

<b>Subject:</b>	<b>New Homes for Neighbourhoods – Final Scheme Approval – Selsfield Drive, Brighton</b>		
<b>Date of Meeting:</b>	<b>2 March 2016 – Housing &amp; New Homes Committee 17 March 2016 – Policy &amp; Resources Committee</b>		
<b>Report of:</b>	<b>Nick Hibberd Acting Executive Director for Environment, Development &amp; Housing</b>		
<b>Contact Officer:</b>	<b>Name:</b>	<b>Johanne Thompson</b>	<b>Tel: 291466</b>
	<b>Email:</b>	<b>Jo.thompson@brighton-hove.gov.uk</b>	
<b>Ward(s) affected:</b>	<b>Hollingdean and Stanmer</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 former Housing Office site at Selsfield Drive, which the team wishes to progress through to planning and construction stage.

**2. RECOMMENDATIONS:**

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

- i. The final scheme 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;
- iv. That the site of the former Housing Office, Garages and Stores, Selsfield Drive, Brighton is appropriated for planning purposes and the development of new housing.

**2.2 That Policy & Resources Committee:**

- v. Approve a budget of £6.875 million for Selsfield Drive in the HRA Capital Programme which will be financed through a mixture of HRA borrowing and retained Right to Buy capital receipts.

### **3. CONTEXT/ BACKGROUND INFORMATION**

- 3.1 At its meeting in January 2015, Housing Committee agreed that the Estate Regeneration team, in conjunction with the council's Sustainable Futures strategic construction partnership, undertake a final feasibility study to design and develop new council housing on the site of the former Housing Office in Selsfield Drive, Brighton.
- 3.2 The site is located on Housing Revenue Account land fronting the Lewes Road and encompasses the former Housing office, a car park, an unused resident store and 8 garages. The land slopes steeply to the north of the Lewes Road to join Selsfield Drive which runs parallel to Lewes Road at this location. The site is within the 'Tall Buildings Corridor and Sustainable Transport Corridor' of Lewes Road and is surrounded by residential housing blocks on its eastern and northern boundaries and a community hall and library on its western boundary (see Appendix 1 for Design Briefing Note).
- 3.3 Initial architectural feasibility studies were undertaken by Feilden Clegg Bradley Studios (FCB) who tested a number of design options during early pre-application discussions with planners. The preferred development option emerging at that time comprised:
- 20 residential units
  - 5 storey building
  - mix of 1, 2 and 3 bedroom apartments
- 3.4 The FCB feasibility scheme was handed over to the in-house architectural team in June 2015 to work up into a detailed design. The latest scheme has been further developed to make more efficient use of land to meet the growing housing need in the city and address City Plan housing targets. The scheme now comprises:
- 27 residential units (3 of which are wheelchair accessible units)
  - 6 storey building
  - mix of 1, 2 and 3 bedroom apartments
- 3.5 The design takes account of a number of constraints associated with the site including:
- a Grade A beech tree located to the north-east of the site;
  - an electrical substation located on the south east boundary of the site between two blocks of garages. Wayleave agreements for cables are in place;
  - Moulsecomb Place, a Brighton University owned Grade II listed building, is located approximately 300m south west of the site;
  - a significant level change of approximately 3.5m between Lewes Road and Selsfield Drive; and
  - a public sewer which crosses the eastern side of the site.

The beech tree and substation will be retained in their current location. However, the public sewer will need to be diverted during the site preparation stage which has been costed as part of the enabling works.

- 3.6 The design of the apartments meets the council's Affordable Housing Brief, the equivalent of Code for Sustainable Homes Level 4 for water and energy use, HQI standards, lifetime homes standards and wheelchair accessible standards. The proposed 6 storey building is sympathetic to its immediate context whilst also setting the tone for taller buildings in the adjacent sites along this Tall Buildings Corridor. The Lewes Road corridor forms an important gateway into the city from the north. Any tall building in this area (i.e. over 18m or 6 storeys or more in height) should aim to reinforce this gateway image in terms of its architectural style, street presence and its use of materials. That is why the design of the building and its detailing will be extremely important at the pre planning application stage.

