

HOUSING COMMITTEE MEETING

Agenda Item

Brighton & Hove City Council

Subject:	New Homes for Neighbourhoods – Estate Regeneration Programme		
Date of Meeting:	6 March 2012		
Report of:	Head of City Regeneration		
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Ward(s) affected:	All		

FOR GENERAL RELEASE

1. SUMMARY AND POLICY CONTEXT:

- 1.1 At its meeting on 26 September 2012 the Housing Committee agreed the funding and delivery strategy for the development of new and improved affordable housing on council owned Housing Revenue Account (HRA) land.
- 1.2 The Committee agreed to the procurement of a delivery partner to take forward the final feasibility, design and development of new council homes on vacant garage sites in consultation with stakeholders, using a range of housing options based on Low Cost Home Ownership, Affordable Rents and Target Rents.
- 1.3 The Committee also agreed the procurement of initial feasibility and design on identified case studies for housing opportunities on HRA land where appropriate, including stakeholder engagement and consultation.
- 1.4 This report updates the Committee on progress made and outlines the proposed framework for an Estate Regeneration Programme of three phases and how it will be delivered.

2. RECOMMENDATIONS:

- 2.1 That the Housing Committee note the next steps and processes in the proposed Estate Regeneration Programme.
- 2.2 That the Housing Committee note progress with the garage site procurement (Phase 1 of the Estate Regeneration Programme) and give delegated authority to the Strategic Director of Place in consultation with the Director of Finance and Resources to award the contract following completion of procurement of a delivery partner for the development of new housing at the sites specified in paragraphs 3.12 and 3.13 below and any substitute or additional garage sites.
- 2.3 That the Housing Committee recommend that the Policy and Resources Committee agree:

- (1) that the four vacant and unlettable prefabricated bungalow units in the rear gardens of 243-245 Preston Road, Brighton (as shown on the annexed plan at Appendix 1) be demolished as required to enable redevelopment of that garden site with new housing, subject to planning consent, under Phase 2 of the Estate Regeneration Programme as outlined in paragraphs 3.21 and 3.22 below;
 - (2) that the vacant former Housing Office at Manor Place, Brighton (as shown on the annexed plan at Appendix 2) be demolished in order to be redeveloped, subject to planning consent, under Phase 2 of the Estate Regeneration Programme as outlined in paragraph 3.23 below;
 - (3) to delegate authority to the Housing Committee to approve any further demolition of buildings on HRA land in relation to the Estate Regeneration Programme as required.
- 2.4 That the Housing Committee agree 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, as set out in paragraphs 3.31 to 3.42.

3. RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS:

- 3.1 The report to Housing Committee in September 2012 provided an overview of the policy context of developing new housing on HRA land. This includes:
- **Housing Strategy 2009-14**
 - 3,759 affordable homes by 2030
 - Commitment to make best use of HRA assets, improve housing supply and ensure new developments contribute to improving the tenure mix of an area
 - Rising homelessness, small social and large private rented sectors, and rising needs
 - **Housing Investment Programme**
 - Investment for 500 homes with Registered Providers and Homes and Communities Agency (HCA)
 - 400 of these are affordable homes currently in development
 - **City Plan**
 - Target of 11,300 new homes in the city by 2030
 - Target of 500 new homes through longer term HRA estates masterplan/renewal to 2030
 - Need for 12,550 affordable homes to be provided 2012-2017
 - New sliding scale of affordable housing requirements for developments, from 20% on sites of 5-9 units to 40% on sites of 15+ units
 - **Housing Summit June 2012**
 - New funding landscape and introduction of Affordable Rents for new social housing development
 - Need for new approach and financial modelling.

Balchin Court

- 3.2 The first new council homes to be built in the city for several years are at Balchin Court, where development has been led by the Housing Development Team. These 15 new homes on the site of the former Ainsworth House sheltered scheme include three 4 bedroom houses, eight 2 bed flats and four 1 bed flats. Two properties are designed for households with wheelchair users.

Extra Care Housing

- 3.3 Extra care housing for older people is a corporate priority and some HRA sites identified may be suitable to be developed for this purpose where funding is available. This is subject to a separate project jointly undertaken by Housing and Adult Social Care. The proposed extra care scheme for development on HRA land at Brooke Mead is reported in a separate item on this agenda.

