

<b>Subject:</b>	<b>New Homes for Neighbourhoods Modular Pilot - Y:Cube proposal</b>	
<b>Date of Meeting:</b>	<b>13 July 2017</b> 14 June 2017 – Housing & New Homes Committee	
<b>Report of:</b>	<b>Executive Director Economy, Environment and Culture</b>	
<b>Contact Officer:</b>		
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<b>Ward(s) affected:</b>	<b>Moulsecoomb &amp; Bevendean</b>	

**FOR GENERAL RELEASE****1. PURPOSE OF REPORT AND POLICY CONTEXT**

- 1.1 On 23 September 2015 Housing & New Homes Committee agreed to a modular and system build pilot to deliver much needed new homes on small, challenging council housing land sites under the small site strategy for the New Homes for Neighbourhoods programme. The Committee gave approval to invite proposals from potential development partners for modular or system built new homes, which might involve leasing of Housing Revenue Account (HRA) land. The largely cleared, small HRA garage site next to the supplies entrance to the Housing Centre in Eastergate Road, Moulsecoomb was cited in the report as a very challenging site for residential development which might, however, be suitable for non-family housing and modular construction methods to overcome the site constraints. A plan of this small site is at Appendix 1.
- 1.2 YMCA DownsLink Group, a charity and Registered Provider of social housing based in Hove, has submitted a proposal for 21 modular Y:Cube homes on this land, for which it has secured an allocation of Homes and Communities Agency grant funding. This report now seeks approval to lease the Eastergate Road site to YMCA DownsLink Group in order for it to develop (subject to planning) 21 Y:Cube homes to let within affordable rent levels as transitional accommodation to help young, single young people from Brighton & Hove move towards fully independent living and to which the council would have 50% nomination rights.

**2. RECOMMENDATIONS:**

That Policy, Resources and Growth Committee take note and approve the recommendations as set out below, as recommended for approval by Housing and New Homes Committee:

- 2.1 That the land at Eastergate Road, Brighton as identified in the plan at Appendix 1 be made available for leasing for the development of affordable rented housing.

- 2.2 That there be delegated authority to the Executive Directors for Economy, Environment & Culture, Finance and Resources and Neighbourhoods, Communities & Housing (in consultation with each other) to enter into the necessary contracts with YMCA DownsLink Group to lease the largely cleared council housing garage site at Eastergate Road, Brighton in order to secure the building of modular Y:Cube homes for affordable rent by the YMCA. The granting of the lease is subject to YMCA DownsLink Group obtaining planning consent, funding and entering into a nominations agreement with the council.

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

- 3.1 Building new homes on the council land is a council priority and essential if City Plan housing targets are to be met and the city's 'housing crisis' tackled. The council's New Homes for Neighbourhoods programme is working to develop at least 500 new homes across the city, finding development solutions to build much needed new affordable rented homes on underused HRA land and other assets and improving neighbourhoods for other residents in the process. Under the programme's small site strategy, the council is piloting innovative ways to achieve development of affordable homes on particularly constrained and challenging small council owned sites.

#### *The site*

- 3.2 The site is an HRA council housing garage site which now only has two garages remaining and has been largely cleared for some years. A plan of the site is at Appendix 1 and a photo at Appendix 2. Located in the DA3 Lewes Road Development Area adjacent to protected employment space in the Fairway Trading Estate, it has not previously been designated by Planning for residential use. Apart from the two garages let to local residents, the land is currently used for storage and parking by Mears, who are co-located with housing management staff in the Housing Centre, on the site's northern boundary.
- 3.3 A three storey block of council flats, 1 -18 Oakendene, Moulsecoomb Way, Brighton, lies to the east of and uphill from the site, with the three storey parade of shops with flats above at 69 – 83 Moulsecoomb Way uphill and to the south. The scheme would not encroach on the Oakendene communal grounds or car park or the access road to the car park that runs the length of the site's southern boundary, at the rear of the parade of shops. To the west, across Eastergate Road, the former bingo hall is being converted to a pharmaceuticals facility by Custom Pharma. Contact will be maintained with them to minimise any potential overlap of building works or construction traffic in Eastergate Road.
- 3.4 The site is small at just under 600 m<sup>2</sup> and there is no additional space for construction site set up. It would not be suitable for family homes as it has a poor outlook and is subject to heavy vehicle traffic, with numerous van and heavy goods vehicle movements from early morning throughout the day to Mears' adjacent supplies depot and the industrial estate, as well as traffic into and out of Oakendene car park. For 18-35 year old YMCA tenants, however, the site is well located close to public transport, employment and training sites and Moulsecoomb Leisure Centre.

