

Subject: Purchase of Kubic Apartments, Whitehawk Way,
Brighton, East Sussex, BN2 5FH

Date of Meeting: Housing and New Homes Committee 21 June 2023
Strategy, Finance & Regeneration Committee 13
July 2023

Report of: Executive Director Housing, Neighbourhoods and
Communities

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Ward(s) affected: Whitehawk & Marina

For general release

1. PURPOSE OF REPORT AND POLICY CONTEXT

- 1.1 The council is committed to increasing affordable housing supply in the city. As well as new build schemes the council has an active acquisitions programme which includes buying back homes lost through the right to buy and seeking opportunities to increase social housing stock by buying off plan from developers.
- 1.2 This report presents to Housing Committee an opportunity to acquire Kubic apartments, a block of 38 flats in Whitehawk. The opportunity enables the council to meet a range of housing need by purchasing a new build development to provide a mix of general needs accommodation.
- 1.3 The proposal aligns to a decision of budget council in February 2021 and February 2022 which agreed a budget of £6.000m to make a substantial one-off property acquisition subject to detailed report of the full revenue and capital financial implications to demonstrate its viability and value for money.

2. RECOMMENDATIONS:

That Housing & New Homes Committee:

- 2.1 recommends to the Strategy, Finance & Regeneration Committee that it agrees the purchase of Kubic Apartments Whitehawk Way, Brighton, East Sussex, BN2 5FH and grants delegated authority to the Executive Director Housing, Neighbourhoods & Communities to negotiate the sale price up to the maximum set out in the Part 2 report.
- 2.2 recommends to the Strategy, Finance & Regeneration Committee that funding is switched and part of the budget from the Home Purchase Policy 2023/24 is used

to purchase Kubic Apartments as outlined in paragraphs 3.3. and 3.4 of the Part 2 report.

That Strategy, Finance & Regeneration Committee:

- 2.3 agrees the purchase of Kubic Apartments Whitehawk Way, Brighton, East Sussex, BN2 5FH and grants delegated authority to the Executive Director Housing, Neighbourhoods & Communities to negotiate the sale price up to the maximum set out in the Part 2 report.
- 2.4 agrees that funding is switched and part of the budget from the Home Purchase Policy 2023/24 is used to purchase Kubic Apartments as outlined in paragraphs 3.3. and 3.4 of the Part 2 report.

3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 Taking a strategic approach to open market acquisitions will help the council meet key priorities of increasing affordable housing supply and enable the council to benefit from well-designed housing development by working alongside private developers to bring forward schemes.
- 3.2 The council's Home Purchase Policy includes options to undertake off plan purchases where viable. Off plan (also known as off the shelf) means properties already built or in the process of being built by a developer rather than those built by the council itself through its direct delivery programmes.
- 3.3 This development at Kubic Apartments, Whitehawk Way was granted planning permission in 2018 including an affordable housing element of 15 flats (40%). No Registered Providers (Housing Associations) expressed an interest in purchasing these homes. The developer Martin Homes therefore reviewed options for the scheme and entered into discussions with the council to complete a whole block purchase.

The flats are arranged as follows: -

| Schedule of accommodation | | | | | | |
|-----------------------------------|---------------------------|----------------------------|----------------------------|---------------------------|--------------------------------|--------------|
| Type | 1 bed-/P: 44m2 | 1 bed-/2P: 54m2 | 2 bed/2P: 63 m2 | 2 bed/3P: 72m2 | 3 bed -4P :80m2 | Total |
| Basement car park (18 spaces) | 2 x disabled bays | | | | | |
| Ground floor | 4 | 1 | | 2 | 1 | |
| First floor | 4 | 1 | | 2 | 1 | |
| Second floor | 4 | 1 | | 2 | 1 | |
| Third floor | 4 | 1 | | 2 | 1 | |
| Fourth floor | 3 | 2 | 1 | | | |
| | | | | | | |
| | 19 | 6 | 1 | 8 | 4 | 38 |