New City Regeneration Unit and Estate Regeneration Team

- 3.4 The internal restructure of the Place Directorate which took place in December 2012 included the bringing together of existing council teams with a regeneration focus, the creation of a new Head of City Regeneration and a small Estate Regeneration team, in a new City Regeneration Unit. The City Regeneration Unit also includes the Major Projects & Regeneration, Economic Development and Sustainability teams to ensure joined up working to support delivery of the council's regeneration, economic and sustainability objectives as well as the development of new affordable housing.
- 3.5 Estate regeneration will form one strand in the wider City Regeneration Programme which will coordinate the projects managed by the City Regeneration Unit, also including major capital projects, City Deal and One Planet Living. A Programme Management approach will ensure that the governance and accountability for these projects is clear, and that outcomes and objectives are linked to the key priorities for the unit and wider council.
- 3.6 The Estate Regeneration team within the City Regeneration Unit will provide a focus on regeneration opportunities on council land, including taking forward the projects to develop housing on vacant garage sites and wider estate regeneration opportunities which were detailed in the Housing Committee report in September 2012. The new team, which became operational in January 2013, will lead the procurement of partners and expertise in order to deliver these projects and maximise regeneration opportunities on HRA land.
- 3.7 The Estate Regeneration team will work closely with the Housing Property and Investment team who will lead the development of a HRA Asset Management Strategy and 30 year HRA Business Plan linked to a new Estate Regeneration Programme and Brighton and Hove One Planet Living sustainable housing plans. The building of new homes will complement the existing progress with major refurbishment and retrofitting of council housing stock.


Estate Regeneration Programme

- 3.8 The Estate Regeneration Programme will provide new sustainable and affordable homes in the city and improve some of our most disadvantaged estates. The programme aims to maximise opportunities to build new homes on HRA and other council land, and undertake larger scale redevelopments of existing estates in need of improvement. The programme will continue and expand on the work started by Housing Commissioning (now Housing) which has seen the first new council homes built in the city for many years.
- 3.9 A programme of three phases has been started, involving sites identified from the analysis of HRA stock and opportunities in the HRA estate master plan (produced in 2010 by CBRE Consultants), high level case studies prepared for some identified housing opportunities on HRA land (procured from GVA Consultants), business case appraisals for garage sites (procured from The Guinness Partnership) and new opportunities. Housing Property and Investment and the Estate Regeneration Team are working closely together to identify suitable estates and buildings for investment or redevelopment as part of our strategy to make best use of HRA assets and new opportunities. A new HRA business planning model incorporating a range of data on HRA stock is being developed with Finance as an in-house tool, which will help assess risks and benefits of a variety of investment scenarios for HRA stock, including regeneration options. The business planning tool will enable long term investment planning to make best use of the newly self-financing HRA.

Estate Regeneration Programme

Phase	Details	Project Initiation	Project Completion
1	Former garage sites	Underway	2015
2	Infill and vacant land/ buildings	March 2013	2017
3	Wider estate regeneration opportunities	May 2013	2020

- 3.10 The approach for each phase differs according to the project scale and impacts; for example the viability and consultation stage of phase 3 will be far more in-depth and take longer than that for the garage sites and infill projects as it is likely to affect more people, land and homes (potentially involving decanting occupied properties and buy back from leaseholders). Despite these differences each phase will follow the process in the table below:

Stage	Project task	
1	Project Initiation	 Financial modelling
2	Procurement	
3	Initial consultation and interim design	
4	Consultation	
5	Design and pre-planning	
6	Planning	
7	Mobilisation	
8	Construction	
9	Handover	

3.11 Each phase is subject to a project initiation process which will involve assessment of scheme viability (business case), detailed project planning and risk analysis. All final development will be subject to achieving financial viability, the availability of funding, the outcome of consultation and engagement with the local community and planning consent. Throughout the programme there will be a commitment to building energy efficient, sustainable homes and communities.