- 3.5 Given its history and location, Environmental Health have highlighted that the land is likely to be contaminated and require special measures to deal with noise and land contamination if it is to be developed for new homes. However, modular Y:Cubes constructed in a factory to very high air tightness and insulation levels, each fully watertight with trickle ventilation and requiring less foundations than traditional build, can make use of challenging brownfield sites that are too small or contaminated to support more traditional residential development. Their lighter weight may also permit them to be built over the sewer which runs the length of the site. The modular and system build pilot is therefore the most likely solution for development of new homes on this site.
- 3.6 Housing Customer Services would offer the licensees of the two remaining Eastergate Road garages an alternative garage for the storage of a vehicle. Although the licences could be terminated with only a week's notice, the licensees have already been informed of the plans and would be given more time to relocate to an alternative garage.

*Proposed new homes and construction*

- 3.7 A Y:Cube is a high quality, affordable and sustainable, self-contained, volumetric housing unit developed by YMCA London South West in response to the housing crisis and lack of affordable accommodation for young people who are working or in education or training. Their primary use is as move on accommodation from YMCA hostels and more supported accommodation for single young people who are ready for it. Y:Cube schemes provide a stable environment for them to improve their skills and earning potential in order to secure their own independent future. Low build costs, good design and insulation result in affordable rents and low running costs.
- 3.8 In contrast to converted shipping containers used as short life accommodation, Y:Cube is a purpose built volumetric modular home, designed by renowned architects Rogers Stirk Harbour + Partners, warranted by global technical consultancy Aecom and with a design life of at least 60 years. Design proposals for Eastergate Road (subject to planning consent) are for a three storey block of 21 single person, self-contained, one bedroom Y:Cube flats. An initial design and layout is at Appendix 3.
- 3.9 The Y:Cubes would be constructed and fitted out off site in a factory then transported and craned into position onto the prepared site. It is anticipated that the Y:Cube manufacturers would establish a pop-up factory to enable them to supply this site and other similar projects. Overall development is quicker and more cost effective than conventional construction. Offsite construction also greatly reduces any disturbance or inconvenience to neighbouring residents and businesses. The first Y:Cube development, a 36 unit scheme in Mitcham in LB Merton, was built in less than six months. YMCA expects it to take between four to six months to complete the Eastergate Road development once construction starts.
- 3.10 Y:Cubes are smaller than the Nationally Described Space Standard sought in the council's Affordable Housing Brief as they are designed to provide transitional, affordable accommodation for young single people, with tenancies expected to last around three to five years. However, they are well designed and fitted out

with cupboards and white goods and the buildings have a design life as long as traditionally built homes. The Mayor of London is supporting the development of Y:Cube schemes in the London area through the provision of a £3.5m grant allocation. To date four further schemes are in development, with several others under discussion. The Homes and Communities Agency is supporting YMCA DownsLink Group's proposed Eastergate Road scheme with an allocation of £546,000 grant funding.

#### *Proposed tenants*

- 3.11 The scheme would be aimed at young single people who are residents of Brighton & Hove at the end of the Young People's Accommodation Pathway to help them transition into final independence, work and training. They would have come through hostel and/or move on accommodation but be ready to have their own front door and maintain themselves through work or training. They would have low support needs and would be expected to live at the scheme for around three to five years, until they are ready to obtain their own long term accommodation and live fully independently. The expected age range of tenants is 18 to 35 years old.
- 3.12 50% nomination rights to the council have been agreed by YMCA DownsLink Group (YMCA DLG) and the council's Head of Temporary Accommodation & Allocation and a local lettings plan would be agreed for the scheme. The council's nominations to the scheme would be managed by the Young People's Supported Accommodation Panel, supported by a new co-ordination post working across supported housing which could identify suitable nominees.
- 3.13 YMCA DLG and the council would both operate a robust referral and selection process and all tenants will have to evidence they can live independently plus be meaningfully engaged e.g. in employment, studying, training or volunteering for at least 16 hours per week. Tenants would be supported in work and training by the YMCA and would not be vulnerable people with high support needs.
- 3.14 Y:Cube tenants would have an Assured Shorthold Tenancy and would be moved on to more suitable accommodation if they were to start a family or if other changes in their circumstances led to a Y:Cube flat no longer being appropriate. The council would restrict the use of the land to affordable rented transitional accommodation in the lease in order to ensure that over time it does not evolve into long term or family accommodation.

