

<b>Subject:</b>	<b>Lease surrender: Windlesham House, 123, Windlesham Court, Old Shoreham Road, Portslade</b>		
<b>Date of Meeting:</b>	<b>20 January 2021</b>		
<b>Report of:</b>	<b>Executive Director, Housing, Neighbourhoods &amp; Communities</b>		
<b>Contact Officer:</b>	<b>Name:</b>	<b>Ododo Dafé</b>	<b>Tel: 01273 293139</b>
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<b>Ward(s) affected:</b>	<b>South Portslade</b>		

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

- 1.1. Windlesham House is a site currently leased by the council to the Royal Voluntary Service (RVS) [previously known as the Women's Royal Voluntary Service (WRVS) up until a name change in 2013] for a period of 21 years commencing 29 September 2009. The site was leased for the purpose of providing community services, notably meals on wheels, and consists of a single-storey 130m<sup>2</sup> building comprising a large meeting room, kitchen, two small offices and associated toilet facilities. The building is currently empty and has been so since mid-2018.
- 1.2. Following consideration at Housing Member Supply Board, this report is to seek committee agreement to an early lease surrender. The Executive Director Housing, Neighbourhoods & Communities will use their delegated powers under the Council's Scheme of Delegations to accept the surrender of a lease, for a consideration of up to £250,000 after consulting with the Chair of the Policy & Resources Committee. The executive officer will negotiate the terms of the surrender, which are detailed in a Part 2 paper
- 1.3 Should the lease surrender be agreed it is proposed to develop a business case and, subject to approval, consult upon use of the site for redevelopment for the purposes of providing new council homes under the Council's New Homes for Neighbourhoods programme. The lease surrender supports the Council's key priority of providing additional social housing in the city, as it will provide a site for council housing development toward meeting our Housing Committee Work Plan target of delivering 800 additional council homes by 2023.

**2. RECOMMENDATIONS:**

- 2.1 That Housing Committee agrees the Council accepts the early lease surrender of Windlesham House.
- 2.2 That Housing Committee agree that the Executive Director Neighbourhoods, Communities & Housing will use their powers under Part 6.3 Part B VII(4A) of

the Council's Scheme of Delegations to accept the early surrender of the lease for a consideration detailed in the Part 2 paper accompanying this report, and which is up to the prescribed £250,000 limit.

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

- 3.1 An opportunity has arisen to accept an early surrender from the RVS of a 21-year lease which began on 29 September 2009, on Housing land at 123 Windlesham Close, Portslade. The lease expires in 10 years, and the Council owns the freehold.
- 3.2 This proposed lease surrender would enable the land to be redeveloped, subject to business case approval, resident consultation and Planning approval, to provide council housing at 100% affordable rents within the parameters of our rent policy for new build homes. Homes would be let to nominees from the Council's Housing Register. To the north of the site is Evelyn Court, seniors' housing council flats, and to the east are general needs council flats.
- 3.3 The Council has obtained valuers advice on the proposed lease surrender and has negotiated and agreed a surrender premium of the amount reported in the Part 2 paper to this report. The agreed surrender premium recognises the council's position as a Special Purchaser and reflects the Special Value attributable to the lease surrender because of the advantage to the council of completing the surrender; that is the ability to develop the site in conjunction with the adjacent council owned car park.
- 3.4 The agreed surrender premium meets the RVS's need to obtain best consideration under the Charities Act; and meets the council's requirement to achieve best consideration under the Local Government Act. The agreed surrender premium is within the Executive Director Housing, Neighbourhoods & Communities delegated authority and has been reviewed and approved by the Property Estates team. The agreed surrender premium also fits with the Council's viability assessment for future development of the site.
- 3.5 The Council agrees, under a covenant, not to develop 'open market' accommodation.
- 3.6 Subject to scheme approval, completion of resident consultation and Planning approval it is proposed that the current single storey Windlesham House building will be demolished to allow a new block of 17 new one and two-bedroom council homes to be built. The homes will meet nationally prescribed space standards and will comprise two wheelchair accessible flats among the 11 one-bedroom flats, and six two-bedroom flats. Pre-planning advice was obtained in September 2019, giving some areas for further attention in the proposals, and importantly the need to demonstrate low demand for community facilities in the local area.

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

- 4.1 Consideration was given to not accepting the early surrender of this lease. However, it would result in a delay of around 10 years in developing much needed homes on this site. It would also mean the current building remains an empty underused resource and a potential blight on the local neighbourhood

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

- 5.1 A public consultation, including a public exhibition of the potential development, took place during October and November 2019. The main objections raised were regarding parking, loss of privacy, overcrowding, building too high and traffic generation. Consideration will be given to this feedback from residents, as well as to the pre-planning advice, and factored into revised proposals for any potential future development that will come back to this committee.
- 5.2 This proposal was taken to the Housing Supply Members' Board in December 2020, where it was requested to be presented to Housing Committee.
- 5.3 A briefing will be shared with ward councillors.