Phase 1 Estate Regeneration Programme - Garage Sites

3.12 We have briefed and consulted local councillors, appointed a technical adviser to support preparation of tender documents and evaluation and completed the preliminary stage to procure a delivery partner for development of eight former HRA garage sites across the city. As detailed in the September report, these have already been cleared, secured and made ready for development. Initial feasibility and design work identified a potential 29 units across these eight sites, at the following locations:

- Between Foredown Road and Easthill Drive, Portslade
- Flint Close (South side), Portslade
- Hinton Close, Hollingdean, Brighton
- Natal Road, off Lewes Road, Brighton
- Harmsworth Crescent, Hangleton, Hove
- Rotherfield Crescent, Hollingbury, Brighton
- Plumpton Road, Brighton
- 4-7 Kensington Street and 15-20 Kensington Street, Brighton

3.13 It is possible that following detailed design, viability and community consultation some of these sites will not be able to be progressed for housing development (for example due to issues such as access, planning and community views). The following HRA site has therefore been added to the procurement in order to secure more units and make the package more attractive to potential bidders:

- Garage site at Flint Close (North side), Portslade.

- 3.14 The garage site on the north side of Flint Close is immediately opposite the cleared and very similar south site and is in poor condition. Only four of the 14 garages are currently tenanted and there is no waiting list. There are four vacant, lettable garages at other council housing garage sites within easy walking distance to which the current garage tenants could be transferred if development of this site progresses.
- 3.15 Officers are also seeking to identify any other viable garage sites which could substitute for any of the above sites if necessary. Suggestions from members, the Building New Council Homes (BuNCH) resident group and other local residents will be welcomed. There may also be additional future packages of garage site development under this phase where viable suitable sites are identified and communities support development.
- 3.16 Briefings with ward councillors took place in February 2013 to take them through the initial designs and identify views and potential issues. We are now starting a tender process with members of the HCA's Southern Cluster Delivery Partner Panel. Procurement through this Panel is OJEU compliant and therefore allows us to procure a delivery partner much more quickly than if the council acted on its own. In addition to being a relatively fast and simple option, Panel members have agreed maximum tendered rates for development management services and construction works and minimum insurance cover.
- 3.17 Resident consultation and engagement will focus primarily on the local communities neighbouring each site, ward councillors and other local stakeholders, in line with the 'localism' and 'neighbourhood' approach of the council's delivery strategy detailed in the September 2012 report. The former garage sites are generally small and some of them are surrounded almost exclusively by housing which was sold years ago under the Right to Buy. The contract with the delivery partner will require them to carry out resident engagement, working with the council.

Phase 2 Estate Regeneration Programme - Infill sites and vacant land and buildings

- 3.18 Phase 2 is progressing development opportunities on infill sites and vacant land and buildings. The Committee has already agreed in September 2012 to the procurement of initial viability and design on identified case studies for housing opportunities on HRA land where appropriate, including stakeholder engagement and consultation. Some very high level case studies have already been conducted. This phase is now being initiated by the new Estate Regeneration team and ward councillors will be consulted about possible sites.
- 3.19 Again, resident consultation and engagement will focus primarily on the local communities neighbouring each site and other local stakeholders, with development options being tailored to the specific circumstances of each site, the preferences of the local community and the support of ward councillors. Larger sites may offer opportunities for mixed development of housing, work and community spaces and for using the innovative ways of involving local communities in transforming their neighbourhoods and their sustainability which are described in paragraph 3.29 below.

3.20 The following are three examples of possible opportunities, subject to financial viability and funding, consultation and planning consent.

- **Rear gardens at 243 and 245 Preston Road, Brighton**

3.21 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. Housing Committee noted at its meeting on 20 June 2012 that it may be possible to develop some new council housing in the rear gardens, behind the main buildings which are being refurbished. The four prefabricated bungalow units in those gardens – which have been empty since 2009 – were formerly used as temporary accommodation, are in very poor condition and unlettable. Although originally identified for leasing to Brighton & Hove Seaside Community Homes, none of them have been leased in order to facilitate redevelopment of the garden land, as suggested at that Housing Committee meeting.

3.22 The units are currently being used as a site office and staff welfare facility by the contractors refurbishing the main buildings, but all four bungalow units could be demolished and the site be cleared in summer 2014. The Committee is asked now to recommend that Policy & Resources Committee approve that the bungalows be demolished in order to expedite further progress in exploring this potential development opportunity as part of Phase 2 of the Estate Regeneration Programme.

- **Former Manor Place Housing Office**

3.23 The Manor Place Housing Office was vacated when housing staff relocated to the new Whitehawk hub in spring 2012 and is no longer required as office space. This prefabricated building would also need to be demolished to make way for new development on the site.