#### *Fit with the council's strategic priorities*

- 3.15 Increasing the supply of housing is a primary objective in the council's Housing Strategy 2015, which identified the lack of new affordable rented housing as a key issue for the city and also committed to promote and support community housing development, with a focus on maximising the social value of new developments where appropriate. In addition, the proposal fits with the recommendation of the council's Fairness Commission 2016 to offer council owned brownfield sites to local organisations to develop affordable social housing for local people and support the use of modern construction methods to increase housing supply.

- 3.16 The council's Commissioning & Performance Manager for housing related support has confirmed there is a commissioning business case for the scheme, which would cater for young people at the end of the homelessness pathway, increase the supply of homes for this client group and not require financial or other support from the council. Importantly, young people moving into the Y:Cube scheme would release move-on and hostel accommodation at earlier stages in the pathway, which are under considerable pressure. There is an immense need for housing for young homeless or former homeless people in the city. In 2011 – 2015 homelessness applications rose by 50% and those accepted by 40%. Younger people are more likely to find themselves homeless and that may be exacerbated by restrictions in Housing Benefit to this age group.
- 3.17 Thus this Y:Cube scheme would help to meet objectives in Brighton & Hove City Council's Housing Strategy 2015, Homelessness Strategy 2014 – 2019, Housing and Support for Young People Joint Commissioning Strategy 2013 and Rough Sleeper Strategy 2016 including:
- young people having a more positive transition to adulthood through the provision of a positive accommodation and support pathway
  - developing access to settled homes
  - supporting more independent accommodation to prevent long term use of hostels and reduce rough sleeping
  - as part of the Young Peoples' Housing and Support Pathway, working with service providers to support young people to engage in education, training or employment
  - working with third sector and landlords to source secure accommodation suitable for single people to ensure timely move on to independent accommodation.

*Planning pre-application advice*

- 3.18 Planning pre-application advice on the initial design in August 2016 and a pre-application meeting on 4 October indicated a case can be made for the Y:Cube scheme, subject to some changes to design to open up light and outlook to central units, particularly on ground and first floors. Surveys and reports giving assurance around potential disturbance to residents of the new scheme from transport and industrial activity as well as the likely contaminated land will also be required.
- 3.19 The YMCA will need to make a robust case in its planning application for this specialist scheme to be an exception to the space standards in the council's Affordable Housing Brief, stress that tenancies will be for single occupancy only and outline YMCA DLG's expertise, management arrangements and other measures to ensure that use as short term, transitional housing will be safeguarded and there will be no 'bleed' into permanent accommodation. The small design and siting revisions will be effected before a planning application is submitted if the Committees agree to lease of the land. Agreement to lease the site would be subject to planning permission, and a lease would not be granted until YMCA DLG had obtained planning consent.
- YMCA DownsLink Group*
- 3.20 YMCA DLG, based in Church Road, Hove, is a major provider of specialist housing and homeless prevention services for young people in Brighton & Hove

with a 90 year history as key third sector partner and specialist young persons' services provider in the city. This work was previously undertaken through Hove YMCA before a recent merger where the charity changed its name to YMCA Downslink Group. A member of the local Community Housing Network, it is a Registered Provider of social housing (RP) registered with the Homes and Communities Agency (HCA) and in addition to this is an accredited Investment Partner with the HCA. It is a not-for-profit registered company limited by guarantee and a charity registered with the Charity Commission. Its mission is to provide accommodation and services to help young people to belong, contribute and thrive in their local communities. Key to that is providing young people with the best housing advice and housing solution. Further information is available at [www.ymcadlg.org](http://www.ymcadlg.org).

