

<b>Subject:</b>	<b>Stimulating New House Building In Brighton &amp; Hove</b>		
<b>Date of Meeting:</b>	<b>September 25<sup>th</sup> 2013</b>		
<b>Report of:</b>	<b><i>Executive Director Environment, Development &amp; Housing - Jugal Sharma &amp; Nick Hibberd</i></b>		
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<b>Wards Affected:</b>	<b>All</b>	<b>All</b>	

### FOR GENERAL RELEASE

#### 1. SUMMARY AND POLICY CONTEXT:

- 1.1 Council (18 July) considered a Notice of Motion 'Stimulating New House Building in Brighton & Hove', requesting a report be brought to the next Housing Committee.
- 1.2 Brighton & Hove is a growing city with high housing prices, low incomes and a significant proportion of households with support needs. Enabling investment in new homes can make a major contribution to the quality of life and public health of lower income households and neighbourhoods and also address high levels of need for affordable homes. Appropriately targeted, new housing provision may also reduce costs in other Council budgets notably Adult Social Care (ASC) and local public health service provision. The Localism Act places a stronger onus on local authorities to stimulate economic well-being and the significance of the Council's Housing budget and Housing enabling role reaches beyond statutory service provision. The development of new housing also has a strong economic multiplier impact on the local economy (estimated at £3.51 of economic output for every £1 of public investment) creating jobs and supply chain business opportunities.
- 1.3 Improving housing supply in the City, maximising investment in new homes and making best use of existing housing resources, are core elements of our Housing Strategy aligned in support of the City Plan and Corporate Priorities of Tackling Inequality & Creating a more sustainable City.
- 1.4 The Council has a strong track record of working in partnership to improve housing supply in the City through a range of measures including: City Plan, targets & affordable housing requirements; Investment for over 600 new homes under 2011-15 Affordable Housing Investment Programme; Enabling successful bids for an additional £5.7 million Homes & Communities Agency (HCA) funding during 12/13, including for new extra care housing; Generating New Homes Bonus; Reviewing Housing Revenue Account (HRA) assets and identifying HRA funding in support of new homes; Progress on the Estate Regeneration programme identified in the report.
- 1.5 However, ongoing issues remain, in particular, with the viability of some development proposals. This report seeks to respond to the Notice of Motion,

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explore the viability issues arising and opportunities that the Council may wish to consider in its efforts to increase housing supply.

### **2. RECOMMENDATIONS:**

That Housing Committee:

(1) Note the response to Notice of Motion, Stimulating New House Building in Brighton & Hove;

(2) Note the progress made in the Estate Regeneration programme.

### **3 RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS:**

#### **Council Notice of Motion**

- 3.1 Council on 18 July considered a Notice of Motion (Item 27e NM05) 'Stimulating New House Building in Brighton & Hove'. Council requested that a report be brought to the next Housing Committee to: Look at how best practice from other councils could be applied in Brighton and Hove; Explore every housing avenue available to deal with the City's housing crisis; and, look at all the options for speeding up the Estate Regeneration programme to provide more homes. [Notice of Motion is attached at appendix 1].

#### **City Context**

- 3.2 Brighton and Hove is a growing City with 273,000 people in 124,000 homes, an additional 22,840 households (914 per annum) are projected to 2033. The City has high housing prices and low incomes causing more households to approach the Council in housing need. There are over 17,000 households on our joint housing register and rising homelessness.
- 3.3 Owner occupation in the City is reducing, lower than the national average, at 54% (65,835) of all housing stock. There has been significant growth in the private rented sector in the City, increasing by 45.7% (an extra 10,691 homes), and now standing at 34,081 homes, 28% of all housing stock (the 9<sup>th</sup> largest private rented sector in England & Wales). This includes a significant growth in Houses in Multiple Occupation with the City having the 6<sup>th</sup> highest proportion in England & Wales. Social Housing makes up a small proportion of the overall housing in the City (lower than England & Wales average) with 9.8% of homes owned by the local authority and 5.1 % by housing associations (Census 2011).
- 3.4 The City has high support needs. 25% of households contain a member with a long term health problem or disability. There are high levels of mental health, physical disability, drug use. There is also an increasingly large proportion of very elderly people aged 85+ living in the City, currently 2.6% of population increasing to 3.6% by 2035 with resultant budget pressures in particular in relation to Health and Social Care services. The Joint Strategic Needs Assessment 2012 (JSNA) identifies the relationship between poor housing and poor health outcomes and the Director of Public Health Annual Report has identified good quality housing as

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important for building wellbeing and resilience and housing in the City as an area representing a particular vulnerability.

