

NOTICE OF MEETING

CABINET MEMBER FOR RESOURCES

THURSDAY, 20 DECEMBER 2018 AT 10.00 AM

THE EXECUTIVE MEETING ROOM - THIRD FLOOR, THE GUILDHALL

Telephone enquiries to Vicki Plytas 023 9283 4058 Email: Vicki.plytas@portsmouthcc.gov.uk

If any member of the public wishing to attend the meeting has access requirements, please notify the contact named above.

CABINET MEMBER FOR RESOURCES

Councillor Jeanette Smith (Liberal Democrat)

Group Spokespersons

Councillor Yahiya Chowdhury, Labour Councillor Scott Payter-Harris, Conservative

(NB This Agenda should be retained for future reference with the minutes of this meeting.)

Please note that the agenda, minutes and non-exempt reports are available to view online on the Portsmouth City Council website: www.portsmouth.gov.uk

Deputations by members of the public may be made on any item where a decision is going to be taken. The request should be made in writing to the contact officer (above) by 12 noon of the working day before the meeting, and must include the purpose of the deputation (for example, for or against the recommendations). Email requests are accepted.

<u>A G E N D A</u>

- 1 Apologies for Absence
- 2 Declaration of Members' Interests
- **3** Forward Plan Omission (Pages 3 4)

Forward Plan Omission

The Transfer of Properties to Portsmouth Community Housing Trust report by the Director of Community and Communication was omitted from the Forward Plan covering 9 November 2018 to 1 February 2019. The Chair of the City Council's Scrutiny Management Panel has been notified and a public notice published.

RECOMMENDED that

- (1) the omission to the Forward Plan covering 9 November 2018 to 1 February 2019 be noted and
- (2) publication of the omission notice be noted

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Transfer of Properties to Portsmouth Community Housing Trust (Pages 5 - 20)

The purpose of the report is to outline the opportunity to support Portsmouth Community Housing Trust and residents of Portsmouth requiring housing by transferring the buildings previously leased to Portsmouth Abuse and Rape Counselling Service (PARCS) on a peppercorn rent to the Portsmouth Community Housing Trust with the sole purpose of providing affordable rental accommodation as identified by Portsmouth City Council.

RECOMMENDED that the Cabinet Member for Resources approves the following:

- (1) That 1-3 Angerstein Road be transferred by long lease to the Portsmouth Community Housing Trust for the provision of housing as identified by Portsmouth City Council
- (2) That delegation be made to the Director of Housing, Neighbourhoods and Buildings to agree a Lettings Agreement with Portsmouth Community Housing Trust that ensures Portsmouth has nomination rights to allocate the properties in line with the Portsmouth City Council Allocation Policy
- (3) That delegation be made to the City Solicitor to complete all necessary legal work to complete matters

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Agenda Item 3

PORTSMOUTH CITY COUNCIL - PUBLIC NOTICE

OMISSION FROM FORWARD PLAN FOR THE PERIOD FROM 9 NOVEMBER 2018 TO 1 FEBRUARY 2019.

NOTICE IS HEREBY GIVEN that at a meeting on Thursday 20 December 2018, the Cabinet Member for Resources will make a decision on the following item:

Transfer of Properties to Portsmouth Community Housing Trust.

A report by the Director of Community and Communication, entitled "Transfer of Properties to Portsmouth Community Housing Trust" outlines the opportunity to support Portsmouth Community Housing Trust and residents of Portsmouth requiring housing by transferring the buildings, previously leased to Portsmouth Abuse and Rape Counselling Service (PARCS) on a peppercorn rent, to the Portsmouth Community Housing Trust with the sole purpose of providing affordable rental accommodation as identified by Portsmouth City Council.

Any questions about the proposed decision should be addressed to:

Louise Wilders, Director of Community and Communication, tel: 023 9268 8545, or email <u>louise.wilders@portsmouthcc.gov.uk</u>

This decision is a Key Decision for the purposes of the Forward Plan as defined in Article 13 of the Constitution but was not included in the Forward Plan for the period from 9 November 2018 to 1 February 2019 and is therefore an omission from the Forward Plan.

The Chair of the City Council's Scrutiny Management Panel has been notified of the intention to make the decision in accordance with the City Council's Constitution (General Exceptions, Section 15).