- 3.21 YMCA DLG manages over 500 homes, 77 of those in Brighton & Hove. In the city it provides hostel accommodation for 33 16-25 year olds, supported housing for 25 young people and 19 units of move on accommodation through its Empty Homes programme. In addition it runs the Youth Advice Centre in the city, opposite St Peters Church. This sees over 4,000 young people each year, 2,500 specifically related to housing advice commissioned by the council for 16-25 year olds. The service provides family mediation support, assessment of housing need on behalf of the council and housing advice and options, helping local young people access or maintain their tenancies in the private rented sector. As well as its homelessness prevention work, through YMCA Dialogue it provides counselling services to 60 schools in the city, young persons' community counselling and wellbeing services through the new CCG Community Wellbeing Service and youth services through the Youth Collective.
- 3.22 YMCA DLG also has a strong history in the Moulsecoomb community. For a number of years it ran a project called Safe Sorted that was a specialist and targeted advice and support service for young people in Moulsecoomb. Funding for this work finally ended five years ago, but the YMCA has maintained strong links with the community.
- 3.23 On top of the council's investment in YMCA DLG's commissioned local services and around £1.5 million that the YMCA receives from other local public bodies, each year YMCA DLG invests an estimated further £500k of its own funds into its activities in Brighton & Hove. With Y:Cube and its Empty Homes schemes, it will also have brought just over £1 million of housing capital grant funding into the city, plus its own capital investment in the proposed Y:Cube scheme of over £1m.
- 3.24 As a Registered Provider, YMCA DLG is regulated by the HCA whose regulatory role is to: protect social housing assets; ensure providers are financially viable and properly governed; maintain confidence of lenders to invest into the sector; encourage and support supply of social housing; ensure tenants are protected and have opportunities to be involved in the management of their housing; and ensure value for money in service delivery. YMCA DLG is required to comply with the Homes and Communities' regulatory standards and codes of practice covering governance and financial viability, value for money and rent as well as the standards for tenant involvement and empowerment, home, tenancy and neighbourhood that also apply to the council as a social landlord. As the scheme would have HCA grant, if any circumstances arose that led YMCA DLG to assign the scheme, it could only transfer to another Registered Provider.

*Proposed arrangements for managing and maintaining the homes*

- 3.25 YMCA DLG would provide an intensive housing management service and a daily management presence within the scheme. It also has a mobile night team who monitor accommodation and an out of hours emergency service, ensuring that staff are available to deal with housing management issues 24 hours a day, seven days a week. This is further supported by a management level on-call system. The organisation has a strong track record in the city for delivering specialist management services for this age and client group and would manage the scheme from its office in Church Road, Hove. These services are always delivered in partnership with the wider community and YMCA DLG has a good record of community participation through its services. Tenants moving on from their hostel and move-on accommodation would be well known to them and their ability to live independently carefully assessed.
- 3.26 As owners of the Y:Cubes, YMCA DLG would be responsible for their maintenance through directly employed maintenance staff and specialist local contractors. It is also accredited through the specialist contractor health and safety scheme CHAS and ISO 9001 quality standard accreditation.

*Funding proposals and lease terms*

- 3.27 YMCA DLG's focus is to achieve a very affordable rent model for future tenants that promotes their economic independence. Its financial modelling shows capital grant funding support is essential to achieve affordable rents within one bedroom Local Housing Allowance levels of £153 per week and it has secured an HCA allocation of £546,000 under the Shared Ownership and Affordable Homes Programme 2016 to 2021, which would cover approximately 30% of the total development cost. YMCA DLG will need to put in a significant level of its own resources and borrow in order to fund the balance of capital costs of the scheme.
- 3.28 Its Board has requested that the land be leased on nominal lease value to YMCA DLG to support the affordable rent model. In exchange it offers the council nomination rights to 50% of lettings and a 33% overage share on surpluses generated from the scheme from 25 years after the commencement of the lease start date. At that point in time the loan to finance the development would have been repaid and surpluses are expected to accumulate. This overage agreement fits with YMCA DLG's business plan for the scheme and does not jeopardise its financial viability, but enables the council to receive financial recompense to the HRA for lease of the land as well as benefitting from the supply of 100% new affordable rented homes and other benefits, including economic benefits, outlined below.
- 3.29 The proposed lease would be for a 99 year term which satisfies HCA funding criteria and general consent for disposal of HRA land to a Registered Provider. There would be a requirement that the housing development must be completed within three years after the completion of the lease, use of the land would be restricted to affordable rented transitional accommodation for single people and the 50 % nominations agreement and 33% overage agreement would be included in the terms.