### **Stimulating New House Building**

- 3.5 In order to address the above issues, the Council has sought to stimulate new housing building in Brighton & Hove through: the City Plan; City-wide Housing Strategy; Housing enabling work with a range of partners including Homes & Communities Agency and Registered providers; ongoing review of HRA assets and Estate Regeneration programme.
- 3.6 The Council has a strong track record of improving housing supply and supporting delivery of new affordable homes through:
- Attracting inward investment from Government / HCA and Registered Provider (RP) partners;
  - Supporting new affordable homes through the City Plan & Affordable Housing Brief and enabling planning approval for more new housing developments including affordable homes;
  - Ensuring best use of Council housing (HRA) and other assets;
  - Bringing long term empty homes back into use.
- 3.7 The City Plan identifies sites for housing development and mixed use sites where an element of housing will be required. The Plan also sets out the policies relating to 'windfall' development sites, dwelling type and size, housing densities and the provision of private amenity and outdoor recreation space. The City Plan sets a local housing target for the City to 2030 of 11,300 new homes. Most of this development will take place within identified Development Areas, including Brighton Station, Lewes Road, Shoreham Harbour & Toads Hole Valley, to help provide much needed family sized and affordable housing. The vast majority of all new housing development will be on 'brown-field sites'. The City Plan identifies 500 new homes aligned to potential HRA sites / estates regeneration / renewal.
- 3.8 The City Plan strengthens provisions for affordable housing, including low cost home ownership, (CP20 Affordable Housing). On suitable housing sites the Council will currently negotiate with developers to secure a 40% element of affordable housing on proposals for residential development capable of producing 10 or more dwellings in line with the Council's Affordable Housing Brief. The policy applies to all proposed residential development including conversions and changes of use. Only in exceptional circumstances will the Council accept a commuted sum or free serviced land in lieu of on site provision of affordable homes. City Plan proposals include lowering the threshold that requires an affordable housing contribution to developments of 5 or more dwellings in recognition of the City's high level of housing need with a new sliding scale of affordable housing requirements for developments, from 20% on sites of 5 to 9 homes to 40% on sites of more than 15 homes. In addition, the Plan (CP21 Student Housing) also identifies some specific sites for student housing which do not conflict with proposed housing site allocations.
- 3.9 Our Affordable Housing Brief aligned to current City Plan requirements aims to ensure that the Council achieves mixed, balanced and sustainable communities

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and delivers high quality affordable housing to eligible households whose needs are not met by the market. Affordable Housing includes:

- Social Rent - rented housing owned and managed by local authorities and registered social landlords, for which guideline target rents are determined through the national rent regime;
- Affordable Rent - is not subject to the national rent regime but to other rent controls that require a rent of no more than 80 per cent of the local market rent;
- Intermediate Rent – including shared equity products (e.g. HomeBuy), other low cost homes for sale and intermediate rent but does not include affordable rented housing.

3.10 The tenure mix of affordable housing provision will be agreed through negotiation on a site-by-site basis and a phase-by-phase basis, informed by housing needs assessments and site/neighbourhood characteristics. Generally across the City the required tenure split for affordable housing in the Affordable Housing Brief will be: 55% social rented or affordable rented; 45% intermediate housing. For the City as a whole the preferred affordable housing mix in terms of unit size and type to be achieved is: 30% one bedroom units; 45% two bedroom units; 25% three + bedrooms. The Affordable Housing Brief also sets out requirements for new homes to meet or exceed HCA's current Design & Quality Standards. All residential units must be built to 100% Lifetime Homes Standard. At least 10% of the affordable homes must be built to the council's wheelchair accessible standard. Code for Sustainable Homes, amenity space, Lifetime Homes Standard and development to the BREEAM standard level 'Good' ensures that new homes are designed sustainably to minimise carbon emissions and use sustainable materials in their construction.

3.11 All new homes for rent within the Homes & Communities Agency's current Affordable Housing Programme are funded on the basis of use of Affordable Rent as outlined above.

3.12 Investment has been identified for over 600 (638) new affordable homes under the existing 2011-15 Affordable Housing Investment Programme in partnership with Registered Providers and the Homes and Communities Agency (HCA). Over 400 of these new affordable homes are currently in development on sites across the City.

