriated to the HRA for a capital receipt of £0.940 million for planning purposes and the development of new housing.
- v. Approve a budget of £14.1 million for the Findon Road scheme in the HRA Capital Programme which will be financed through a mixture of unsupported borrowing and retained Right to Buy capital receipts.
- vi. That the site at 4-7 and 15-20 Kensington Street is appropriated for planning purposes and the development of new housing.

### **3. CONTEXT/ BACKGROUND INFORMATION –Whitehawk sites**

- 3.1 A report titled 'New Homes for Neighbourhood- development of new homes on General Fund land' was presented to Housing Committee in November 2014 with the approved recommendation that the initial design and viability modelling be noted and that it be recommended to Policy & Resources Committee that they agree in principle that each of the sites (Former Library Site, Whitehawk Road and Wellsbourne) is appropriated to the HRA for the development of new housing, subject to Housing and Policy & Resources Committees agreeing a further report detailing the final feasibility and design and associated financial implications.
- 3.2 It was also agreed that the Estate Regeneration Team, in conjunction with the council's Sustainable Futures strategic construction partnership, undertake final feasibility studies, consultation, design and development of new housing on the site.
- 3.3 In December 2014 Policy & Resources Committee agreed in principle that sites were appropriated to the Housing Revenue Account for a capital receipt of £1.3 million for planning purposes and for the development of new housing, subject to Housing and Policy & Resources Committee agreeing a further report detailing final feasibility and design and association financial implications.
- 3.4 It has been previously reported that the total capital receipts for both of these sites is required to be in excess of £1m as this had been identified to help fund part of the construction of the co-location building in a report agreed by the former Cabinet on 14 January 2010. Also that the General Fund needs to achieve best consideration and based on the marketing of the site a valuation of £1.3m was agreed
- 3.5 At Housing Committee further questions were asked about the capital receipt to the General Fund. The report to Policy & Resources on 14 January 2010 recommended using council reserves to fund £1.0m shortfall for the Whitehawk Co-location project. It was agreed following concerns about the timescale for disposal of the sites that the Education capital programme would temporarily fund this balance and be reimbursed when the disposals happened.

- 3.6 To ensure the completion of the Whitehawk Hub £1.0m from education capital funding was used with the intention that the receipts as and when they came back in would be used to replace that funding. There were two parcels of land associated with the raising of the £1.0m capital receipt to meet the funding shortfall) the Whitehawk library and Youth Centre site and ii) vacant land near Whitehawk Primary School with a current combined valued at circa £1.3m. Any funds over and above the £1.0m would be used to support the corporate capital pot. For a number of reasons these disposals were delayed and are currently being considered for use within the New Homes for Neighbourhoods scheme.
- 3.7 The former Whitehawk Library site (Findon Road) contained a patch office, occupied by social workers, and a Youth Centre as well as a library. The library and social care service were relocated to the new co-location building in the 'Whitehawk Hub'. The provision of the Youth service underwent significant change. All buildings have been demolished and the site boarded.
- 3.8 The proposal for the former library site has 58 apartments designed to maximise the regeneration impact of this prominent site and transform the 'gateway' to Whitehawk. The new homes are accommodated in two new buildings. Each building is 4 storeys high, on the Western and Eastern edge of the site. It is proposed that these buildings are made of brick with individual balconies for each apartment
- 3.9 There are ten wheelchair accessible properties proposed for the Findon Road site. All units will meet current Part M recommendations for wheelchair accessible accommodation (see appendix one). All homes are designed to Code Level 4 sustainability standards and meet recent space standard that were introduced in March 2015.
- 3.10 Final design and viability modelling for the Wellsbourne site will be reported back to this committee later in the year. An option to sell 'off plan' 10 units at market value to rent to people with learning disabilities is currently being investigated.

### **Rent Levels**

- 3.11 Housing Committee unanimously agreed at its meeting on 6 March 2013 that a range of funding, rent and home ownership options should be provided in new housing to be developed on HRA land under the Estate Regeneration Programme in order to ensure that development is viable and to increase the number of new homes the Estate Regeneration Programme can deliver. The report indicated the level of Affordable Rents and the impact these higher rents would have on the number of homes the HRA could develop.
- 3.12 Higher rents for new affordable homes will be, to some extent, mitigated by lower fuel bills as homes will be built to higher sustainability standards than our existing stock. Analysis of energy savings related to homes built to sustainability Code level 4 (the minimum for homes planned in the programme) shows that energy bills reduce by between 68% and 86% compared to a traditional home<sup>1</sup>. This means that the average family combined energy bill of around £1500 per year is

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<sup>1</sup> <http://www.sustainablehomes.co.uk/blog/bid/104136/Code-for-Sustainable-Homes-level-4-energy-bill-savings>

reduced by between £1020 and £1290 per year. For those on full Housing Benefit this represents additional money in their household budget.

