

Subject: New Homes for Neighbourhoods – Final Scheme Approval
– Selsfield Drive Site – Extract from the Proceedings of the
Housing & New Homes Committee meeting held on 2
March 2016

Date of Meeting: 17 March 2016

Report of: Monitoring Officer

Contact Officer: Name: **Caroline De Marco** Tel: **29-1063**

E-mail: Caroline.demarco@brighton-hove.gov.uk

Wards Affected: East Brighton

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:

That the Committee 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.

BRIGHTON & HOVE CITY COUNCIL

HOUSING & NEW HOMES COMMITTEE

2 MARCH 2016

MAIN MEETING ROOM – THE FRIENDS MEETING HOUSE

Present: Councillor Meadows (Chair) Councillors Hill (Deputy Chair), Mears (Opposition Spokesperson), Gibson (Group Spokesperson), Atkinson, Barnett, Lewry, Miller, Moonan and Phillips.

DRAFT MINUTE

PART ONE**70 NEW HOMES FOR NEIGHBOURHOODS – FINAL SCHEME APPROVAL – SELSFIELD DRIVE, BRIGHTON**

- 70.1 The Committee considered the report of the Acting Executive Director Environment, Development and Housing which focused on development proposals for the former Housing Office site at Selsfield Drive, which the City Regeneration Team wished to progress through to planning and construction stage. The initial architectural feasibility studies were carried out by Feilden Clegg Bradley studios (FCB) who tested a number of design options. Their preferred option was set out in paragraph 3.3. 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 had 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 as set out in paragraph 3.4 of the report. If the recommendations were approved, the scheme would be presented to the Planning Committee in April 2016. Work would commence on site in October 2016.
- 70.2 The report was presented by the Project Manager.
- 70.3 Councillor Miller asked if the costs for the scheme were benchmarked and whether there was a national average. He asked at what point the scheme would be considered too expensive. The Programme Manager, City Regeneration explained that the council appointed an independent quantity surveyor who advised if there was value for money. There were ways of delivering the scheme more cheaply; however, the council were delivering a robust, well designed building. This impacted on costs which were higher than general market housing.
- 70.4 Councillor Miller mentioned that he was a member of the Planning Committee and he requested that the recommendations were taken one by one. This request was agreed.
- 70.5 Councillor Miller raised questions in relation to the difference between the total cost and the scheme costs. He referred to recommendation 2.1 (iii) and suggested that this was a matter that could be reported back to the committee. Councillor Miller raised questions

with regard to the break down of estimated costs in the additional information sent to members. The Programme Manager explained that the total scheme costs included everything connected to the scheme such as build costs, labour, a site manager, professional fees for architects and quantity surveyors etc. Officers would report back to the committee through the Targeted Budget Management (TBM) process. The design life was 60 years but was expected to be over 100 years.

- 70.6 Councillor Mears referred to recommendation 2.1 (iii). She stressed that it was important for the committee to have a report on this matter. The council were supposed to be building affordable homes. The costs of this scheme were out of reach of most people on a low income.
- 70.7 The Acting Executive Director Environment, Development & Housing informed Members that in terms of delegations, it was in the gift of the committee to ask for a report to come back. There had been a great deal of feedback from the Committee and the Regeneration Team were listening to these comments. Meanwhile, the team were looking at schemes such as modular build and Y Cube that would supply low cost housing. Selsfield Drive was one of the last of this type of build, and the council would need to look at different delivery models in the future.
- 70.8 Councillor Hill informed members that officers had carried out an excellent consultation on the scheme in her ward. A great deal of thought had gone into the proposals and it was a sensitive design. Councillor Hill expressed concern about misleading reports in the press.
- 70.9 Councillor Gibson thanked officers for their work on the scheme. He considered it to be a great scheme and he was pleased more flats had been added as part of the process. However, he stressed the need to look at lifetime cost/lifetime delivery. The Y Cube could not match those lifetime scales.
- 70.10 Councillor Gibson stated that he would be proposing the following amendment which was seconded by Councillor Phillips as follows:
- '2.1 iii) delete "for chosen rent model"
- Delete 2.1ii) re-number sequentially
- Add new clauses
- 2.1
- iv) That officers investigate adjusting the financial model to take account of the surpluses generated from new homes high rents that will be accrued in years 40 to 60 and that any scope for using this additional income to provide some new homes at target and or intermediate rents be reported to the next Housing & New Homes Committee for a final decision on the rents levels provided by the scheme.
- v) That officers investigate any scope provided by using the capital receipt from the sale of leasehold to the lions/and or cost savings to provide some new homes at target and