3.13 Our current Affordable Housing Programme of schemes with planning permission, funding and in development projects 534 new homes over the next 2 years, 2013/14 (259) and 2014/15 (275). Affordable housing schemes which have achieved Planning permission as part of this programme include: Park House; Hyde Housing (only remaining scheme funded under the National Affordable Housing Programme); Pankhurst Avenue (Southern Housing Group); Brighton Station Site J (Hyde Housing); Manor Road (Guinness); Gala Bingo, Portland Road (Affinity Sutton).

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3.14 Overall housing supply capacity for the City identified approximately 11,500 homes over the City Plan period to 2030. This includes 500 from HRA/Estate Regeneration, which is 'medium term delivery' and roughly based on Phase 1 and 2 HRA programme. Delivery over next 5 years anticipated to average approx 550 homes per annum increasing later in plan period to 650/700 homes per annum, a significant boost to housing supply.

3.15 We continue to actively explore and deliver on all new funding opportunities to maximise inward investment to the City:

- We have delivered the first new Council homes in the City for a generation at Balchin Court;
- We have been successful in a HCA 2013-18 Care & Support Specialist Housing Fund bid to support a new 44 home extra care scheme at Brooke Mead resulting in a funding offer of £2.4 million (we bid for £2.686 million). We have also submitted an application for Planning permission;
- One of our housing association partners has bid for funding for 20 new affordable homes under the new Affordable Housing Guarantee Scheme (allows RPs access to cheaper loans thus reducing borrowing costs, thereby increasing the number of new affordable homes that can be built);
- We are reviewing options to benefit from the current Government / HCA Build to Rent initiative;
- Under our Empty Property Strategy, bringing long term empty private sector homes back into use & working with Housing Co-ops, we have successfully bid the for £1.5 million HCA direct funding to bring 91 long term empty homes back into use on behalf of Brighton & Hove and Lewes DC. In addition, as part of our wider enabling role we have supported a further £1.689 million HCA Empty Property investment in community schemes in the City, including supporting Sussex Central YMCA's bid to provide 30 rooms in shared housing for their young single homeless client group. Total inward investment achieved under the HCA empty homes funding programme is £3.209 million;
- Generating New Homes Bonus (NHB) through new affordable homes & long term empty homes back into use. NHB year 3 funding allocation announced in January includes £0.191 million from a reduction in long term empty properties payable for six years from 2013 - equating to six year total payment of £1.147 million;
- Engaging with institutional investors in order to utilise potential private sector funding opportunities to contribute to the delivery of new affordable homes.

3.16 As part of our ongoing commitment to extra care housing and best use of HRA assets we are also seeking to establish a pipeline of schemes, preferably with planning permission, to take advantage of any projected slippage in the current 2011-15 HCA programme and further funding likely to become available under the HCA Care & Support Specialist Housing Fund to support extra care housing. This includes progressing additional potential 'quick win' sites such as on land adjacent to the Housing Centre.

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In addition, as previously reported to Housing Committee, the Council has entered into an agreement with Department for Communities and Local Government (DCLG) to enable retention of net additional Right to Buy capital receipts for investment in new affordable rented homes.

### **Investment in new homes, wider cost benefits**

3.17 We recognise that the overall council Housing budget has a direct impact on the economy of the City and can underpin the social and environmental well-being of residents, business and working communities. Housing budgets are aligned to supporting increase of housing supply, reaching beyond statutory service provision, to add value to the City economy as a whole and reduce costs in other Council budgets notably Adult Social Care (ASC) and local public health service provision.

3.18 An illustration of this approach is our joint work with ASC on extra care housing. ASC & Housing Extra Care Steering Group is working towards developing more extra care housing giving older people an alternative to expensive residential care (Brighton & Hove have more older people in residential care than other local authorities). This approach has the potential to deliver better outcomes for clients and increased level of value for money. This involves working closely with private landlords, housing developers and the HRA. We are currently exploring a number of funding models which will enable us to deliver the above but are yet to determine the level of investment required from ASC budgets to cover capital costs.

3.19 In terms of illustrating wider cost benefits:

- Extra care housing provides an alternative to residential care where independence and dignity can be protected by enabling people to live in what is in effect their own home in a supported environment. At the same time, it achieves financial efficiency. At Patching Lodge the current weekly unit cost of £201 per resident compares favourably with high cost home care packages, and residential care rates of between £341 and £460 per week.
- ASC budget, £0.620 million of investment in 36 units of extra care housing in 2013/14 and a further 50 units in 2014/15 and 2015/16 is estimated to save the Adult Social Care service approximately £0.850 million per year.

