

BRIGHTON & HOVE CITY COUNCIL
POLICY & RESOURCES COMMITTEE

3.00pm 21 OCTOBER 2020

VIRTUAL

MINUTES

Present: Councillor Mac Cafferty (Chair) Gibson (Joint Deputy Chair), Platts (Opposition Spokesperson), Bell (Group Spokesperson), Allcock, Clare, Miller, Moonan, Hugh-Jones (Joint Chair), Phillips (Deputy Chair), Williams (Opposition Spokesperson), Mears (Opposition Spokesperson), Atkinson, Fowler, Hill and Osborne

PART ONE

86 PROCEDURAL BUSINESS

(a) Declarations of Substitutes

86.1 Councillor Grimshaw was present in substitution for Councillor Yates, and Councillor Hugh-Jones was present in substitution for Councillor Druitt.

(b) Declarations of Interest

86.2 Councillor Gibson declared they were on the Joint Venture Board and been granted dispensation to speak but not vote.

(c) Exclusion of Press and Public

86.3 The Committee considered whether the press and public should be excluded from the meeting during the consideration of any of the items listed on the agenda.

86.4 **RESOLVED:** That the press and public be excluded from the meeting during consideration of the items contained in part two of the agenda.

87 CHAIR'S COMMUNICATIONS

87.1 Councillor Mac Cafferty spoke as senior Chair of the joint meeting:

Can I remind everyone that this meeting is being webcast live and will be capable of repeated viewing.

To assist with the management of the meeting I would ask that Members ensure their connection is working and that microphones and video links are turned off when you

are not speaking. It is important that everyone can be heard, and you will therefore need to unmute your microphone and enable your video link when you are speaking.

Can I ask that Members wishing to speak in any of the debates should indicate their intention by registering their request through the Teams 'Hand' icon or the conversation panel. You will simply need to type; may I speak or the word 'hand'. I will then call you as appropriate.

I would remind you that the instant messaging facility should only be used for this or to raise a point of order and please note it is visible to all those present in the session.

88 PUBLIC INVOLVEMENT

(a) Written Questions:

88.1 There were no public questions.

(b) Deputations:

88.2 There were no deputations submitted for consideration at the meeting.

89 HOMES FOR BRIGHTON & HOVE - DEVELOPMENT COMPANY

89.1 The Executive Director for Economy Environment & Culture introduced the item. Since the Homes for the City of Brighton & Hove (known as Homes for Brighton & Hove or HBH) joint venture partnership with The Hyde Group was set up in 2017, a national matter relating to mortgage lending and issues with project viability have necessitated a review of how to proceed. In addition, there have been two significant national policy changes which present a more favourable landscape for the council than had existed in 2017. These factors combine to provide a perfect opportunity for the partnership to reassess its delivery model and put in place a more favourable structure for delivery.

89.2 Councillor Mears was informed that the estimated purchase price of £41m was established working with Hyde Homes and needed to be affordable by the Housing Revenue Account (HRA). The item is presented at this time as test undertaken show homes would not be affordable without HRA. The split between Brighton and Hove City Council (BHCC) and Hyde Homes is yet to be agreed. Shared ownership will still be available to key workers even though Homes England will be advertising homes by condition of contract. Officers are confident that the Homes England grant bid will be successful based on past conversations. It was noted that Hyde Homes have pre agreed funding with Homes England. Any changes will to the Homes for Brighton and Hove (HBH) board, members supply board and the Joint Venture (JV) board.

89.3 Councillor Hill was informed that the JV will be able to continue supplying homes after the first two sites have been completed. The issue of mortgages not being available was first noted by London Borough of Croydon Council joint venture Brick-by-brick at the end of 2019. BHCC have instigated the issue since then. This was not an issue when the JV started in 2017.