- 3.30 The scheme will not rely on revenue funding other than rental income from tenants and there will not be any call on the council's resources. The HCA grant funding requires rents to be Affordable Rents, and YMCA DLG aims to set them lower than that. As supported accommodation, the scheme would apply to be exempt from the Housing Benefit entitlement restriction to shared room rents for under 35's and the proposed removal of automatic entitlement for 18-21 year olds.

*Best consideration*

- 3.31 The Property and Design Estates Team advise that conventional development of housing would not be viable or deliverable on the site and would give a nil land value. The site does not have any capital value for a conventional affordable housing scheme.
- 3.32 The site is suitable for alternative uses, including current use as garaging, generating a modest £ 918.32 per annum, or as an open storage site, which would generate approximately £600 - £900 per annum in rent. If the council were to continue to rent the garages, it is likely that works would be required to meet the council's repairing obligations and the investment would be of diminishing value with costs of repairs likely to outstrip income in the longer term. It would be possible to dispose of the site on the open market, subject to necessary consents for the sale of HRA land; the most likely use would be as open storage land for which it is likely to have some value. Use of the site as open storage may relieve the council from maintenance obligations but the use is likely to be unsightly and may not be acceptable in planning terms.
- 3.33 In terms of delivering affordable housing on the site, Property and Design Estates Team can recommend the above proposal to lease the site to YMCA DLG, restricting the site for use as affordable homes, with 50% nominations agreement and a share of surplus generation. Given the low value of the site as storage, the acquisition of nomination rights for 50% of the 21 units proposed on the site for the council on the terms above, represents best consideration. The provision of 21 affordable rented units would represent a social value for the council for which it would be willing to forgo the above income stream. It is considered that this would outweigh the financial benefits of leasing the land as garages or storage.
- 3.34 Enabling the Y:Cube scheme to proceed would meet city wide objectives in Brighton & Hove City Council's Housing Strategy 2015, Homelessness Strategy 2014 – 2019, Housing and Support for Young People Joint Commissioning Strategy 2013 and Rough Sleeper Strategy 2016.
- 3.35 Leasing the site at a peppercorn rent to YMCA DLG would enable it to develop the Y:Cube scheme and charge affordable rents at one bedroom LHA rates and deliver value and economic benefits to the council as follows:
- increase housing supply by up to 21 new affordable rented homes without recourse to the Housing Revenue Account (HRA) or General Fund budget
  - bring in £546,000 Homes and Communities Agency funding to help address the city's housing crisis and over £1m of YMCA DLG's own funding
  - grant the council 50% nomination rights to all lettings

- ease pressures on local hostel and other move on accommodation in earlier stages of the young people's homelessness pathway. Unit costs in supported accommodation borne by the council range from £3,000-£5,000 per year for low to medium support to £9,000 per year in 24-hour projects. The Y:Cube scheme would assist faster flow through the pathway, and so reduce the waiting list for support. There is a high demand for beds and this will enable more young people to be supported at no additional cost to the council
- bring in income to the council in New Homes Bonus (subject to meeting a threshold) and (subject to individuals' circumstances) council tax
- save the HRA the cost of clearing rubbish dumped on the site
- return 33% of scheme surpluses to the HRA after 25 years by which time YMCA DLG would have repaid its capital loan to develop the scheme
- support the YMCA's wider work in the city and overall business plan in developing financial income streams that are not reliant on local authority revenue funding, but support its core mission and contribute to its overall running costs.

3.36 In addition, the proposed Y:Cube scheme would deliver the following benefits:

- achieve development of 100% affordable rented new homes on an extremely constrained, small HRA site unsuitable and unlikely otherwise to be developed for residential use
- modular construction would minimise disruption to neighbouring residents and businesses, including council and Mears staff at the Housing Centre
- 99 year lease would enable the HRA to retain the freehold and the land to return to the council at a future date
- provide accommodation for local young people at the end of the homelessness pathway who may otherwise not be able to access housing within their means and benefit entitlement
- deliver on the commitments in the council's Housing Strategy 2015 to support community housing development
- implement the recommendation of the council's Fairness Commission 2016 to offer council owned brownfield sites to local organisations to develop affordable social housing for local people
- enable the council to test alternative methods to achieve development of affordable rented homes on small, constrained HRA sites without council finance
- improve both the neighbourhood for other residents and businesses and access to the Housing Centre for council staff and visitors.