#### **4. Schedule of accommodation:**

##### **Selsfield Drive - 6 storeys comprising 27 residential flats**

- Ground: 2 x 1 bed flat, 3 x 2 bed flats (3 wheelchair accessible)
- First: 1 x 1 bed flat, 3 x 2 bed flats and 1 x 3 bed flat
- Second: 4 x 2 bed flats and 1 x 3 bed flat
- Third: 2 x 1 bed flats, 2 x 2 bed flats and 1 x 3 bed flat
- Four: 1 x 1 bed flat, 1 x 2 bed flat and 2 x 3 bed flats
- Fifth: 3 x 1 bed flat

#### **5 MEETING HOUSING NEED**

- 5.1 The site will provide affordable rented housing for people on the housing register.
- 5.2 The site will comply with the council's Housing Strategy and Affordable Housing Brief.
- 5.3 The mix of residential units (see Section 4) addresses the need for smaller downsizer accommodation, as well as larger family residential units.
- 5.4 The proposal is for 100% affordable rented accommodation.

#### **6. FINANCIAL MODELLING**

- 6.1 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.
- 6.2 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>.

- 6.3 Financial modelling of the latest design has been undertaken and the HRA subsidy required has been estimated (see Appendix 1). 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 bedrooms.
- 6.4 The size and mix of the flats at Selsfield Drive, Brighton is based on the council's Affordable Housing Brief. The modelling includes an allowance for: S106 contributions, achieving equivalent of Code for Sustainable Homes Level 4 for energy and water, site abnormalities and external works.
- 6.5 Table 1 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.

**Table 1**

<b>Unit Size – Selsfield Drive</b>	<b>Rent capped at LHA rate per week</b>
	27 flats
Rent per 1 bed flat	£153
Rent per 2 bed flat	£192
Rent per 3 bed flat	£230
HRA subsidy per home	£24,667
Total HRA subsidy requirement	£666,000

<b>Selsfield Drive</b>	<b>100% Affordable Rents</b>
	<b>£'000</b>
<b>Estimated Scheme Costs</b>	
Basic Build costs	3,440
Site Specific costs (Abnormals, site infrastructure, contingencies, prelims, build cost inflation)	2,663
Professional fees	610
s106 Contributions	162
<b>Total Estimated Cost</b>	<b>6,875</b>

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

<b>Funded By:</b>	
HRA borrowing from net rental income stream (40 years)	(4,146)
Use of Right to Buy receipts	(2,063)
Market Sales	
<b>Total Funding</b>	<b>(6,209)</b>
<b>HRA Subsidy / (Surplus)</b>	<b>666</b>
<b>HRA Subsidy / (Surplus) per unit</b>	<b>25</b>

- 6.6 The development costs modelled are still subject to planning approval, assumes that the delivery of the scheme is through the HRA. Thus 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. The development timeline is as follows:



## 7. COMMUNITY ENGAGEMENT & CONSULTATION

- 7.1 A wide range of communication and consultation has taken place with residents and other stakeholders for sites included in the New Homes for Neighbourhoods programme including:

- Briefings and updates forward councillors
- Presentations and Q&A at local resident association meetings
- Presentations and stand at tenants' and leaseholders' City Assembly.

In addition, information has been made available on the New Homes for Neighbourhoods page on the council's website and in the council tenants' and leaseholders' newsletter Homing In.

- 7.2 In the case of the Selsfield Drive site, local ward councillors (Hollingdean & Stanmer) and councillors in Bevendean and Moulsecomb wards were informed of this potential site for housing before the initial design and viability study was commissioned. Members of the Estate Regeneration team have attended four meetings of the Bates Estate Tenants and Residents Association (BETRA), the

most recent was on 27 January 2016. At these meetings, local residents were updated on the progression of the project and were also shown the latest design concepts for the site emerging from the council's in-house architects.

7.3 A drop-in public exhibition for local residents to comment on the final design scheme was held on Saturday 6 February, which the lead architect and other officers attended. The event attracted twenty five residents and/ or community representatives from the local area. As part of this consultation, residents were able to see the latest 3D designs and a fly through of the proposal which was shown on a loop system throughout the day. People who attended were encouraged to complete an open-ended questionnaire to capture their views on the design of the proposed building.

