

Brighton & Hove City Council

Cabinet

Agenda Item 31

Subject: New Homes for Neighbourhoods – Programme Update

Date of meeting: 18th July 2024

Report of: Cabinet Member for Housing and New Homes

Contact Officer: Stephen Marsden: Programme manager, Housing Supply

Email: Stephen.marsden@brighton-hove.gov.uk

Ward(s) affected: Patcham and Hollingbury, Moulsecoomb and Bevendean, Hangleton and Knoll

Key Decision: Yes

Reason(s) Key: Expenditure which is, or the making of savings which are, significant having regard to the expenditure of the City Council's budget, namely above £1,000,000

For general release

1. Purpose of the report and policy context

- 1.1 This report seeks a full construction budget for a package of council-led residential schemes capable of delivering 67 new affordable homes, and approval to enter into relevant contracts subject to project costs clearing the Council's financial hurdles.
- 1.2 The proposals in this report aligns with the Council Plan 2023-2027. In particular Priority 2 *A fair and inclusive city* and Outcome 3 *'Homes for everyone'*, which sets out a commitment to *'increase the number of new affordable homes delivered by the council and other registered providers'*.

2. Recommendations

That Cabinet

- 2.1 agrees an anticipated budget for the redevelopment of the former Hollingbury Library, Portslade Village Centre and Eastergate Road Former Garage site ("the schemes") in accordance with the detail set out at Part 2 of this report.
- 2.2 agrees to the progression of the development of the schemes and delegates authority to the Corporate Director of City Services to take all necessary steps to enter into the relevant contracts for the development of the schemes in accordance with the terms as set out in this report, in consultation with the Cabinet Member for Housing & New Homes and Acting Corporate Director for Housing, Care and Wellbeing (Housing Lead).

2.3 agrees the appropriation of land necessary for the redevelopment of Portslade Village Centre from the General Fund to the Housing Revenue Account for the value outlined in the Part Two report.

3. Context and background information

3.1 Building new homes on council land is a council priority. It is essential if City Plan housing targets are to be met and the city's housing crisis tackled. The New Homes for Neighbourhoods (NHfN) programme aims to proactively respond to the acute housing need in the city, and to build much-needed new rented homes on Council-owned land making best use of Council assets.

3.2 Established in 2013, NHfN has delivered 269 new homes across 14 sites. A further 264 homes have Planning approval, and are progressing through the development process.

3.3 A report approved by the then Housing & New Homes Committee in September 2023 gave approval for several sites to progress through to the submission of Planning Applications. Three of these schemes, equating to 67 new homes, are now in receipt of Planning Approval. A budget is therefore sought to build out these schemes, in advance of procurement exercise to appoint contractors.

3.4 The schemes for which budgets are sought are as follows:

- The former Hollingbury Library. Previously a Council owned library located on Carden Hill, Hollingbury, Brighton, BN1 8DA, which has been closed since 2017. The site is allocated in the City Plan Part 2 for housing development. Planning permission for 9 new homes, made up of 5x one-bedroom flats and 4x two-bedroom flats was granted in March 2024. A site plan is included as Appendix 1
- Portslade Village Centre. The site was identified by the Council's Estates Team as part of a review of Council owned assets and was considered suitable for redevelopment to make best use of this underused landholding and improve the out-dated community facilities. Planning Permission was granted in June 2024 for 28 new homes made up of 6x one bedroom flats, 16x two bedroom flats, and 6x three bedroom flats together with 413m² community space. A site plan is included as Appendix 2
- Eastergate Road Former Garage Site: Planning permission for 30 new studios to be used as Short-Term Supported Accommodation for young people was granted in October 2020. The site is allocated in the City Plan Part 2 for Housing and the development is considered to have started by virtue of the demolition of garages. A site plan is included as Appendix 3

3.5 The estimated timescales for these projects are as follows:

	Planning	Start on site	Completion
Eastergate Road	October 2020	February 2025	March 2026
Hollingbury Library	March 2024	October 2024	March 2026
Portslade Village Centre	June 2024	February 2025	August 2026