#### *Next Steps*

3.37 If Housing & New Homes and Policy, Resources & Growth Committees agree the lease of the site to YMCA DLG, it will commission further design work on the proposed scheme, consult local residents and stakeholders on the further design before submitting a planning application and progress the scheme. YMCA London South West, who developed the Y:Cube and the first scheme in Mitcham, will act as its development agent. Regular updates on progress will be provided to the cross-party Estate Regeneration Member Board and local ward councillors.

## **4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS**

- 4.1 The council's Housing department considered the development options for this HRA site adjacent to the Housing Centre and, in view of its very challenging location and constraints for residential development, asked the Estate Regeneration Team to look at modular development options which would overcome those. The site is also unsuitable for families or seniors housing with its proximity to heavy vehicle movements and very poor outlook, but could be acceptable for single young people. The Y:Cube proposal would overcome the site's constraints in both respects. Being unsuitable for conventional residential development or client groups, the site may not otherwise be developed or deliver affordable homes for the city.
- 4.2 An alternative to the Y:Cube proposal is to continue the current use of the site for parking and/or storage or to sell it for such use. It would be possible to dispose of the site on the open market, subject to necessary consents for the sale of HRA land; the most likely use would be as open storage land for which it is likely to have some value. However, that would not achieve the benefits to the council set out in paragraphs 3.33 to 3.36 above.

## **5. COMMUNITY ENGAGEMENT & CONSULTATION**

- 5.1 The Estate Regeneration Team prioritise engagement and consultation with local ward councillors, council tenant and resident associations and local residents in the neighbourhood of each site handed over to the team for development under the New Homes for Neighbourhoods programme. Local ward councillors have been consulted on the proposal, kept updated on progress and offered a visit to the completed Y:Cube development in Mitcham. Four Housing & New Homes Committee members including a local ward councillor took up the offer to visit that scheme on 15 February 2016. The Estate Regeneration Member Board has also had regular updates on progress with this proposal.
- 5.2 The Estate Regeneration Project Manager met with East Moulsecoomb Tenants and Residents Association on 27 February 2017 to share plans for the proposed scheme. Members broadly welcomed the prospect of new homes on the site and will be kept updated on developments.
- 5.3 Residents and businesses neighbouring or in view of the site were invited by letter to a drop-in consultation event held at the Housing Centre on 24 April 2017 between 4pm and 6pm, as were non-resident leaseholders of Oakendene flats and licensees of the two garages. An information sheet about the proposal was included with the letter and residents were invited to contact the Estate Regeneration Project Manager if they were unable to attend the event or had any questions. Housing and Mears staff were also informed of the event and invited to drop in. In addition, the Secretary of East Moulsecoomb Tenants and Residents Association put up five posters in the area publicising the consultation event.
- 5.4 The Chief Executive Officer of YMCA DLG and YMCA London South West's Head of Y:Cube Development provided information and answered questions, along with the council's Estate Regeneration Project Manager. Attendees were invited to look at a model of a Y:Cube and the plans and to give their views, orally or in a feedback form. Information sheets and feedback forms were also available at the centre after the consultation event.

- 5.5 Six local residents attended the event – from Oakendene, Moulsecoomb Way and Appledore Road - and three feedback forms were completed. Their responses included no negative comments and were as follows:

What do you think of the plans for new Y:Cube homes in Eastergate Road?

- All right, quite good. Can't see anything wrong with them
- Fantastic idea and brilliant use of a wasted space
- A brilliant idea, need more!

Do you have any suggestions for how the plans could be improved?

- Not really
- No they seem spot on
- No

Do you have any concerns or issues about the plans?

- Was worried tenants would be down and outs but since being here I'm reassured they will not
- No
- No.

- 5.6 An Oakendene resident had emailed prior to the event, concerned they would lose their view, about possible parking pressures and current incidents with young people on the site at night. However, the YMCA would not expect residents to have a car or the means to run one, so resident parking is unlikely to be an issue. And residents who attended the consultation agreed that developing the site would displace the youngsters who currently congregate there and cause a nuisance, so see the proposed scheme as helping to remedy rather than exacerbate that issue.