3.20 Brooke Mead – extra care, indicative cost benefits:

- Indicative revenue savings to the General Fund, ASC budget arising from the delivery of this project are in the region of £0.300 million per annum. This is based on the average current cost of care provided at existing extra care schemes compared to current Residential Care costs and is after taking into account the £0.102 million per annum, contribution required to make the project viable.

3.21 In addition to preventing negative impacts upon Health, Adult Social Care and Children's Services budgets every pound invested from the capital programme and resources committed to service provision shows the authority to be leading by

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example and has the potential to address inequality by creating training opportunities and jobs in both overall numbers and quality.

### **Ongoing review of HRA assets & Estate Regeneration programme**

- 3.22 We continue to review our HRA assets and investment to make best use of our resources and to support building new homes to promote sustainable development in the City, stimulate economic well-being, reduce the carbon impact and the long term cost of living and working in Brighton & Hove. As reported to Housing Committee on 6 March 2013, we have identified a phased approach to potential estate regeneration opportunities ranging from review of HRA garage and car parking sites, through to consideration of infill sites and vacant land and buildings to wider estate regeneration. The latter includes longer term projects involving replacement of existing tenanted stock as well as development of additional new homes. As reported to Housing Committee, this latter phase has a target completion date of 2020.
- 3.23 Our HRA capital programme now includes £5.315 million to support building new Council homes on vacant garage sites (2012/13 budget included £1 million for building costs with an additional £4.315 million in provisional 2014/15 programme) and £1 million for the procurement of initial feasibility, design and stakeholder engagement, on potential case studies for additional housing opportunities on HRA land.
- 3.24 Initial feasibility and design work identified a potential 29 homes across eight garage sites. A soft market testing exercise was undertaken with members of HCA national framework for development partners in March/April 2013. Eight of the respondents from the soft market testing exercise indicated members of the framework were not interested in bidding for the project. Reasons given for not wishing to proceed with the project included that the project was too small, not in the right geographical location and full order books. Subsequent progress has though been achieved through a further soft market testing exercise with existing Registered Provider (RPs) partners which led to the sites being re-assessed for their suitability for procurement, with the sites below identified as the most appropriate to be taken forward at this time:
- Flint Close North and South, Portslade, Brighton, BN41 2GH
  - Foredown Road , Portslade, Brighton, BN41,2FD
  - Harmsworth Crescent, Hangleton, Hove BN3 8BS
  - 4-7, 9-10 & 15-20 Kensington Street, Brighton , BN1
- 3.25 The partner RP should be appointed in early October with the contract starting soon afterwards. The RPs indicated in the soft market testing that the project timeline is achievable and the project is therefore still on target to be delivered in 2015.
- 3.26 The team continue to develop alternative proposals for some of the other smaller sites not included in the current procurement, testing modern methods of construction, in particular relating improved energy efficiency, and working with smaller companies to offer an opportunity to keep more of the monies spent local, offer job and training opportunities involving the city's colleges and universities and

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provide a showcase for Brighton and Hove businesses. This includes potential opportunities at: Hinton Close, Hollingdean, Brighton; Natal Road, Lewes Road, Brighton; Plumpton Road, Brighton.

- 3.27 A high level initial assessment of HRA stock and development opportunities by CBRE consultants was undertaken in 2010 which identified sites for a potential 823 additional new homes on HRA land. This study provides a good overview of potential opportunities and the Estate Regeneration Team have undertaken a comprehensive review of the identified sites, visiting them, undertaking legal searches and assessing factors affecting potential for development such as ownership of land and planning policy constraints (e.g. urban fringe and greenfield sites). The review has identified a number of issues that will make some of these sites challenging or difficult to develop, however additional sites have also been identified through review process that have the potential to be developed. Procedures have been agreed with Legal and Housing to carry out searches and investigate and follow up on issues identified from site visits such as encroachment on HRA land. Arrangements have also been agreed with Planning teams to have their early input and guidance into development options and constraints for individual sites and to co-ordinate the New Homes for Neighbourhoods programme with the City Plan.
- 3.28 The Estate Regeneration Team are currently prioritising more detailed work on an initial pipeline of 40 sites which have the potential to deliver up to 150 homes. Other sites will be introduced, as the review work progresses on phase 2 of the programme, and phase 3 of the programme commences, increasing the number of the homes that can be delivered. The Team have procured partners to produce business cases for selected sites which will include concept design and financial modelling of options to enable Housing Committee to reach decisions on development, funding, tenure mix and rent levels for individual schemes.
- 3.29 Under this new contract initial viability studies and design have already been carried out for the former Manor Place Housing Office and rear land at 243-245 Preston Road, Brighton. Similar business cases and initial design will be carried out on other significant sites over the next few months and viability studies of smaller sites will also be commissioned. Initial design and viability studies have also been procured to develop housing on the cleared General Fund sites in Whitehawk. These studies can be compared to bids received by 30 September for a potential receipt to the General Fund and maximising regeneration opportunities for these key Whitehawk sites.

