

AGENDA ITEM 92

HOUSING DELIVERY OPTIONS – LIVING WAGE JOINT VENTURE

GREEN GROUP AMENDMENT

That the recommendation 2.2 (ii) a) be deleted as shown in ~~strikethrough~~ and replaced as shown in ***bold italics***.

~~2.2 That the Policy, Resources and Growth Committee:~~

- ~~i) Support in principle the living wage joint venture proposal; and~~
- ~~ii) Give delegated authority to the Executive Director of Economy, Environment and Culture following consultation with the Executive Lead Officer for Strategy, Governance & Law, the Executive Director of Finance & Resources, the Estate Regeneration Board and the Strategic Delivery Board to:
 - ~~a) Develop and negotiate the deal with Hyde; in which the following are sought:
 - ~~1) 100% of nominations for Living Wage Rented Housing are provided only for households from the BHCC waiting list, for whom specifically, the market rent for housing in the private sector exceeds 50% of their income. This is estimated at an annual gross income of: - £36,000 for a three bed - £31,000 for a 2 bed, £22,500 for a one bed - £16,000 for a studio~~
 - ~~2) That 100% of nominations for shared ownership properties are achieved for residents with a local connection to Brighton and Hove, as defined in the Housing Allocations Policy~~
 - ~~3) That a 'first refusal' option is agreed in the event Hyde become bankrupt; and/or that in the event that Hyde should separately dispose of their stake in the partnership, that their stake be sold to the council or to a charitable housing association, with charitable objectives;~~
 - ~~4) That the rent levels set are reduced to the levels modelled in the 30% of living wage rent sensitivity test, (made possible by lowering the rate of return in the base model)~~~~~~

- ~~b) the final terms of the agreement be put forward and agreed by full meeting of Council, prior to the completion of the deal;~~
- ~~iii) Note that the reserved matters (as detailed in 3.30) will come back to committee for approval including any business plans which are to be delivered through the Joint Venture, and the disposal of land/sites to the JV:~~
- ~~iv) That reserved matters for the Joint Venture should include:

 - ~~(a) An option to veto any future rent increases that exceed increases in the National Living wage;~~
 - ~~(b) An option to veto any future rents increases that raise combined rents and service charges above the Local Housing Allowance;~~
 - ~~(c) An option to increase allowances for maintenance of properties after year 10 in the model~~~~
- ~~v) That should the business model exceed its projected rate of return, all surplus council monies be ring fenced exclusively to provide additional council owned emergency accommodation for homeless people and additional living wage rented housing.~~

2.2 That the Policy, Resources and Growth Committee:

- i) Support in principle the living wage joint venture; and***
- ii) Give delegated authority to the Executive Director of Economy, Environment and Culture following consultation with the Executive Lead Officer for Strategy, Governance & Law, the Executive Director of Finance & Resources, the Estate Regeneration Board and the Strategic Delivery Board to:

 - (a) Develop and negotiate the deal with Hyde; in which the following are agreed:***
 - (1) The Shared Ownership properties should first be marketed locally to buyers with a connection to Brighton & Hove with a cascade for wider marketing to be triggered only after such reasonable marketing period has first expired.***
 - (2) That the rent formula proposed for the National Living Rent calculation in the SFVM be changed to make the rents more affordable for local people on lower incomes. Specifically that the current rent formula which is calculated based on 40% of gross income be reduced to 37.5% of gross income in the SFVM.***
 - (3) Should cost of living increases in rents for tenants of the joint venture rise at a rate that is in excess of actual******

increases in the rate of the National Living Wage, the parties to the Joint Venture agree to discuss the scope to address this issue when reviewing the business plan. Having regard to the required commercial performance of the project in line with the SFVM and Business Plan,

- (4) Should cost of living increases in rents for tenants of the joint venture rise at a rate that leads gross rents to exceed the Local Housing Allowance, the parties to the Joint Venture agree to discuss the scope to address this issue when reviewing the business plan. Having regard to the required commercial performance of the project in line with the SFVM and Business Plan.***
- (5) That should the business model exceed its projected rate of return, all Brighton & Hove City Council surplus monies be ring fenced exclusively to provide additional council owned emergency accommodation for homeless people and additional living wage rented housing.***
- b) Agree and authorise execution of the Heads of Terms and subsequently the documentation required to implement the proposed Joint Venture;***
- c) Make the appointments from the Council to the management board;***
- iii) Note that reserved matters (as detailed in 3.30) will come back to committee for approval including any business plans which are to be delivered through the Joint Venture, and the disposal of land/sites to the JV.***

Proposed by Councillor Mac Cafferty

Seconded by Councillor Sykes

Recommendation (if agreed) to read:

2.2 That the Policy, Resources and Growth Committee:

- ii) Give delegated authority to the Executive Director of Economy, Environment and Culture following consultation with the Executive Lead Officer for Strategy, Governance & Law, the Executive Director of Finance & Resources, the Estate Regeneration Board and the Strategic Delivery Board to:
 - (a) Develop and negotiate the deal with Hyde; in which the following are agreed:
 - (1) The Shared Ownership properties should first be marketed locally to buyers with a connection to Brighton & Hove with a cascade for wider marketing to be triggered only after such reasonable marketing period has first expired.
 - (2) That the rent formula proposed for the National Living Rent calculation in the SFVM be changed to make the rents more affordable for local people on lower incomes. Specifically that the current rent formula which is calculated based on 40% of gross income be reduced to 37.5% of gross income in the SFVM.
 - (3) Should cost of living increases in rents for tenants of the joint venture rise at a rate that is in excess of actual increases in the rate of the National Living Wage, the parties to the Joint Venture agree to discuss the scope to address this issue when reviewing the business plan. Having regard to the required commercial performance of the project in line with the SFVM and Business Plan,
 - (4) Should cost of living increases in rents for tenants of the joint venture rise at a rate that leads gross rents to exceed the Local Housing Allowance, the parties to the Joint Venture agree to discuss the scope to address this issue when reviewing the business plan. Having regard to the required commercial performance of the project in line with the SFVM and Business Plan.
 - (5) That should the business model exceed its projected rate of return, all Brighton & Hove City Council surplus monies be ring fenced exclusively to provide additional council owned emergency accommodation for homeless people and additional living wage rented housing.
 - b) Agree and authorise execution of the Heads of Terms and subsequently the documentation required to implement the proposed Joint Venture;
 - c) Make the appointments from the Council to the management

board;

- iii) Note that reserved matters (as detailed in 3.30) will come back to committee for approval including any business plans which are to be delivered through the Joint Venture, and the disposal of land/sites to the JV.