- 89.4 Councillor Platts was informed that the Right-to-buy will apply to the completed homes but will not be available to all.
- 89.5 Councillor Miller was informed that if agreed the new development company will not replace but tweak the JV. The two sites already selected will transfer to the new development company. The costs to the JV so far are £3.1m. The new development company, if agreed, would not need new procurement as this would fall under the corporate structure and the BHCC exemption still stands. The matter of a new development company has been looked at in the past but has not been required before and the HRA borrowing cap had not been removed before. It was noted that the Members did have delegated powers to make a decision and the housing supply board would be consulted. The Members will receive updates regarding the development company and the HRA spend through Housing Committee, Housing Supply Board and HBH. It was also noted that £41m was the breakeven point for the HRA.
- 89.6 Councillor Bell was informed that the £41m comprised of £27m from HRA and £14m from Homes England grant, this will elevate the pressure on rent payers. A total of 346 homes will be built on two sites. The RSL reflects recent changes in mortgage providers. Consultation has taken place with the Limited Liability Partnership (LLP) Board, Housing Supply Board and Strategic Delivery Board. It was noted that build costs are currently flatlining and this affects liability, as do COVID-19 changes. House prices have been exceeded by build costs at this time. Hyde Homes receive funding from Homes England and this can be drawn down by the new development company. It was also noted that no homes have been constructed yet on the two sites owned by BHCC.
- 89.7 Councillor Moonan was informed that the key change was that the JV would sell the homes created on the two sites and this would have significant benefits. The current business plan will have inserts to reflect the changes should they be agreed. It was noted that there was the potential for lower property values, however the purchase price would reflect this.
- 89.8 Councillor Williams was informed that the HRA £41m takes into account government funding, the cost of the proposed properties will not be a future burden on HRA. The homes will be built quickly if agreement is reached. The homes will be 50/50 with Hyde and BHCC.
- 89.9 Councillor Fowler was informed that the trees, both existing and proposed were in the detail information attached to the planning application. The homes will be marketed at key workers.
- 89.10 Councillor Allcock was informed that since 2017 the build contract, rising building costs and mortgages issues had all delayed the two schemes. The homes constructed will be on top of the existing housing stock.
- 89.11 Councillor Grimshaw was informed that the social rents will be retained, and this would be by condition with Homes England.

Proposed Amendment by Labour

- 89.12 Councillor Gibson introduced the Labour amendment which was seconded by Councillor Fowler.
- 89.13 Councillor Bell agreed the amendment was generally good and noted that Hyde Homes would always pressure BHCC, however, more detail was required, and they would not support the item.
- 89.14 Councillor Platts raised concerns with lack of detail and this should be sent to Councillors on the Housing and P&R committees. The Right-to-buy was a concern however, the new homes were welcomed.
- 89.15 Councillor Williams noted that the economy had changed since 2017 and agreed that the Right-to-buy was a concern and agreed that the amendment was good.
- 89.16 Councillor Allcock expressed concerns with the percentage reduction of social housing since 1979. The HRA being used to build new homes was a good idea, however, more detail in the reports would be good. The councillor was pleased to support the report and the amendment.
- 89.17 Councillor Mears expressed concerns at the lack of detail regarding the HRA spend and in the report generally. They accepted the amendment but expressed concerns regarding consultation with tenants. Councillor Mears supported the report and the amendment.
- 89.18 Councillor Atkinson considered the report pragmatic and sensible and considered the amendment to be good.
- 89.19 Councillor Hugh-Jones welcomed the amendment and felt that the three year delay was regrettable and expressed concerns about Right-to-buy. Councillor Hugh-Jones supported the report and the amendments.
- 89.20 Councillor Miller expressed extreme concerns that the Homes England grant was not in place and the homes could have been built had to the council not been working with the developer.
- 89.21 The Chair invited the P&R Committee Members to vote on the report: Councillors Allcock, Clare, Hugh-Jones, Grimshaw, Moonan, Platts and Mac Cafferty voted for and Councillors Bell and Miller voted against. (Councillor Gibson was not granted dispensation to vote).
- 89.23 **RESOLVED:**
- (1) That the principle of changing HBH to a Development Company model as detailed in this report be approved and that delegated authority be granted to the Executive Director Housing, Neighbourhoods & Communities and the Executive Lead Officer for Strategy Governance & Law after consultation with the Housing Supply Member Board to take all necessary steps to implement the proposal as outlined in paragraphs 1.2 and 1.3 (including adjusting the Business Plan as outlined in this report and entering into Development Agreement/s);

- (2) That the council accessing funding as a Delivery Partner under Hyde Strategic Partnership with Homes England be approved;
- (3) That it be noted that the development sites will be transferred to HBH and contracts awarded by the HBH Development Team;
- (4) That the purchase of completed homes for rent at Portslade and Coldean by the Housing Revenue Account (HRA) with an estimated value of up to £41m be agreed;
- (5) That it be noted that this will be reported via the annual HRA budget setting process;
- (6) That it be noted that the initial aim of the Joint Venture was to provide up to 1,000 genuinely affordable homes in the city, and holds the same ambition for the work undertaken by the Development Company;
- (7) That the council seeks through the development company to acquire and develop sites for housing as quickly as possible, prioritising non-council owned brownfield land.

90 ITEMS REFERRED FOR COUNCIL

90.1 No items were referred to the next council meeting for information.

The meeting concluded at 4.50pm

Signed

Chair

Dated this

day of