### **Viability issues – Affordable Rents**

- 3.30 At our Housing Summit (June 2012) and in subsequent papers to both Housing Committee and Strategic Housing Partnership we have reported on:
- Current market conditions that pose serious problems for delivery but also present opportunities;
  - Rapidly changing funding landscape, large government capital subsidy can no longer be relied upon for new affordable housing development, in particular in support of any developer contribution toward affordable housing required as a condition of award of Planning permission;



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- New approaches to funding investment and delivery for affordable housing, in particular Affordable Rent based funding of current Affordable Housing Programme.

3.31 Affordable market rents are based on social landlords charging rents up to 80% of market rents. thus closing the gap between private and public rented accommodation and creating greater opportunities for housing through leveraging more RP borrowing in support of new development as an alternative to Government capital subsidy. Affordable Rent remains one of the few viable options to help fund the development of new social housing given reductions in Government capital funding for new affordable homes. As outlined in paragraph 3.11, all Government support for new affordable housing, including arrangements for retained Right to Buy receipts, is aligned to use of Affordable Rents to support development.

3.32 Our Tenancy Strategy, approved by Housing Committee in March 2013, outlines our desire to see the rents on these new homes remain at or below the Local Housing Allowance which our Registered Provider partners in the Affordable Housing Partnership have agreed to.

3.33 Housing Committee in March also agreed that a range of funding, rent and home ownership options should be provided in new housing to be developed on HRA land. This was based on the evidence that the council could potentially 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 £2 million (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.

3.34 However, although recognising the potential need to increase rent levels for new homes and build mixed tenure developments in order to maximise numbers built, Housing Committee also expressed concern about the affordability of 'Affordable Rents' if based on 80% of the market rent in Brighton & Hove. It was agreed that rent models and tenure mixes for individual schemes would be taken to Housing Committee and that affordable rents should be capped at Local Housing Allowance levels or below.

3.35 It was reported at Housing Committee that increases in rent may be, to some extent, mitigated by homes being built to higher sustainability standards compared to 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. This means that the average family combined energy bill of around £1,500 per year may be reduced by between £1,020 and £1,290 per year. For those on full Housing Benefit this represents additional money in their household budget.

3.36 Our Registered Provider development partners also remain concerned about the impact of Welfare Reform and Affordable Rents on new affordable housing

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development in the City. RPs developing homes in the City report increased pressure on their income streams and rent collection risk, in particular where this income is aligned to supporting borrowing for new development. RPs report that this will potentially impact on their ability to borrow to support funding to build new affordable homes and the profile of clients to whom they let new affordable housing. RPs on our Affordable Housing Partnership report that potential reduced income and higher risk profile is likely to result in a more cautious approach to future development.

3.37 Concern that residents ability to pay their rent will result in higher income loss and higher property turnover has also led some RP's, including one of our key development partners, to require deposit, rent in advance, references and preference for working households when seeking nominations for new tenants on new developments and in some cases existing vacancies. This is currently outside of Brighton and Hove Housing Allocations Policy. While negotiations are underway with the one RP to take this approach in the City so far, future adoption of this approach by more RPs raises the concern that new homes on the Affordable Housing Development programme remain truly affordable and accessible to households on our Housing Register.

### **Viability issues - developer contribution toward affordable housing**

3.38 As outlined under 3.8, on suitable housing sites the Council will negotiate with developers to secure a 40% element of affordable housing on proposals for residential development capable of producing 10 or more dwellings in line with the Council's Affordable Housing Brief.

3.39 National Planning Policy Framework states 'To ensure viability, the costs of any requirement likely to be applied to development, such as requirements for affordable housing, standards, infrastructure contributions or other requirements should, when taking into account the normal cost of development and mitigation, provide competitive returns to a willing landowner and willing developer to enable the development to be deliverable' (National Planning Policy Framework, 2012, para 173).