#### **6. CONCLUSION**

- 6.1 While the Executive Director's delegated powers are acknowledged, Housing Committee's ratification of the proposal is sought. Subject to the caveats outlined above, early surrender of this lease has the potential to enable council homes to be built and will support the Housing Committee work plan 2019-2023 target of providing 800 additional council homes.
- 6.2 Subject to lease surrender being agreed, a further report will be presented to Housing Committee outlining proposals and timescales and seeking scheme approval for consultation on the future development of this site.
- 6.3 If lease surrender is completed, the indicative development timelines are detailed below:-

<b>Task</b>	<b>Date</b>
Committee decision	March 2021
Planning decision	October 2021
Construction start	March 2022
Handover	May 2023

## 7. FINANCIAL & OTHER IMPLICATIONS:

### Financial Implications:

- 7.1 The sum for the lease surrender will form part of the HRA capital expenditure programme for 2020/21 and will be funded by Right to Buy (RTB) receipts and HRA borrowing. Until the scheme is completed the financing costs will be a cost to the HRA and met from existing resources in the short term. Once the units are completed it is assumed the new rental income will pay for the borrowing costs.
- 7.2 There is no need to seek budget approval for the payment as there is sufficient budget already approved as part of the 2019/20 budget setting process, this was set aside for unidentified schemes included in the New Homes for Neighbourhood future programme.
- 7.3 A budget variation will be reported as part of the TBM reporting process to Policy, Resources & Growth Committee.
- 7.4 The lease surrender payment will form part of the full financial appraisal of the site which will require Housing Committee and Policy, Resources & Growth Committee approval. The financial viability appraisal sets out to show whether a given scheme can pay for the initial investment itself by using the new rental stream only (net of service charges, management, maintenance, and major repairs and voids costs) over a 60 year period.
- 7.5 It will assume that for Windlesham Close 30% of the eligible investment costs are met from retained RTB receipts, the lease payment in this instance is an eligible cost. Assessing the project viability over a 60-year period not only matches the estimated life of the asset but also reduces the need to use existing tenants' rents to support the project.

*Finance Officer Consulted: Name: Craig Garoghan Date: 16/12/20*

### Legal Implications:

- 7.6 The surrender of a lease by a tenant to its immediate landlord is a consensual arrangement between the landlord and the tenant. The council's tenant is willing to surrender its lease for a premium and this report explains why it is in the interest of the council as landlord to accept the surrender. The Executive Director of Housing, Neighbourhoods & Communities has the ability under the constitution to acquire land for a consideration of up to £250,000 provided that the terms are certified by the Valuer to be the best consideration reasonably obtainable. They have to consult the Chair of Policy, Resources & Growth Committee.

*Lawyer Consulted: Name: Joanne Dunyaglo Date: 15/12/20*

### Equalities Implications:

- 7.7 There are none directly arising from this report.

### Sustainability Implications:

- 7.8 The Council is working with the University of Brighton to see how the building can be dismantled and a portion of the materials recovered and re-used elsewhere.

Solar PV panels are incorporated onto the roof, and flat layouts include cupboard space to allow for a ground source heat pump system.

Brexit Implications:

7.9 There are none arising from this report

Crime & Disorder Implications:

7.10 There are none arising directly from this report.

Risk and Opportunity Management Implications:

7.11 The lease surrender affords the Council the opportunity to use the site for housing development earlier than would have otherwise been the case.

Public Health Implications:

7.12 There are none arising directly from this report.

Corporate / Citywide Implications:

7.13 The proposal set out in this report support the Council's priority to increase the supply of affordable homes in the city and will have the effect of contributing to the alleviation of the city's housing crisis.

## **SUPPORTING DOCUMENTATION**

**Appendices:**

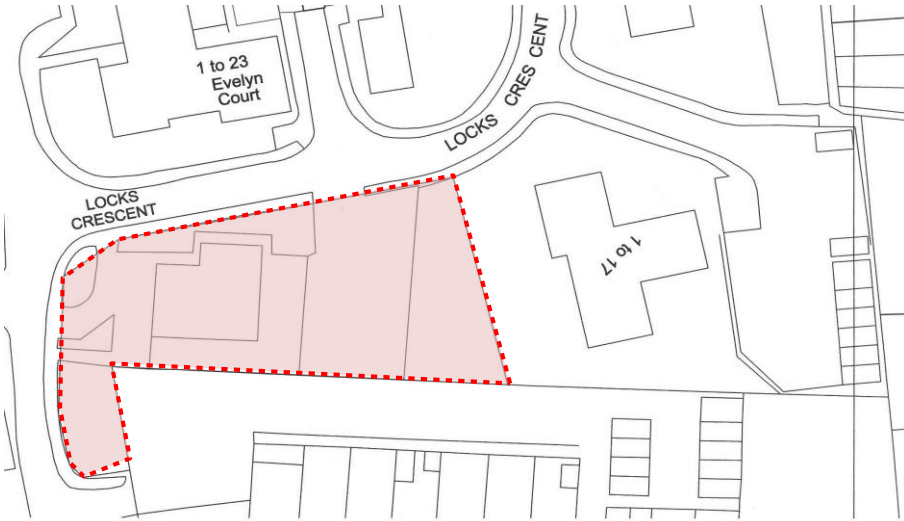
1. Site plan, view and photograph

**Background Documents**

None

# Appendix 1

## Plan of the site



## View of site



## Photograph of Windlesham House