- **Former Whitehawk Library**

3.24 There may be opportunities to develop new housing on some General Fund vacant sites and we are currently working with Property & Design on the vacant former Whitehawk Library declared surplus to requirement that has Cabinet approval to market and dispose of. Development options for this site are being considered with corporate partners and may be included within Phase 2.

3.25 Officers will be looking to identify other vacant sites to include in Phase 2 and welcome suggestions from members, BuNCH and residents.

Self Build housing

3.26 In identifying vacant sites with development potential we will consider whether there are any opportunities which could be offered for self build rather than council housing, as suggested at the Housing Committee meeting on 16 January 2013.

Phase 3 Estate Regeneration Programme – Wider Estate Regeneration

3.27 Wider estate regeneration in Phase 3 will involve working with local communities to develop proposals for the regeneration of estates in greatest

need of investment and where there are development opportunities. It will be about more than providing decent homes and improvements. We will work with communities to develop a vision for their area, which may include new homes, commercial buildings and other facilities for residents, to address local housing needs, help people into training and employment and improve public health and residents' wellbeing. We will work with colleagues across the council to make sure that our estate regeneration activities join up with other initiatives and major projects and that we maximise the opportunities available for residents. It will also require close work with Housing and their partner contractors for any retrofit and refurbishment aspects of individual schemes.

- 3.28 The Housing Committee agreed in September 2012 to the procurement of initial feasibility and design on identified case studies for housing opportunities on HRA land where appropriate, including stakeholder engagement and consultation. Some very high level case studies relevant to Phase 3 have already been conducted. Subject to capacity and resources, the Estate Regeneration team aim to start project initiation for Phase 3 and progress initial feasibility assessment as quickly as possible. We will consult ward councillors at an early stage.
- 3.29 Opportunities to redesign estates to help build sustainable communities where people want to live will enable us to engage and involve local residents in innovative and exciting ways to shape a new environment as well as providing energy efficient, sustainably built new homes. For example, the 'Charrette' system involves intensive planning sessions where residents, designers and others work together to share ideas and create a vision for development. It allows everyone who participates to be part of the design team. 'Planning for real' techniques use a wide variety of ways for communities to have 'hands on' involvement in shaping their neighbourhoods and get more involved in local decision making.
- 3.30 We will welcome suggestions from residents and councillors of other sites to include in Phase 3 and will use the estates master plan and our new in-house business planning and asset management model to help assess suitability for redevelopment. Working with the Housing Property and Investment team we will identify where existing HRA investment programmes and projects have the potential to be developed into larger scale redevelopment opportunities.

Financial modelling, rents and funding options

- 3.31 Section 4 of the Housing Investment: 2012 – 2020 report to Housing Committee last September broadly set out the three categories of funding, with possible permutations as follows:
- HRA self financing option
 - Registered Provider (RP), Co-operative & Charitable Vehicle Provider
 - Private Sector Funded options.
- 3.32 The report recommended that all future funding options are kept under consideration until clarity emerges on the scale of the development programme. In light of this, following the initial financial modelling for the garage sites, the

council's brief asks bidders to explore private funding and innovative funding options with institutional investors, to be compared with the self financing option.

- 3.33 For all options, the use of Affordable Rents for some properties will be key to enabling the council to deliver a larger new build programme. Affordable Rent is now the primary model for developing new social rented housing (see Glossary at Appendix 3). The HCA's Affordable Housing Programme 2011-2015 for developing new social housing with subsidy comprises mainly homes for which housing providers may charge social tenants Affordable Rents of up to 80% of local market rates in order to achieve viable development. The government is expected to announce shortly the system for funding new social housing to replace it in 2015.
- 3.34 It is also possible for the council to build new schemes without HCA funding through other funding options. The initial viability studies on the eight garage sites estimated that the HRA could develop the 29 proposed units on garage sites with a HRA subsidy of around £88,000 per property if they are let at Target Rents. If Affordable Rents of around 70-80% of market rents (including service charges) were to be charged, the studies indicated subsidy required from the HRA could drop by over four fifths to less than £16,000 per home (assuming no external grant funding).
- 3.35 The table below indicates the average level of subsidy required per property for developing the 29 homes (assuming that the net rental income is used to repay the capital and interest repayments for the new build) depending on the type of rent charged: Target, Affordable or Market. Target Rents are set to a government formula and are substantially below local Market Rents. The Affordable Rent is based on 80% of the local average private sector rent capped at Local Housing Allowance housing benefit levels (see also Glossary at Appendix 3).