3.40 Increasingly we are seeing that, with no government capital subsidy available for new affordable housing development in support of any developer contribution, we are facing challenges about the viability of affordable housing on schemes where this developer contribution applies.

3.41 Where this has arisen, such as on the recent Anston House scheme proposals considered by Planning Committee, we have sought to mitigate the adverse impact on affordable housing supply by negotiating arrangements whereby this reduction will be partially offset by the willingness of the applicants to explore alternative ways of increasing the proportion of affordable housing by entering into arrangements with the City council as a housing provider and other housing agencies to offer residential units at discounted rates. This is on the basis of potential lease-back arrangements whereby the Council or RP may purchase homes on the a new scheme on the basis that the Council have nomination rights for households to whom we have a housing

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duty using the rents received over the lease term to fund the discounted purchase of homes on the development.

- 3.42 However, if developer viability concerns over the deliverability of affordable housing on schemes are upheld and mitigation such as proposed arrangements above cannot be negotiated there will be an ongoing adverse impact on delivery of affordable homes in the City.

### **Best practice from other local authorities**

- 3.43 We regularly meet with and peer review the work of other local authorities in order to ensure we remain appraised of all potential opportunities to improve housing supply. In common with Brighton & Hove, other local authorities are using a range of opportunities to improve housing supply in their area, including: borrowing aligned to HRA self funding freedoms and flexibilities; review and best use of existing HRA land and assets, utilising housing companies and special purpose vehicles; working to maximise HCA and other opportunities for inward investment.

- 3.44 We meet with Hastings and Wealden bi-monthly as part of the East Sussex Housing Officer Group where we share information on initiatives including stimulating new housing supply. Hastings have transferred their council housing stock so are not able to benefit from some of the freedoms and flexibilities offered by HRA self funding. However, they are working with Amicus Horizon and the HCA on improving supply, in particular on funding for initiatives to address issues with poor quality private rented homes in the town. Wealden have private sector commuted sums to help support RP affordable housing delivery. The authority also still sells land at less than market value to facilitate affordable housing (in the last six years sale of 8 sites providing around 89 homes). The Council has developed a rural affordable housing protocol to help smooth the path of affordable housing delivery. Wealden are also seeking to benefit from HRA freedoms and flexibilities to build their first new council homes in 20 years. Under phase one of their programme one refurbished rented home was completed in 2012/13 and 64 new build rented homes are due to complete 2013/14. Opportunities for phase 2 consist of potential for around 100 homes due to start around 2015 funded via HRA Loan, RTB receipts and possibly HCA grant, subject to report Cabinet in the New Year. We have met with Wealden to share information and our experience on procurement and development of Balchin Court.

### 3.45

South Holland have set up a housing company as a means of accessing HCA funding. They received funds and have completed development of a number of council houses, the first set of council developments for a generation. Since setting up the housing company HRA self financing has enabled SH to access grant funding directly. SH has sufficient surplus from the HRA self financing out turn that has allowed them to develop without HCA grant. They aim to charge up to 80% of market rent to tenants on all new builds.

### 3.46

Southwark have embarked upon an affordable housing and redevelopment programme including the 1970s Heygate Estate which was home to 3,000 people.

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The new scheme aims to deliver up to 536 new homes. Over 419 of these will be affordable and former Heygate residents will have priority for occupation. The site is due to be demolished this autumn making way for regeneration of the area. Other housing developments include Stead Street a development of 104 new mixed tenure homes including 84 social rental homes at target rents and 56 homes for private sale including a proportion of family units. The projects have been funded from a combination of HCA grant funding, the council putting their land in for free, funds from the RP and the recycling of value generated from private house sales.

### 3.46

Thurrock have sought to utilise the fact that their HRA self-financing modelling indicates that from April 2012 the Council will have sufficient capacity to borrow to support new build schemes, reconfiguration of shelter housing schemes to meet the needs of vulnerable population, and to improve the standard of existing stock above decent homes standards.

### 3.47

We have also reviewed development models used by local authorities such as Barking & Dagenham and their potential of finance, construction and project management solution for the development of new affordable homes. In the Barking and Dagenham scenario the council would identify a suitable constructor to carry out the development. The property or land is leased to a special purpose vehicle (SPV) for the duration of the development loan period with the freehold being retained by the council. Tenancy management remains under the council's control. All management and maintenance costs are ring fenced throughout the term of the lease ensuring sufficient funds are available throughout the lease period to uphold the property standards and fully maintain the stock. The life cycle costs are fully analysed during the production of the financial model, providing greater cost certainty about planned maintenance and life cycle works. The scheme is a 100% self financing by using the rents received over the lease term to fund the development. The council resumes full ownership and obligations of the stock at the end of the lease period.