- 5.7 Mears' General Manager (Brighton & Hove Region) based in the Housing Centre has been kept informed of the proposed development of the site and will find an alternative location for Mears' storage and vehicles when it needs to be vacated. He met with the YMCA and Estate Regeneration Project Manager in November 2016 and attended the drop in consultation event in April 2017. Custom Pharma, which has taken over the former bingo hall across Eastergate Road from the Housing Centre, has also been advised of the plans and there will continue to be liaison regarding timing of works to minimise disruption in Eastergate Road and any impact on Housing staff and visitors.

## 6. CONCLUSION

- 6.1 This proposal will deliver up to 21 homes for affordable rent for young single people who are resident in Brighton & Hove who might otherwise be unable to afford a home with their own front door. This fits with the council's Housing Strategy 2015 objectives to increase housing supply, in particular affordable rented housing, support development of community housing and aim to deliver at least 500 new homes on council land under the New Homes for Neighbourhoods programme. It would achieve those homes on a small, blighted site that is otherwise unsuitable for residential development and provide a stream of vacancies to which the council could nominate 50% of the tenants. By housing

local, young people at the end of the homelessness pathway, the scheme would release move-on and hostel accommodation at earlier stages in the pathway without the need for further financial support from the council. The proposal meets objectives of the council's Homelessness Strategy 2014 – 2019, Housing and Support for Young People Joint Commissioning Strategy 2013 and Rough Sleeper Strategy 2016 and a recommendation of its Fairness Commission 2016.

- 6.2 From a financial perspective, lease of the site to YMCA DLG would enable the HRA to benefit from 33% of scheme surpluses once YMCA DLG has repaid its capital funding after 25 years and bring over £0.5m of HCA funding to the city as well as the YMCA's own investment. The many financial and other benefits to the council are detailed in paragraphs 3.33 to 3.36 above.

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

### Financial Implications:

- 7.1 The proposed development of 21 affordable housing units at the Eastergate Road site will be constructed without any capital input required from the HRA. YMCA Downslink Group (YMCA DLGC) is bearing all the risks associated with construction of the Y:Cube units, including but not exclusive to the feasibility, planning and construction costs. The site identified for the units is classified as under HRA ownership.
- 7.2 Once the units have been constructed they will be owned by YMCA DLG and will be managed and maintained by the team they have in place. There will be no budget requirement from the HRA to manage or maintain the properties.
- 7.3 As per paragraphs 3.2 and 3.6 of the main report, there are still two garages currently let to local residents. These will need to be demolished in order for the scheme to progress. There is a risk that the income from these licences will be foregone, however the licensees will be offered alternative garages for rental and so there is potential that the HRA will maintain that income stream estimated at £900 per year.
- 7.4 The recommendation put forward in the main report is for the site to be leased to YMCA DLG on a 99 year lease. The terms of the lease have been reviewed by the council's Property Estates Team and are considered as best consideration for this constrained site as per paragraph 3.33 of the main report. The council will benefit from 50% nomination rights but will also receive income at the rate of 33% of the scheme surpluses generated by YMCA DLG. The income would be generated from year 25 of the lease. The loan which YMCA DLG require to fund the construction will be repaid by year 25, it is reasonable to assume that surpluses will be generated at this point as a major part of expenditure is no longer being incurred by YMCA DLG.
- 7.5 Paragraph 3.35 details that pressures will be eased with regards to placements in hostels. It will enable a smoother transition for young people living in a hostel or other supported accommodation to living independently. As the demand for hostel places is very high there would still be a requirement for the hostel places with no direct savings in cost generated, however this scheme will facilitate moving people out of homelessness without costing the council.

- 7.6 The new scheme should attract New Homes Bonus from the Government (depending on thresholds being met for the council as a whole) and will also bring in more council tax.
- 7.7 Currently the HRA incur maintenance costs for clearing the site of rubbish, upon completion of the project this cost would no longer be incurred.

