

**Subject:** Update on Brighton & Hove Seaside Community Homes batching and refurbishments

**Date of Meeting:** HMCSC 29<sup>th</sup> October 2013

**Report of:** Executive Director Environment, Development & Housing

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**Ward(s) affected:** All

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**1. PURPOSE OF REPORT AND POLICY CONTEXT**

1.1 This report sets out the current HRA position with regards to the batching of dwellings for lease to Brighton & Hove Seaside Community Homes (BHSCH) in Batch 8. There is also an update on the progress of current refurbishment of BHSCH dwellings.

**2. RECOMMENDATIONS:**

2.1 That HMCSC notes the update on Brighton & Hove Seaside Community Homes batching and refurbishment progress.

**3. CONTEXT/ BACKGROUND INFORMATION**

**3.1 *Batches 1 - 7***

Batches 1-7 have now been leased to BHSCH, with a total of 351 of the 499 units now delivered, as set out below:

Batches 1-7	Demand Profile	Already leased (batches 1-7)	Remaining to deliver
Studio & one bed	227	194	33
2 bed	214	112	102
3 bed	53	40	13
4 bed	5	5	0
Totals	499	351	148

### **3.2 Property harvesting for Batch 8**

Batch 8 was originally modelled to include 62 dwellings, and so far around 53 empty HRA dwellings have been identified as meeting the agreed criteria for leasing via Batch 8, and are currently due to lease on 1 May 2014.

### **3.3 Financial model for Batches 8 – 10**

The Seaside financial model anticipated it would take 14 months between Batches 7-8 for sufficient empty properties meeting the leasing criteria to become available for leasing in Batch 8, and 16 months between Batches 8 and 9. However, it is not acceptable to keep empty properties that meet the leasing criteria and are needed for the next batch empty and boarded up for that length of time, particularly as:

- a corporate priority is to reduce empty properties
- around two thirds of the properties for Batches 8-10 were expected to be 'routine' empties with a relatively low works requirement.

The modelled batches were estimated on the basis of historic average empty property rates in the housing stock that would meet the leasing criteria in the three years from 2008/9 to 2010/11. Stock turnover since the project went live in September 2011 has, however, been lower than historic rates. Properties from stock flagged as meeting the leasing criteria if they became vacant have been only just over two thirds of the projected number for Batches 1-7. The shortfall has been made up with higher than estimated numbers of major voids that meet the leasing criteria (with longer works period than the 'routine' empty property refurbishments).

Current refurbishments are progressing well, with 319 completed as at 1<sup>st</sup> October, and in addition several of the larger sites such as 57 Sackville Rd and 243/245 Preston Road, are approaching handover. The average days for responsive empty refurbishment is 106 days (compared to the modelled target of 120 days), and major empty refurbishments are being completed in an average of 154 days (against the target of 180 days). By completing these early, additional rental is generated over and above the original financial model for Seaside Homes.

- 3.4 As a result of the current position, it is now being proposed that Batch 8 should be brought forward for leasing from 1<sup>st</sup> May 2014 to 1<sup>st</sup> March 2014 with refurbishment prior to leasing so that Properties will be available for renting at an earlier opportunity.

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

### **Refurbishing properties more quickly after leasing than modelled**

- 4.1 The Asset Team has already generally been achieving this but it is difficult to demonstrate or guarantee that this can be speeded up significantly, given the nature and volume of the works.

## **Leasing additional batches**

- 4.2 If these bring forward the date some units go into rental, this may be a useful delivery mechanism as the gap between batches gets larger. This option will be reviewed again once Batch 8 is leased.

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

## **6. FINANCIAL & OTHER IMPLICATIONS:**

### Financial Implications:

- 5.1 The Housing Revenue Account (HRA) receives a capital receipt for each property leased to BHSCCH which is then reinvested into the HRA Capital Programme for Decent Homes. The council also receives a capital receipt per property as reimbursement for the refurbishment costs to the empty properties.
- 5.2 The proposal to bring forward the lease batch date to 1 March 2014 will reduce the costs in the HRA associated with having empty properties, such as rent loss, council tax and security costs.
- 5.3 The refurbishment of batch 8 through the HRA Capital Programme prior to leasing will mean that the capital receipts for the works fees will be due to the HRA to cover these costs.
- 5.4 Further financial evaluation of the proposal for batch 8 will be required to inform the final decision to bring forward the transfer date.

*Finance Officer Consulted: Name Susie Allen Date: 18/10/13*

### Legal Implications:

- 5.5 Although the agreement between the council and Seaside Homes provides for the Batch 8 properties to be transferred on 1 May 2014, there is provision for the transfer date to be brought forward with the agreement of all the parties, namely the council, Seaside and Santander. Officers have delegated powers to approve this variation to the contract.

*Lawyer Consulted: Name Liz Woodley Date: 18/10/2013*

### Equalities Implications:

- 5.3 There are no specific equalities implications other than early refurbishment will make more social housing available at an earlier stage.

### Sustainability Implications:

- 5.4 There are no specific sustainability implications, as homes are refurbished to the pre-agreed standards

### **Any Other Significant Implications**

5.5 There are no further implications that are significant and need to specifically be drawn to members' attention.

## **6. CONCLUSION**

### **SUPPORTING DOCUMENTATION**

#### **Appendices:**

None

#### **Documents in Members' Rooms**

None

#### **Background Documents**

None