The decision maker will be Councillor Jeanette Smith, Cabinet Member for Resources, whose portfolio meeting will be held on Thursday 20 December 2018 at 10am in the Executive Meeting Room, The Guildhall, Portsmouth.

Any queries about the Forward Plan may be addressed to Democratic Services, Civic Offices, Guildhall Square, Portsmouth, PO1 2AL.

Email: <u>democratic@portsmouthcc.gov.uk</u> Tel: 023 9283 4057

12 December 2018

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Agenda Item 4



Title of meeting:	Resources Portfolio		
Date of meeting:	20 December 2018		
Subject:	Transfer of Properties to Portsmouth Community Housing Trust Director of Customer and Communication		
Report by:			
Wards affected:	Nelson		
Key decision:	Yes		
Full Council decision:	No		

1. Purpose of report

1.1 To outline the opportunity to support Portsmouth Community Housing Trust and residents of Portsmouth requiring housing by transferring the buildings previously leased to Portsmouth Abuse and Rape Counselling Service (PARCS) on a peppercorn rent to the Portsmouth Community Housing Trust with the sole purpose of providing affordable rental accommodation as identified by Portsmouth City Council.

2. Recommendations

It is recommended that the Cabinet Member for Resources approves the following:

- 2.1 That 1-3 Angerstein Road be transferred by long lease to the Portsmouth Community Housing Trust for the provision of housing as identified by Portsmouth City Council
- 2.2 That delegation be made to the Director of Housing, Neighbourhoods and Buildings to agree a Lettings Agreement with Portsmouth Community Housing Trust that ensures Portsmouth has nomination rights to allocate the properties in line with the Portsmouth City Council Allocation Policy
- 2.3 That delegation be given to the City Solicitor to complete all necessary legal work to complete matters

3. Background

3.1 Housing need in Portsmouth is as acute as ever and the opportunities to increase the supply of low cost housing increasingly limited. Amongst the range of initiatives, one solution is to make better use of unused public property or land



through unlocking finance and other resources that the current public owners do not have access to or the capacity to take on.

- 3.2 There is currently an opportunity to pilot this with two properties (1-3 Angerstein Road) which are owned by PCC but no longer required for their former charitable use. Whilst they are not part of the Housing Revenue Account (HRA), it is deemed that they are suitable for asset transfer to an appropriate body which could bring them to a suitable standard to be offered to general needs housing applicants.
- 3.3 The Portsmouth Community Housing Trust is a Community Land Trust which was established in September 2018 and will take ownership or management of unused public property or land to provide accommodation towards meeting local housing need. It will take nominations from local authority housing, responding to a range of housing needs, including responding to the unmet demand for large family accommodation.
- 3.4 The Board of the Trust are members of the local community who have excellent knowledge, skill and experience of both the local communities in Portsmouth, but also of housing. They are:

Father Bob White - St Mary's Church and Fratton Big Local. Former Board Member of Portsmouth Housing Association (PHA) and who has spent many years working in community development and regeneration

Mark Waldron - Editor of The News – who has an awareness and involvement in the local community

Tracey Ansell, Baptist Minister and Hope Into Action which provides homes for the most vulnerable in society in partnership with local churches.

Father Ansell d'Milo, assistant priest at S John's Cathedral

Graham Brombley, former finance director of First Wessex and PHA

- 3.5 Community Land Trusts (CLTs) are a form of community-led housing, set up and run by ordinary people to develop and manage homes as well as other assets important to that community, such as community enterprises, food growing or workspaces. CLTs act as long-term stewards of housing, ensuring that it remains genuinely affordable, based on what people actually earn in their area, not just for now but for every future occupier. CLTs are increasingly found in urban as well as rural areas.
- 3.6 Portsmouth Community Housing Trust can access appropriate funding and advice as well as the benefits of networking with other CLTs. This includes accessing "seedcorn" funding, raising funds from CLT specialist lenders and possibly other grant funding. It will be accountable and responsive to the local community.



- 3.7 An urgent decision on this matter is considered necessary as the buildings in question are in a dilapidated state and have been vacant for several months now which will, particularly through the winter months lead to further dilapidation. In addition we have received complaints from local residents not only about the state of the properties but also about the frequency of alarms going off and the risk of vandalism.
- 3.8 A short consultation was undertaken with residents of properties in the immediate area, which included sending out a written questionnaire and face to face interviews. The responses were marginally in favour of transferring the properties to a CLT.