*Finance Officer Consulted: Monica Brooks, Principal Accountant Date:22/05/17*

Legal Implications:

- 7.8 The report proposes the grant of a 99 year lease to the YMCA Downslink Group. The grant of a lease amounts to the disposal of an interest in land. The council's constitution requires that the disposal of an interest be referred to the Policy, Resources and Growth Committee for determination.
- 7.9 The land at Eastergate Road is currently owned by the council for housing purposes. Section 32 of the Housing Act 1985 allows a local housing authority to dispose of such land in any manner, including the grant of a lease, but the disposal requires the consent of the Secretary of State. That consent may be specific or general. Under Consent A3.1.2 of the General Housing Consents 2013 the council may dispose of vacant land at any price. However, if it is at less than market value, the disposal also needs consent under s25 Local Government Act 1988 as it will be used as privately let accommodation, which involves additional restrictions. Under General Consent A for s25 Local Government Act 1988 for the Disposal of Land to Registered Providers of Social Housing 2010 (as amended) the council may lease the land at less than "open sale value" as YMCA Downslink is a Registered Provider. The section 25 Consent requires the lease to be for a term of 99 years or more. Additionally, the housing development must be completed within 3 years of the disposal and be let by the Registered Provider as social housing, temporary or hostel accommodation.
- 7.10 A recommendation for disposal of any council land, whether by sale of the freehold, or the grant of a lease, must be based on the individual merits of the case. The case should take into account relevant considerations, including best consideration, and ignore irrelevant ones. The recommendation in the report for disposal of the Eastergate Road site should not be seen as creating a precedent for the unregulated disposal of any HRA land.

*Lawyer Consulted: Liz Woodley, Senior Solicitor*

*Date: 25/05/17*

Equalities Implications:

- 7.11 An Equalities Impact Assessment has been carried out for the New Homes for Neighbourhood programme and actions are built into the Estate Regeneration project management procedures.
- 7.12 YMCA DLG is an organisation that values diversity and promotes equality of opportunity. The organisation does not tolerate discrimination on grounds of gender, gender identity, marital status, sexual orientation, race, colour, nationality, religion, age, disability, HIV positivity, working pattern, caring

responsibilities, trade union activity or political beliefs – or any other. The organisation is committed to ensuring that all dealings with service users, customers, colleagues and partners apply the principles and practices set out in its Equality and Diversity Policy.

#### Sustainability Implications:

- 7.13 In order to obtain planning consent the new homes will be required to meet sustainability standards for energy and water efficiency equivalent to Code for Sustainable Homes Level 4. The modular construction of Y:Cube homes has a much lower embodied carbon footprint than traditional block and build construction and the timber will be sustainably sourced in line with council policy where possible.

#### Crime & Disorder Implications:

- 7.14 The supplier of the new homes will be required to follow Secured by Design guidance. Development of the current site should displace gatherings of youths there at night which can cause a nuisance to neighbouring residents. YMCA DLG has clear tenancy management procedures and takes a robust approach to incidents of anti-social behaviour. The organisation has established working relationships with local agencies and is proactive in multi-agency partnerships.

#### Risk and Opportunity Management Implications:

- 7.15 There are a number of risks associated with developing new homes on small, challenging sites, including of relatively higher construction and development costs per home. YMCA DLG will bear both the capital and revenue risk for this scheme. However, the small size and off site manufacture of Y:Cubes makes them more affordable to procure and build than traditional homes. In addition, modular units would help resolve site constraints such as likely ground contamination and the impact of noise from heavy vehicle movements and adjacent non-residential properties.
- 7.16 This proposal takes the opportunity of building much needed new affordable rented homes on a largely cleared piece of HRA land which is currently used by two garage licensees and by Mears for parking and storage.

#### Public Health Implications:

- 7.17 Energy efficient homes which are easy and cheap to heat will help support tenants' health. White goods will be provided to enable them to cook healthy meals for themselves. The supplier would be required to ensure that ground floor flats would be suitable for tenants with limited mobility. Tenants would have easy access to Moulsecoomb Community Centre and leisure facilities nearby.

#### Corporate / Citywide Implications

- 7.18 The New Homes for Neighbourhoods programme of building new homes on council land supports the council's priorities for the economy, jobs and homes.

- 7.19 Every new home built on small sites helps meet the city's pressing housing needs and deliver the first priority in the council's [Housing Strategy 2015](#) of improving housing supply. New homes could also bring benefits to the council in the form of New Homes Bonus payments and new council tax income.
- 7.20 The scheme would increase supply of housing and support for local single young people at the end of the homelessness pathway, meeting numerous city wide objectives and strategies, as detailed in the body of the report.

### **SUPPORTING DOCUMENTATION**

#### **Appendices:**

1. Plan of Eastergate Road HRA garage site
2. Photograph of the site
3. Initial high level design study for 21 new Y:Cube homes on the site

#### **Documents in Members' Rooms**

None

#### **Background Documents**

None