or intermediate rents be reported to the next Housing & New Homes Committee for a final decision on the rent levels provided by the scheme.'

- 70.11 Councillor Gibson stated that it was clear that rents proposed in the scheme were more than double council rents. The amendment did not attempt to change financial parameters.
- 70.12 Councillor Mears expressed concern about amendment iv, which she would not support. Future council committees could be fettered rather than enabled with extra rent supplies. She would be interested in hearing officers' comments on amendment v.
- 70.13 The Chair stated that amendment iv would be loading debt to future generations and fettering future councillors. She called a recess to enable councillors to consider the amendments.
- 70.14 Following the recess Councillor Moonan referred to amendment v. Although she was sympathetic to the idea of using a lump sum of money to reduce rents, she stressed that such pots of money were precious in the current climate. She thought it was important to look strategically to how the council could invest money. Without being able to see what other options or priorities money might be set against, it was difficult to allocate it to one particular area.
- 70.15 Councillor Atkinson stated that there was a risk in delaying the project if the Committee agreed amendment iv. He felt that it was important to move on. It did not prevent the committee from looking at options for future projects.
- 70.16 Councillor Miller considered that shifting borrowing from 40 years to 60 years would be prolonging the housing crisis. He felt that it was not responsible to rob the next generation. He agreed with the intention of the amendment but felt there was a need to lower building costs.
- 70.17 Councillor Phillips commented that if the council wanted to supply affordable housing it was necessary to look at what was on the table now, not what might happen in the future. She felt that there was ample time to amend the finances before the report was presented to the Policy & Resources Committee.
- 70.18 Councillor Mears informed members that she would not support amendment iv. She understood why the amendment had been proposed and acknowledged that the council were not building an affordable scheme; however, it would be necessary to look to future projects that would keep costs down. Councillor Mears considered that amendment v would not be financially practical.
- 70.19 Councillor Gibson stressed that the Committee had a responsibility to investigate the possibility of lowering rents. It was feasible to come back with some ideas. He asked members to consider supporting the amendment. There was a need for living rents/social rents as well as local rents.
- 70.20 The Chair commented that the level of return diminished from year 41 onwards. These homes were built to a high efficiency standard with lower fuel costs. The money from

the sale of the leasehold to the lions would be better spent in future capital programmes. She had a number of concerns about the amendments.

70.21 Councillor Gibson stated that he was suggesting putting money into the capital programme to contribute to build costs, to enable a different rent mix. It was a priority to supply some housing that was affordable. Double the social housing rent was not affordable.

70.22 At this point Members voted on whether the amendments could be accepted for the substantive vote. This was agreed by 8 votes with 2 abstentions.

70.23 The Committee then voted on the amended recommendations as follows:

Amendment 2.1 iv) – Members voted by 2 in favour and 8 against. The amended recommendation was therefore not agreed.

Amendment 2.1 v) - Members voted by 2 in favour and 8 against. The amended recommendation was therefore not agreed.

Amendment 2.1 iii) – It was agreed that this amendment was no longer relevant.

70.24 The Committee then voted on the substantive recommendations set out in the report. Members voted 9 in favour and one abstention for 2.1 (i). The other recommendations were unanimously agreed.

70.25 **RESOLVED:-**

(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) That the Housing and New Homes Committee recommend to Policy & Resources Committee to:

- i. 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.