Rent levels and HRA subsidy

	Target Rent	Affordable Rent	Market Rent
Weekly rent for a 2 bed property	£96.48 per week ¹ (38% market rent)	£184.62 per week ² (73% market rent)	£252.25 per week ³
HRA or other subsidy required	£88,017 ⁴ per unit	£15,862 ⁴ per unit	None

- 3.36 This means that the council could build five and a half homes for Affordable Rent to every one home at Target Rent. For example, assuming the current revenue surpluses in the medium financial strategy for 2014/15 of £2m (currently identified for debt set aside), we would achieve 125 new homes per annum with Affordable Rents compared to 23 homes a year with Target Rents.
- 3.37 The actual subsidy will vary from scheme to scheme depending on the actual build costs, borrowing costs, rental income and other ongoing costs. For example, the total cost for the Balchin Court development is forecast at £1.973

¹ Rent set for Balchin Court in 2012/13 including service charges

² Local Housing Allowance limit in 2012/13 for a household needing 2 bedroom accommodation

³ BHCC Quarterly Housing Costs Update Report (2012 Q2) based on sample monitoring of the homes advertised in the weekly Latest Homes magazine

⁴ As calculated in business case viability studies for the eight garage sites

million, which the HRA is fully funding apart from a small HCA grant of £0.222 million. The 15 properties are to be let at Target Rents (i.e. usual social housing rent levels without reduction under rent restructuring phasing arrangements). The net rental income streams will fund approximately £1.004 million of the build costs through borrowing, which means there is a HRA subsidy of £0.747 million, circa £50,000 per unit.

- 3.38 If new homes in the former garage sites were used for Low Cost Shared Ownership, with 50% equity sales and 2% rents, the subsidy required from the HRA was calculated at less than £20,000 per dwelling and, in addition, lower levels of loan finance would be needed than for the Affordable Rent option. Low Cost Home Ownership schemes such as Homebuy are commonly used to cross subsidise new social housing development. These enable first time buyers to enter the housing market by, for example, buying a 25% or 50% share of a property and paying rent on the remainder.
- 3.39 It is clear that mixed tenure options with new funding models and higher rents are required to maximise output from HRA assets. The initial viability studies on the garage sites suggested a mixed programme of tenures to ensure a balanced and deliverable programme. Mixed tenure development complies with the Housing Strategy and the draft City Plan requirement that Affordable housing provision should incorporate a mix of tenures. New development will also follow City Plan policy on proportion of affordable housing within developments and unit size mix. To support discussions with members and resident representatives, including Tenant Scrutiny, further work will be undertaken to review local Affordable Rent levels based on housing costs as a proportion of income for a range of needs including those in receipt of benefit, pension and working households.
- 3.40 In line with the council's Tenancy Strategy, also on this agenda for approval, we would expect Affordable Rents to be set at the lower of either 80% market rent level or the Local Housing Allowance (LHA) limit to ensure they remain affordable to those on benefits and for council tenancies for new Affordable Rent homes to continue to be lifetime tenancies. The introduction of Affordable Rents for new council homes would have no impact on existing tenants unless they choose to move to an Affordable Rent home.
- 3.41 There is some evidence of tenant support for higher rents for new homes. At the City Assembly of council tenants and leaseholders in November 2012, the most popular means of making efficiencies to reinvest in existing and new homes that residents identified included increasing rents for new homes. We will also discuss funding, rent and tenure options with the Building New Council Homes (BuNCH) group when we brief them on the Estate Regeneration Programme (see also section 4 below).
- 3.42 The impact of higher rents on tenants would be offset by lower energy costs from new homes built to high sustainability standards. Affordable Rents could still be covered within eligible households' benefits. Mixed tenure schemes would also facilitate more sustainable communities, with rented and Low Cost Home Ownership housing 'speckled' within developments where practicable. We will therefore continue to model various scenarios for each potential site, based on a mix of housing types, rents and funding options.

Procurement options

3.43 Due to the value of contracts to build new homes, the council will need to follow EU compliant procedures to procure a development partner(s) for further sites under the council's contract standing orders. Procurement options include:

- Procuring a collaborative strategic construction partnership specifically for the Estate Regeneration Programme
- Using an OJEU compliant panel such as the HCA Delivery Partner Panel (the HCA is currently re-procuring and a new Panel will be in place for April 2013)
- Procuring a new framework to use for housing development projects as and when they are ready
- Procuring delivery partners for individual projects.