7.4 Some residents' questionnaires were submitted at the exhibition, the majority of which were broadly supportive of the proposal for new council homes. Most of these respondents were positive about the design and thought that the building fitted well within the existing context of Bates Estate. Below, is a sample of positive comments extrapolated from the questionnaires:

*"This is a fantastic idea to revive the area and sets a precedent for the future of the estate and others".*

*"I like the look of it. It looks far more like a private sector, thought out and designed block rather than the normal monolithic 'social housing' unit."*

*"I like the variety of levels, the use of light brick and zinc, the large balconies and the inclusion of 1, 2 and 3 bed flats for integrating community more".*

Another respondent thought that the development of the site was a good idea but was concerned for:

*"the people who are most effected having their views ruined".*

They also felt that:

*"...more work should be put into the existing flats on the estate".*

7.5 Council officers, who have been attending the Bates Estate Tenants and Residents Association (BETRA) meetings, have also logged some of the concerns raised by residents at those meetings. Key issues raised were:

- Height of development;
- Impact on daylight sunlight levels of neighbouring blocks; and
- Parking

A daylight/ sunlight assessment and parking survey have already been commissioned as part of the pre-planning application process, the results of which will be used to inform the results of which will be used to inform the detailed design of the proposed development. A summary of these issues together with the council's response is contained in Appendix 2 of this report.

- 7.6 All issues and concerns raised during the consultation will be discussed in detail with Planning officers as part of the planning application process, which may result in further iterations in the design of the scheme. The planning application process will also give residents further opportunity to comment on the scheme.

## **8. FINANCIAL & OTHER IMPLICATIONS:**

### Financial Implications:

- 8.1 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.
- 8.2 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 £666,000, which is £25,000 per affordable unit, as shown in Table 1 of this report.
- 8.3 The recommendations are that approval is given for a budget of £6,875,000 in the Housing Revenue Account Capital programme, which will be funded through HRA borrowing and retained Right to Buy receipts. The development costs have been provided by the council's Sustainable Futures strategic construction partnership. The budget also includes an allowance for associated build cost fees and 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.
- 8.4 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: 4/02/16*

### Legal Implications:

- 8.5 It is intended that the Council's strategic partnership agreement will be used for the final design, construction and development for the proposed scheme. The Council's contract standing orders require that authority to enter into any contracts valued at £500,000 or more be obtained from the relevant committee.
- 8.6 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).

- 8.7 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.
- 8.8 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

Date: 09/02/16

Equalities Implications:

- 8.9 An increase in housing supply will expand the provision of 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.
- 8.10 The proposals include six fully accessible wheelchair adapted homes with 9 additional flats meeting mobility ratings 1-3.

Sustainability Implications:

- 8.11 The new homes will be built to the equivalent of Code for Sustainable Homes Level 4 for water and energy use. The council will also integrate Solar Photo Voltaic systems wherever possible into their new homes, which will also be built to Lifetime Homes space standards.
- 8.12 The new homes will encourage a sustainable lifestyle through the inclusion of the following measures:
- Providing secure cycle storage
  - Incorporating water saving and re-use measures
  - Short distance re-cycling communal bins

Crime & Disorder Implications:

- 8.13 The redevelopment of the Selsfield Drive former Housing Office site into new, well-designed homes will provide a catalyst for the wider regeneration of the Bates Estate. The provision of good quality housing has been demonstrated to influence the rate of crime and disorder and improve the quality of life for residents.

Risk and Opportunity Management Implications:

- 8.14 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:

- 8.15 There is a strong correlation between improving housing, providing new affordable homes and reducing health inequalities. Energy efficient homes which are easier and cheaper to heat will help to improve the quality of life and health of residents occupying the new development.

Corporate / Citywide Implications:

- 8.16 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.
- 8.17 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

### **Appendix Two:**

Summary of issues raised at BETRA meeting

### **Background Documents**

1. Housing Committee – Access to housing services report 13 Nov 2013
2. Housing Committee – New Homes for Neighbourhoods report Jan 2015