## 4. COMMUNITY ENGAGEMENT AND CONSULTATION

- 4.1 Early, proactive and comprehensive consultation with ward councillors, local residents and community groups is key to successfully progressing development proposals outlined in this paper. General consultation on our approach to stimulating new house building, making best use of our HRA assets and estate regeneration has been undertaken with councillors, council tenants and leaseholders through reports and presentations to Housing Committee, City Assembly and specific tenant groups such as Building New Council Homes group (BuNCH). The BuNCH group were closely involved in the inception, specification, procurement, design and delivery of the recently opened Balchin Court scheme. In addition, Brighton and Hove City Council's adopted Statement of Community Involvement (SCI) details the various forms of engagement that are expected of both developers and the Council when considering proposals for planning applications.

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- 4.2 An illustration of the proactive approach undertaken to date, and potential model for future engagement on proposed schemes, has been the importance of consultation over a number of months on the development of our proposals for the Brooke Mead Extra Care scheme. Following the approach set out in the Council's (SCI) the following consultation was undertaken prior to submission of the Planning application. Subsequent formal consultation is undertaken as part of the Planning process:
- Early engagement with ward councillors on proposals, with our consultants (LSH) presenting the proposed scheme design for discussion and review;
  - Two separate leaflet drops to local residents and other stakeholders informing them of the proposals and inviting them to a public exhibitions;
  - Preparation of a leaflet about the scheme and register of attendees for exhibitions;
  - Two exhibitions outlining the proposals with members of the professional team on hand to answer questions and an opportunity for the public to leave their comments on the scheme. Exhibitions included large boards showing designs plus an inexpensive model that residents could touch/see. We also had a presentations session being shown on a loop as a backdrop and specific timed presentations. Council officers and ward councillors were in attendance;
  - Meetings with any key identified groups (e.g. Local residents associations and amenity groups) or individuals impacted by the scheme.
- 4.3 Exhibitions on the early proposals for the Brooke Mead site were considered to be the most effective way to involve the community and explain the proposals and the need for Extra Care facilities in Brighton and Hove. Following the consultation, the comments and feedback received from both meetings with residents and amenity groups, and the exhibition were collated and a statement of consultation included with the submission of the planning application to demonstrate compliance with the SCI and summaries the consultation process and results.
- 4.4 In parallel to the external consultation with relevant groups and the community the proposals were also subject to discussions with other departments within Brighton and Hove City Council, where officers will be able to give feedback and comment on the proposals.
- 4.5 With regard to broader estate regeneration proposals, as set out in the report to Housing Committee in March 2013, consultation with council tenants and leaseholders on the HRA budget for 2013/14 found substantial resident support for house building with HRA funds. The BuNCH group received a briefing and were also consulted prior to the March Housing Committee, expressing their support for the approach set out. In May a presentation on the proposed programme was given to council tenants and leaseholders at the City Assembly, which also included indicative Affordable Rent levels and the impact those and home ownership options would have on increasing the number of new homes that can be built. The summer edition of Homing In also carried an update on proposals.

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- 4.6 As regards individual sites, local residents and ward councillors have been updated on the procurement of a delivery partner for the Phase 1 garage sites. Local ward councillors and the Robert Lodge Tenant and Resident Association has been kept updated about potential development at the Manor Place and Preston Road sites. The Task and finish group of the Neighbourhood Council covering Whitehawk has also been updated about plans for the Manor Place and two General Fund sites for which business cases and initial design have been procured. The architects also met with the Chair of Robert Lodge Tenant Association and the council's Neighbourhood Co-ordinator to seek their views and local information before starting their work.
- 4.7 The team will continue to liaise with local ward councillors and tenant and resident associations as sites progress to viability modelling in order to obtain their views and the benefit of their local knowledge. Local residents will also be fully consulted as projects are taken forward and have opportunities to be involved as set out in the March 2013 report.

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

#### Financial Implications:

- 6.1 There are no direct financial implications arising from the recommendations in this report.

As schemes are developed, reports with financial implications will be presented back to this Committee for scheme approval and will also require project, budget and funding approval from Policy & Resources Committee.

*Finance Officer Consulted: Susie Allen*

*Date: 12 Sept 2013*

#### Legal Implications:

- 6.2 There are no direct legal implications arising from this report which is for information only. Any legal implications attaching to individual schemes will be identified and addressed in due course.