- 3.13 The proposal is for the scheme to be 100% Affordable Rented homes. The units have been modelled at 80% of market rent level or the Local Housing Allowance (LHA) limit in accordance with the council's Tenancy Strategy. This generally means that rents are set at LHA levels which are in the region of 60-70% of market rent dependent on the number of bed rooms.
- 3.14 Financial viability modelling in the previous report included two options for committee to consider; a tenure mix of rented/open market sales and an option of 100% affordable rented homes. Further viability modelling on the final scheme using market valuations of the proposed units, has shown that including market sales would not achieve the required subsidy for this development due to the comparatively low market values in the area. The 100% rented option is therefore recommended, which will help address the shortage of affordable rented homes and meet critical housing need in the city.
- 3.15 The size and mix of the flats at Findon Road is based on the council's Affordable Housing Brief. The modelling includes the cost of the land, an allowance for s106 contributions and to achieve Code for Sustainable Homes Level 4, site abnormalities and external works.
- 3.16 The table below identifies unit rent levels capped at Local Housing Allowance levels and the HRA investment requirement after financing this development through net rental income streams over 40 years and the use of Right to Buy capital receipts to fund 30% of total scheme costs, as required by the government.

<b>Unit Size – Findon Road</b>	<b>Rent capped at LHA rate per week</b>
	58 flats
Rent per 1 bed flat	£153
Rent per 2 bed flat	£192
Rent per 3 bed flat	£230
HRA subsidy per home	£17,600
Total HRA subsidy requirement	£1,020,800

- 3.17 The development costs modelled are still subject to planning approval, assumes that delivery of the scheme is through the HRA and therefore costs and funding can only be indicative at this stage. Any significant variations to the proposed capital scheme and funding will be reported back to Policy & Resources committee in accordance with council's standard financial procedures.

Development timeline:

Milestone	Target date
Planning Permission gained	September 2015
Ground works and decontamination	October 2015
Start on site	January 2016
Practical completion	March 2017

#### 4. COMMUNITY ENGAGEMENT & CONSULTATION

- 4.1 Ongoing consultation for both Findon Road and Wellsbourne site has taken place with area panels and residents associations.
- 4.2 The Neighbourhood Council Due East and council officers carried out a highly successful consultation event at the Whitehawk Hub on 24 March 2015. The consultation offered an opportunity to discuss the two development sites as well as wider issues and opportunities for Whitehawk.
- 4.3 The consultation was carried out using 'Planning for Real' techniques following training of Due East trustees and council staff by the national lead for 'Planning for Real' earlier in the month.
- 4.4 Planning for Real is a tried and tested system that uses a 3D model and comment cards to enable all residents, including children and young people, to express their opinion about a development scheme or neighbourhood.
- 4.5 Nearly eighty residents attended the consultation provided the opportunity for residents to comment on the schemes and also to provide feedback to Due East about wider Whitehawk issues and opportunities related to regeneration.
- 4.6 Over 250 comments were received via the card system and a questionnaire related to the scheme. This is significantly more comments than received via more standard consultation techniques. (see appendix 2)
- 4.7 The questionnaires received were mainly supportive of the proposal for new council homes. The two main areas of concern related to:

Issue	Overview	Response
Traffic & transport	Residents expressed concern about the number of parking spaces on the site.  Traffic and road conditions in the area were raised by residents as being in need of attention across a number of issues and areas.	Officers are liaising with Highways colleagues and taking advice from transport professionals to ensure adequate parking is provided.  The potential for a City Car Club space is being investigated.  The Neighbourhood Council – Due East are working with residents to look at wider regeneration opportunities in Whitehawk; not necessarily associated with the scheme

Building heights & density	Some residents felt that 4 storeys (58 units) is too high for the site.	The scheme must meet planning requirements in terms of height and will be explored as part of the planning application process. Architects worked to provide a high quality design that is sensitive to the existing location.
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4.8 All concerns will be discussed in detail with Planning as part of the planning application process. Property and Design colleagues are already working to maximise parking on site.

4.9 The Planning application process will also give residents further opportunity to comment on the schemes. Comments and concerns raised at the event will be included in the planning application. A summary of comments can be found at Appendix 2.

4.10 The Neighbourhood Council, Due East carried out a further session with interested local residents to discuss priorities and actions for Whitehawk. The themes discussed were:

- Crime & Safety
- Environment
- Housing
- Work, Health & Community
- Traffic and Transport

4.11 This work identified wider regeneration opportunities that can be led by the local community for the community.

## 5. **Garage sites update**

5.1 The council has been working in partnership with the Guinness Partnership to deliver 28 new council homes.

5.2 16 of these homes will be delivered across three sites (4 per site) at Flint Close, Portslade, Hardwick Road, Hangleton and Foredown Road, Portslade. These schemes will start on site in July 2015 and due to be completed in summer 2016.