All procurement options involve significant timescales and will be weighed up in light of the likely scale of the Estate Regeneration Programme from funding available, the options' speed of delivery, value for money and optimum outcome for the council, including wider benefits to the city.

4. COMMUNITY ENGAGEMENT AND CONSULTATION

4.1 The consultation with council tenants and leaseholders on the HRA budget for 2013/14 found substantial resident support for house building with HRA funds, increasing rents for new homes and effective management of council housing assets, including sale of buildings and sites. In autumn 2012 tenants and leaseholders attending Area Housing Management Panels voted 56% in favour of making efficiencies to reinvest in existing and new homes over maintaining things as they are (5%), and 40% wanted both options to be in balance. Tenants and leaseholders were subsequently asked at the November 2012 City Assembly to identify and then vote on how they would prefer those efficiencies to be made. The most popular option included increasing rents for new homes and the second most favoured option was to review HRA assets e.g. housing offices, garages or land to see if any can be sold.

4.2 Local residents neighbouring the former garage sites which were cleared in spring 2012 were informed the council was arranging feasibility studies to look at the options for the future use of the sites and that they would have the opportunity to be involved in any proposals. We will write to those local residents to update them on the procurement of a delivery partner and the timetable for consultation. Ward councillors have been kept up to date and briefed on the viability studies in their wards. We will continue to keep them informed and involve them in community engagement.

4.3 Community involvement and effective consultation is key to site development, design and viability and the successful delivery of our Estate Regeneration Programme. We will publicise the programme under the name 'New Homes for Neighbourhoods', emphasising the 'localism' and 'neighbourhood' approach that Housing Committee agreed for the delivery strategy. We will use a bottom up community engagement approach, providing opportunities for local residents to

discuss plans in a safe and open environment employing innovative techniques detailed in paragraph 3.29 above. We will aim to give a voice to residents who have not got involved before and support the Everyone Counts action plan of other measures to extend resident involvement in council housing.

- 4.4 Regular updates will be given to Housing Committee, Housing Management Consultative Sub-Committee, the BuNCH group and Area Panels. Council tenants and leaseholders will also be kept informed through *Homing In* and will be encouraged to come forward with suggestions of sites and redevelopment opportunities on council housing land. Information will also be put on the council's website. Queries and suggestions can be directed to Estate.regeneration@brighton-hove.gov.uk. It will be made very clear that no development will take place without proper consultation with local residents.

5. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 5.1 The Housing Investment 2012-2020: Strategy & Implementation Plan report approved by Housing Committee on 26 September 2012 outlined proposals for future redevelopment and new build opportunities on HRA land. This included developing the final feasibility, design and build of 29 new housing units on demolished vacant garage sites. The current capital programme includes funding for initial feasibility, design, planning to develop these schemes, with £1.000 million for building costs (during 2012/13) and a further £4.315 million in the provisional 2014/15 programme. Once full schemes are developed, a report will be presented to Committee for scheme approval.
- 5.2 The Housing Investment 2012-2020 report also included approval for funding (of £0.350 m for 2012/13 and £0.650 m for 2013/14) for the procurement of initial feasibility and design, on identified case studies for housing opportunities on HRA land where appropriate, including stakeholder engagement and consultation. Any proposed deliverable schemes from these case studies identified within 2013/14 will be reported to Policy & Resources for project, budget and funding approval.
- 5.3 The HRA currently has headroom for additional borrowing of around £31m below the borrowing cap of £158.2m set by central government, subject to affordability. In addition to the scope for HRA borrowing up to the cap to fund new development, there is provision of £1m in the 2013/14 HRA budget and £2m in each of the years 2014/15 and 2015/16 to pay off existing debt which could, if necessary, be used to subsidise new schemes. The 30 year HRA Business Plan is being developed and new investment opportunities will be modelled within the plan to identify the optimum solutions.