*Lawyer Consulted: Liz Woodley*

*Date: 13/09/2013*

#### Equalities Implications:

- 6.3 Increasing housing supply supports Tackling Inequality, priority one of the Corporate Plan. It will help meet the identified needs of households unable to access housing other than by approaching the Council for assistance. It will also help the Council discharge statutory duties to accommodate vulnerable households to whom it owes a housing duty. New affordable housing is built to Lifetime Homes standard with 10% fully wheelchair adapted in order to support households with a disability to live independently at home for as long as possible.

#### Sustainability Implications:

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- 6.4 Newly built homes will be built to Affordable Housing Brief standards in terms of size, Code for Sustainable Homes, amenity space, Lifetime Homes Standard. Development to the BREEAM standard level 'Good' ensures that new homes are designed sustainably to minimise carbon emissions and use sustainable materials in their construction. New homes will support One Planet Living principles.

### Crime & Disorder Implications:

- 6.5 Good architectural and urban design can contribute to safer homes and neighbourhoods. The proposed developments will include Secure by Design principles and in relation to extra care schemes, IT enabled technology supporting older people particularly those experiencing dementia.

### Risk and Opportunity Management Implications:

- 6.6 Risk and opportunity management implications are outlined in the report and will be kept under review.

### Corporate / Citywide Implications:

- 6.7 Aligns to the following Corporate Plan priorities:
- Tackling inequality - Improving Housing & Affordability; Decent, affordable, healthy housing; reduce health inequalities and long standing public health issues; Vulnerable adults supported to live healthy independent lives.
  - Creating a more sustainable city: A healthier and higher quality built environment.

### **City Performance Plan (CPP) / Corporate Plan (CP) Measures:**

- CPP 5.4. Number of affordable homes delivered per year;
- CPP 5.2 Corp Plan 1.3.4. Private sector vacant dwellings returned into occupation or demolished;
- CP Extra Care Housing (joint work with ASC) new extra care housing and supported accommodation units per year.

## **SUPPORTING DOCUMENTATION**

### **Appendices:**

1. Council Notice of Motion (as amended).
- 2.

### **Documents In Members' Rooms**

1. None

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2.

### **Background Documents**

1. None

2.



## HOUSING

### **Appendix 1 - Council Notice of Motion (as amended).**

“This Council welcomes progress with the regeneration of sites on council land and notes that an extra care scheme of 44 homes on the Brookmead site has been submitted for planning permission as the next stage of this work, which delivered 15 new council homes under the last administration.

This council recognizes it has been necessary to revisit the previous administration’s Estates Masterplan, which was optimistic in identifying land for a potential 800 new homes in the city. The revised figure is 500 homes, a substantial number, and a new house building programme of this scale would not only help to reduce the growing waiting list but would also benefit the local economy by creating local jobs and apprenticeships.

This Council notes the proactive and innovative approaches to financing new affordable housing being taken by other local authorities in recent years in response to the climate of reduced public funding. For example, The London Borough of Southwark, which has ambitious plans to build new council homes, Wealden District Council, directly funding new council housing; a growing number of councils – e.g. Thurrock and South Holland setting up stand alone housing companies; councils such as Hammersmith & Fulham who have made use of the value in their housing stock to lever in new funding; and councils such as Hastings and Warrington who have loaned money to Housing Associations to develop housing.

Furthermore, this Council notes:

- (a) The administration’s plans to continue to build new council homes and involve housing co-ops and self-build groups in the provision of new homes on the council’s own sites and on other sites across the city.
- (b) The Government’s Affordable Rent model, which significantly reduces the amount of public subsidy required for new affordable housing. If adopted in Brighton & Hove, this could potentially increase the amount of affordable housing built by five and a half times.
- (c) The Government’s Affordable Housing Guarantee Scheme, which will help to reduce borrowing costs thereby increasing the number of new affordable homes that can be built.

However, it expresses its deep concern on the question of affordability and believes that homes built under (b) and (c) will be beyond the pocket of many of those in the most critical housing need in the city.

Therefore, this council requests that a report be brought to the next Housing Committee to

- (a) Look at how best practice from other councils could be applied in Brighton and Hove; Explore every housing avenue available to deal with the city’s housing crisis; and
- (b) Ask for a report to be brought to the next Housing Committee looking at all the options for speeding up the Estate Regeneration programme to provide more homes.’