5.3 12 new homes are also proposed at 4-7 and 15-20 Kensington Street, Brighton. Following consultation earlier in the year the land will be appropriated for planning purposes. It is anticipated that a planning application will be submitted before the end of the year. The transfer of the site from the General Fund to the HRA for a capital receipt of £225K has previously been agreed by Housing Committee (January 2015) and Policy and Resources (February 2015).

## 6. CONCLUSION

- 6.1 Enabling the New Homes for Neighbourhoods programme to progress these schemes will enable the council to build 86 much needed homes in the city.

## 7. FINANCIAL & OTHER IMPLICATIONS:

### Financial Implications:

- 7.1 The financial viability modelling sets out to show whether a given scheme can pay for itself by using the new rental stream only (net of management and maintenance costs) over 40 years to pay for the principal and interest on the borrowing required to fund the development. It also assumes that 30% of the development costs of the affordable housing element are met from retained Right to Buy (RTB) Receipts towards the development. If the rental stream and RTB and sales receipts are insufficient to meet the costs, then a subsidy is required by the HRA.
- 7.2 Previous reports on financial viability included two options for the committee to consider, which included a tenure mix of rented/open market sales as well as the option of 100% affordable rented homes. It was reported that further analysis would be carried out subject final feasibility studies and design. Initial feasibility and marketing reports have shown that including market sales would not achieve the required subsidy for this development due to the relatively low market values in the area.
- 7.3 Further financial viability modelling has been carried out, with borrowing over 40 years, which shows that a 100% affordable rent options would require an estimated HRA investment of £1.020m, which is £17,600 per affordable unit, as shown in the table in the main body of this report. The cost of the land for Findon Road of £0.940 million is included in the investment requirement.
- 7.4 The recommendations are that approval is given for a budget of £14.1m in the Housing Revenue Account Capital programme, which will be funded through unsupported borrowing, retained Right to Buy receipts. The development costs are based on final feasibility and design and have been provided by the council's Sustainable Futures strategic construction partnership. The budget also includes the cost of the land, an allowance for associated build cost fees & contingencies and build cost inflation. The development is still subject to planning permission, which can require final scheme design changes which may affect the cost and timetable for development.
- 7.5 Any significant variances to the approved capital programme budget would be reported to the Policy & Resources Committee in accordance with the council's standard financial procedures.

*Finance Officer Consulted: Susie Allen*

*Date: 22 May 2015*

### Legal Implications:

- 7.6 The Town and Country Planning Act 1990 (TCPA1990) allows local authorities to appropriate land for planning purposes. Under sections 226 and 227 a local authority can appropriate land "if the authority think that the acquisition will

facilitate the carrying out of a development, redevelopment or improvement on or in relation to the land” (section 226(1)(a) TCPA1990).

- 7.7 Appropriating land gives various powers to local authorities to override easements and other rights in land including rights to light over land that has been appropriated for planning purposes under section 237(1) and (1A) TCPA1990.
- 7.8 The owner of any such third party right will have a claim for compensation which will be assessed on the basis of the loss in value of the claimant’s land as a consequence of the interference or breach (s237(4) TCPA1990).

Lawyer Consulted: Liz Woodley/Oliver Asha

Date: 02/06/2015

Equalities Implications:

- 7.9 An increase in housing supply will increase the opportunity to provide new, well designed homes to local households registered in need. New development and renovation provides an opportunity to better meet the needs of particularly vulnerable households including those, such as existing elderly residents, who may be under occupying their current home.
- 7.10 The proposals include ten fully accessible wheel chair adapted homes on Findon Road, one at Hardwick Road and two at Kensington Street, Brighton.

Sustainability Implications:

- 7.11 The new homes will be built to Code for Sustainable Homes Level 4. The council will also look to include Solar Photo Voltaic systems where possible on relevant homes. New homes will also meet Lifetime Homes space standards.
- 7.12 The new homes will encourage a sustainable lifestyle for example:
- Providing secure cycle storage
  - Including recycling facilities in kitchen units
  - Providing composting facilities in gardens and communal areas
  - Incorporating water saving and re-use measures
  - Short distance re-cycling external communal bins
  - Photovoltaic panels

Crime & Disorder Implications:

- 7.13 Development of the sites is an opportunity to provide new, well-designed homes in these areas and link to wider regeneration opportunities, including work to deliver the council’s economic and sustainability objectives. Good quality housing has been demonstrated to influence the rate of crime and disorder and quality of life.