- 3.4 The development includes two wheelchair accessible homes on the ground and first floor. The scheme meets Part M of the building regulations and Lifetime homes requirements with a disabled accessible lift and two communal stair cores. Homes can be adapted to suit current and future demand for disabled residents throughout the scheme.
- 3.5 The Council commissioned an independent 'Redbook' valuation (a valuation report that adheres to the Royal Institution of Chartered Surveyor's Valuation Professional Standards). The details of the valuation are set out in the Part 2 paper. The council's Estates Team have also reviewed the valuation.
- 3.6 An independent technical condition survey and specialist reports have been commissioned to support a decision. They focused on the critical areas of fire safety and compliance, mechanical and electrical systems, and drainage. Enquiries are also being made with approved inspectors to establish that the building is statutory compliant. The building is being sold with a ten-year structural warranty. Investigations will be ongoing however no significant concerns have been raised at this stage and we are confident that the developer will work to resolve any unforeseen issues should they arise prior to purchase.
- 3.7 It is proposed to use the block for general needs housing providing new permanent social housing in the city. A lettings plan will be considered to ensure these homes can be used for instance as an option for tenants under occupying and wishing to transfer and downsize alongside other council interest queues.

4. ANALYSIS & CONSIDERATION OF ANY OPTIONS

- 4.1 The following analysis of strengths, weaknesses, opportunities and threats concerning the purchase.

SWOT (strengths, weaknesses, opportunities and threats) Analysis

Strengths:

- Purchase good quality, sustainable accommodation to lifetime home standards
- Social value – sense of security and improved wellbeing through being managed by the council
- Strategic fit - an off-market acquisition increases social housing in the city
- Ensures affordable housing provided through Planning (S106) are maintained on site
- Valuation and financial assumptions have indicated this purchase would provide value for money
- 38 new council owned homes within a single block enabling efficient management
- 10 year structural warranty on the building.

Weaknesses:

- Blocks with a large proportion of one-bedroom accommodation can be more intensive to manage. A Lettings Plan will be used to mitigate any issues.

Opportunities:

- Flexibility to change provision to reflect changing priorities e.g., wheelchair accessible homes
- Council gaining and retaining a freehold asset
- For current tenants it provides an opportunity to transfer or downsize releasing other stock
- New permanent council housing provides an opportunity to reduce the number of households in TA and resolve overcrowding for some households on the Housing Register.

Threats:

- Latent defects emerging in modern methods of construction. However a 10 year structural warranty will be in place and defect liability will remain with the contractor for 12 months
- Securing the right level of grant funding to support the purchase.

4.2 The council could decide not to proceed with a purchase. This would then require the developer to find another buyer for the property. With no Registered Provider interest in taking on the affordable homes within the wider scheme there is a risk that affordable housing would not be provided on site.

5. COMMUNITY ENGAGEMENT & CONSULTATION

5.1 Statutory consultation has been undertaken as part of the planning process by the developer. Ward members will be notified.

6. CONCLUSION

6.1 The purchase of Kubic Apartments enables the Council to pursue its aims to increase affordable housing in the city. It provides an opportunity for the council to purchase affordable homes secured through the planning process. Financial viability assumptions have demonstrated that this purchase will provide value for money as outlined in Part 2 of this report.

7. FINANCIAL & OTHER IMPLICATIONS:

7.1 Financial Implications:

The main financial implications are provided in Part 2 of this report..

Finance Officer Consulted: Craig Garoghan

Date: 08/06/2023

7.2 Legal Implications:

Section 120 of the Local Government Act 1972 [the 'Act'] enables a local authority to acquire by agreement any land for the purposes of its functions. Once acquired the intention is to use the property for a mix of predominantly general needs accommodation which satisfies the requirement of the Act.

The Council's constitution requires that a decision to acquire land taken by the Strategy, Finance & Regeneration Committee must first be considered by the relevant service committee. Therefore, this acquisition shall be considered by the Housing & New Homes Committee before being passed on to the Strategy, Finance and Regeneration Committee for a decision.

Lawyer Consulted: Hannah Bassett Date: 05/06/23.

7.3 Equalities Implications:

There are no direct equalities implications arising from this report.

7.4 Sustainability Implications:

The flats have an EPC rating B, this scheme exceeds the EPC rating of C which is the minimum standard set for energy efficiency by the emerging Asset Management Strategy and Energy Strategy for the existing council owned stock.

This means the homes are future proofed and will not require any retrofitting measures in the long term. This will assist in budget setting and the targeted budget management of the medium-term financial plan to invest in existing homes to tackle fuel poverty throughout the current housing stock.

Any Other Significant Implications:

7.5 None

SUPPORTING DOCUMENTATION

Appendices:

Appendix 1: Images of Kubic Apartments

Background Documents:

None

Appendix 1: Images of Kubic Apartments



Figure 1: Kubic Apartments Whitehawk Way



Figure 2: Kubic Apartments Whitehawk way - front elevation