Finance Officer Consulted: Sue Chapman

Date: 11 February 2013

Legal Implications:

- 5.4 This report provides details of the HRA Estate Regeneration Programme and generally any legal implications are set out within the body of the report. With

specific reference to the Preston Road properties, it should be noted that the report regarding the appropriation of land to the HRA, considered by Housing Committee on 20 June 2012 and by Policy & Resources on 12 July 2012, stated that “Any inclusion of some of the residential units and gardens in a subsequent Batch disposal to Seaside will be actioned in accordance with existing arrangements regarding such leases and any proposal for development of the remainder of the site to be appropriated will be the subject of a further report in due course” For the avoidance of doubt this is the further report referred to.

- 5.5 It should be noted that it is proposed that all future demolition of HRA properties within the Programme will be delegated to Housing Committee.

Lawyer Consulted: Bob Bruce, Deputy Head of Law Date: 7 February 2013

Equalities Implications:

- 5.6 An increase in housing supply will increase the opportunity to provide new, well designed homes to local households registered in need. New development 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.
- 5.7 Across the housing portfolio, 10% of all new housing will include accommodation designed for households with a disability, increasing the visibility and inclusion of such households. The brief for development of the former garage sites requires 5% of the new units to be wheelchair adapted.

Sustainability Implications:

- 5.8 High sustainability standards are important for new homes built by the council and we want to achieve homes that are energy efficient and minimise carbon emissions. New homes should also include features to help support people to live sustainable lifestyles and encourage the development of more sustainable communities.
- 5.9 The council will ensure our partners follow local sustainability planning guidance and policies, and that new homes are built to at least Code for Sustainable Homes Level 4 and higher where viable. We will also look to include Solar Photo Voltaic systems and other renewable energy sources where possible on relevant homes and for new homes to meet Lifetime Homes space standards (see Glossary at Appendix 3).
- 5.10 It is anticipated that some new homes will be built to Passivhaus principles so they are super insulated with a high level of air tightness, requiring up to 75% less energy for space heating than standard practice for UK new build. This reduces energy use and therefore results in lower energy bills for residents and lower carbon emissions. Passivhaus homes provide high standards of comfort and building health and the construction method can provide opportunities for young and semi-skilled people to be involved in building process.

5.11 The new homes will support One Planet Living and when contracts are tendered bidders will be asked put forward innovative ways of meeting the 10 One Planet Living principles. This could be achieved by for example:

- Providing secure cycle storage
- Incorporating food growing areas into schemes
- Including recycling facilities in kitchen units
- Providing composting facilities in gardens and communal areas
- Incorporating water saving and re-use measures
- Providing green walls and roofs on some developments to encourage wildlife
- Incorporating community facilities where needed and possible.

5.12 Some of these measures will not need to significantly increase scheme costs and will help new residents to live more sustainable lives. Partners will also be asked to demonstrate these principles through the construction process by for example minimising distances that materials travel (e.g. local materials and supply chain), using re-cycled materials, using local labour and ensuring that food and refreshments provided on site are locally sourced or Fair Trade.

Crime & Disorder Implications:

5.13 The Estate Regeneration Programme will offer the opportunity to provide new, well-designed homes and link to wider regeneration opportunities, including work to deliver the council's economic and sustainability objectives. Good urban housing has been shown to influence the rate of crime and disorder and quality of life.

Risk and Opportunity Management Implications:

5.14 There are a number of risks and benefits associated with the estate regeneration programme and a risk log will be maintained to monitor these and ensure contingency plans are in place. Key risks include:

- Social – that schemes do not have long term sustainability e.g. fall into disrepair or anti-social behaviour
- Financial – that schemes are not financially viable or unable to gain sufficient finance to fund them
- Planning – that planning permission is not given or there is a protracted planning process for individual schemes
- Stakeholder – that local communities do not support individual schemes
- Sustainability – that it is difficult to balance sustainability goals with financial viability.

Public Health Implications:

5.15 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:

- 5.16 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.
- 5.17 Partners will be asked to work with the Local Employment Scheme to ensure that work, apprenticeship and training opportunities are provided for local people. We will also look at how larger schemes can provide employment opportunities for people living on estates included in the Estate Regeneration Programme.

SUPPORTING DOCUMENTATION

Appendices:

1. Plan of four bungalow units in the rear gardens of 243-245 Preston Road, Brighton for which permission to demolish is being sought
2. Plan of former Housing Office in Manor Place, Brighton for which permission to demolish is being sought
3. Glossary

Documents in Members' Rooms

None

Background Documents

Housing Investment 2012-2020: Strategy & Implementation Plan report to Housing Committee 26 September 2012