- 3.6 Each scheme will be tendered separately, however the procurement approach will be consistent across the projects. The proposed strategy will be compliant with Public Procurement regulations and will be assessed on a 60% cost, 40% quality basis. A fully costed lump-sum fee for each scheme will be provided alongside a qualitative element outlining the contractors' approach to delivering the project.
- 3.7 A recommendation will be made on a proposed contractor for each scheme, and a tender report will be provided. This report seeks to delegate authority to award the contracts to the Corporate Director of City Services in consultation with the Cabinet Member for Housing & New Homes and Acting Corporate Director for Housing, Care and Wellbeing (Housing Lead).
- 3.8 While the budget outlined in the Part Two report takes a programme-level approach, it should be noted that no scheme will be recommended to progress unless the tendered price and total project cost clears the Council's financial hurdles, ensuring that projects provide value for money and are affordable.
- 3.9 The council's financial hurdle being a Net Present Value (NPV) of breakeven over a 60 year cashflow analysis. This means that the project will not require additional financial subsidy from the council with costs being re-paid via the new rents and either grants or Right to Buy receipts. New projects included in the HRA capital programme have to demonstrate a break even position as a minimum to mitigate any financial risk to the HRA that could jeopardise investment in existing stock. Investments assessed on a breakeven basis are highly sensitive to cost fluctuations, therefore securing fixed costs and funding outlined in Part 2 is imperative to ensure the financial position remains protected as much as possible.

4. Analysis and consideration of alternative options

- 4.1 Previous iterations of the NHfN programme has seen individual reports for each project coming before Committee for approval. Full budgets have been requested on receipt of tender returns, an approach which may delay projects and has the capacity to increase costs given the high levels of construction inflation, and contractors' reluctance to hold prices.
- 4.2 Seeking a programme-wide budget, based on benchmarked figures with an appropriate contingency, allows flexibility to enter into contracts without pausing at the end of the tender stage, streamlining the development and

approval process. All projects will be assessed on the Council's viability toolkit, and must be demonstrated to be viable before the award of a contract. A maximum budget will be set in advance of the tender process beginning so there is a clear budget envelope for each project.

5. Community engagement and consultation

- 5.1 Extensive community consultation was undertaken for all sites during the design process. Statutory planning consultation was undertaken as part of the planning application process for each scheme.
- 5.2 Further community engagement, including 'Meet the Contractor' events will be held as the projects progress.

6. Financial implications

- 5.3 The report has implications for the council's General Fund and the HRA.
- 6.2 Detailed financial implications are contained within Part 2 of this report as they are commercially sensitive.

Name of finance officer consulted: Craig Garoghan Date consulted: 19/06/24

7. Legal implications

- 7.1 The Council has a statutory duty under Section 8 of the Housing Act 1985 to consider housing conditions in its district and the needs of the district with respect to the provision of further housing accommodation. These duties can be, depending on the development in question, be coupled with the Local Authorities (Land) Act 1963 and/or the Council's general power of competence under Section 1 of the Localism Act 2011, which gives the power to do anything an individual can do, subject to any statutory constraints on the Council's powers. The recommendations in this report are in keeping with this power.
- 7.2 The Council is required to comply with the Public Contract Regulations 2015 in relation to the procurement and award of contracts above the relevant thresholds for services, supplies and works. These are works projects where the current threshold is £5,372,609. A tender process commenced before the date of the commencement date of the new Procurement Act 2023 will be subject to the rules under the PCR 2015. The commencement date is 28th October 2024.
- 7.3 The Eastergate Road project has been procured under Lewes District Council's Modular Housing Framework. Using a framework is a compliant route to market.
- 7.4 The Council's Contract Standing Orders (CSOs) will also apply to these procurements.

Name of lawyer consulted: Eleanor Richards Date consulted: (20/06/24):

8. Equalities implications

- 8.1 An increase in housing supply will extend opportunities to provide new, well designed homes to accommodate local households on the Housing Register and are in housing need.

9. Sustainability implications

- 9.1 The New Homes for Neighbourhoods programme develops homes that are cost effective to live in and meet high standards of environmental sustainability to respond to the Climate Change and Bio-diversity Emergencies

10. Health and Wellbeing Implications:

- 10.1 There are strong links between improving housing, providing new affordable homes and reducing health inequalities. Energy efficient homes which are easier and cheaper to heat are likely to have a positive influence on the health of occupants of the new homes.

11. Procurement implications

- 11.1 The procurement exercises outlined above will be carried out in consultation with the Council's procurement team and are fully compliant with public procurement regulations.

12. Crime & disorder implications:

- 12.1 The project provides an opportunity to develop new, well-designed housing which has been shown to positively influence the rate of crime and disorder as well as the quality of life for future occupants.

13. Conclusion:

- 13.1 The New Homes for Neighbourhoods programme has a proven track record of delivering high quality, sustainable, and affordable homes. These sites present an excellent opportunity to deliver a further 67 homes, and to contribute towards alleviating the acute housing need of our city.

Supporting Documentation

1. Appendices

1. Site plan, Hollingbury Library
2. Site plan, Portslade Village Centre
3. Site plan, Eastergate Road