Risk and Opportunity Management Implications:

7.14 There are a number of risks and opportunities associated with developing new homes including:

- Increases in construction and other costs
- Impact of the right to buy
- Local resident opposition to individual schemes

Public Health Implications:

7.15 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:

7.16 As reported in the Housing Revenue Account Capital Programme 2013-2016 considered by the Housing Committee on 16 January 2013, the development of new housing has a strong economic multiplier impact on the local economy, estimated at over £3 of economic output for every £1 of public investment, creating jobs and supply chain opportunities.

7.17 Partners will be asked to work with the Local Employment Scheme to ensure that work, apprenticeship and training opportunities are provided for local people.

## SUPPORTING DOCUMENTATION

### Appendix One:

Design Briefing Note (attached separately)

### Appendix Two:

Summary of consultation comments received on questionnaires

Comment	Issue
I think it's a great idea.	'Affordability' should be clearly defined. Flats should be social rent like other flats in Whitehawk. Market sale properties would not benefit anyone in Whitehawk..
Renewable energy should be incorporated into the schemes	
Very good idea, great flats, need homes.	
Much needed housing	Traffic issues, i.e. speeding and parking already a big issue due to hospital workers parking in the area.
How long is construction?	Worried about construction noise due to shift work
	There must be at least 28 car parking spaces (Findon Road) so no extra parking on the road.
There needs to be a pedestrian walkway for people coming down from Findon Road to reach Whitehawk Road and the bus stop.	
I think it's a great idea especially the wheelchair units. We need more housing and the site is just sitting empty.	
	Build – but please keep off the Whitehawk allotment area.
About time!	Let to working people.
Provide solar panels , outside drying areas.	
Homes must be sound and draught proof.	
Use apprentices on the schemes.	
	Hope Planning doesn't delay the scheme.
Work at weekends to speed up the scheme.	Concerned about construction noise.
Looking good – hope it all comes to fruition.	
It's good news – we need more housing	Worried about construction noise - keep noise down and construction period short. Contractor must keep residents informed.
	Use improved CCTV – not like the ones in sheltered schemes
	Do not let to anti-social tenants/drug dealers
	Parking is a big concern for neighbouring properties
Bringing new housing into Whitehawk is great.	Worried about construction noise
	Remember to maintain existing properties.
Pleased that the proposed housing development will cater for people with mobility and accessibility issues	
Provision for different size households and affordable homes are welcome.	The current site is an eyesore.
	Refrain from high rise.
Private sale properties should be kept to a minimum.	
	Construction seems rather prolonged.
House people who are in real need.	Noises levels during construction should be monitored.
It is a good idea to use the land finally.	
New homes needed and purpose built wheelchair units.	
Can they be built with solar panels	
Plant fruit trees and provide bird boxes.	Dog poo is an issue in the area – please make sure the area is kept clean.
I think it is a good idea. We need more homes in Brighton.	
Seems like a good scheme.	
	Parking is a nightmare.
Let the flats to local people.	
	Parking needs more thought.
How will this impact on Downford?	
	58 Homes are too many on the small site. Four storeys high on the Findon Rd side of the site is far too high. Two storeys would be more suitable.
	The number of car parking spaces in nowhere near enough for the number of flats.

Plan less homes on the site	Build no higher than two storeys opposite Findon Rd Allow for many more parking spaces. Bear in the mind the congested parking in the area
Proposed size of Findon Rd development is not in keeping with the surrounding properties, terraced and not higher than two.  Development will be overlooking other properties and cause shading which will impact on energy efficiency. Traffic and parking issues will be caused. Proposal does not seem supported by "green eco policies." Development will impact on current value of property.	Development should be more sympathetic and in context of the surrounding, improving this local area long term.  Fewer units and overall size of development must be considered making sure no higher than 2-3 storeys with no overshadowing. Green areas and parking need to be considered.  Noise levels during construction / road parking restricted during construction. Overall privacy and outlook.  Will there be a further consultation event for Findon Rd residents?
Balconies should be the other way.	I don't like the four storey buildings opposite my house. They will overlook us. Findon Rd.
Building a four storey block on small site will be too much and would require 30 cars to park in London Rd. Many more than there is room for. I have a carer calling twice daily and they have very tight schedules and do not have time to look for parking spaces.	Plan less houses on this site and give them all parking spaces
Noise and extra traffic will be a problem. Number of parking spaces will be a problem and roads will be blocked every day.	
I need a parking space on the new site Parking is an issue	I need to access the rear of my property as I have disabled son. There is not enough spaces on the new development
	Parking is inadequate Four storeys is too high 58 units too many

## Background Documents

1. Policy & Resources Committee – February 2015
2. Housing Committee – New Homes for Neighbourhoods report – January 2015
3. Policy & Resources Committee – December 2014
4. Housing Committee - New Homes for Neighbourhoods report - November 2014
5. Housing Committee - New Homes for Neighbourhoods report - March 2013
6. Policy & Resources Committee – January 2010