4. Reasons for recommendations

- 4.1 The properties in question have been used for Charitable purposes for many years and have fallen into disrepair.
- 4.2 The current market value in their current state has been estimated at between £240-£270k. The previous tenant had an independent valuation undertaken to assess the cost of returning the properties to a habitable state and said cost was estimated at approximately £112k. The previous assessment by PCC was circa £93k as per Finance comments below and a further £30k is estimated for project and contingency costs. In addition we have received approximate costs for conversion into flats and/or houses of between £320k and £350k. Whilst it obviously needs to be acknowledged that the market value of the properties on completion of renovation and conversion will significantly exceed the current market value, PCC would be seeking disposal of the properties.
- 4.3 Transfer to Portsmouth Community Housing Trust will secure the properties with no additional capital outlay from PCC, for housing for Portsmouth residents against the criteria decided by Portsmouth City Council at the time of tenancy. Further any net profit from the CLT will be re-invested into other projects and properties to support the needs of Portsmouth residents.

5. Equality impact assessment

- 5.1 A preliminary equality impact assessment has been completed (attached as appendix 1) and the recommendations do not / the recommendation does not have a negative impact on any of the protected characteristics as described in the Equality Act 2010 for the following reasons:
 - We as a local authority do not want to spend a large amount of money on a building which will only bring it up to a minimum standard; we want to make sure the building is fit for purpose and is at an excellent standard not the minimum
 - The new affordable housing will enable people living in the area to find a home that is affordable to them as the housing rent will be proportional to the individual's earnings. This could benefit various protected characteristics for



example, people who are homeless, rough sleepers, women with children or the unmet need for large family homes

• There has been much discussion and consultation with the stakeholders for this project who know the area and people well and this is will be a very positive move to use a building that is in disrepair for the unmet need for housing in the city

6. Legal implications

- 6.1 A draft set of terms outlining the provisions of the documentation necessary to effect the transfer to the Portsmouth Community Housing Trust is attached as appendix 2. These have yet to be approved by the Portsmouth Community Housing Trust and so may change.
- 6.2 However, it is agreed in principle that the lease of 125 years will only be granted to the Portsmouth Community Housing Trust after their works of refurbishment have been completed. If they are not completed within a certain time of the agreement (likely to be four years) then the lease will not be granted and the agreement will terminate.
- 6.3 In disposing of the land the statutory constraints in s123 Local Government Act 1972 must be taken into account.
- 6.4 Under s123 of the Local Government Act 1972 the Council may dispose of any land in any manner they wish provided that it must be for the best consideration that can reasonably be obtained. If the disposal is not for the best consideration obtainable then the consent of the Secretary of State will be required.
- 6.5 However, Secretary of State consent is not required for the disposal of any interest in land which the authority considers will help it to secure the promotion or improvement of the economic, social or environmental well-being of its area and the undervalue does not exceed £2,000,000.

7. Director of Finance's comments

- 7.1 Both of these properties are currently vacant and due to the current structural condition they are not in a state that could generate income without significant investment. The cost of bringing these properties into a habitable state would be £93,000. This is before doing any internal refurbishment work, once this is factored in the cost of the development could be £320,000.
- 7.2 In their current state with planning the properties could fetch £240,000 to £270,000 if they were to be sold on the open market.
- 7.3 The council have received preliminary estimates of what income could be derived if the properties were firstly developed into 5 x 2 bed flats or into 2 x family sized homes, once all costs of development and fees are taken into account the likely profit from both options would be £240,000 to £260,000.



- 7.4 Therefore doing no conversion or strengthening is equally as financially beneficial as carrying out extensive renovations.
- 7.5 The report recommends that the Council grant a long lease to the Portsmouth Community Housing Trust (PCHT), this is effectively a disposal of the properties and therefore would represent the Council forgoing £240,000 to £270,000 worth of income in the form of a capital receipt.
- 7.6 However the lease is granted with 100% nomination rights for the City Council which means that the costs of redeveloping these sites are borne by the PCHT. This means that the Council potentially gets 5 x 2 bed flats for £270,000, so an initial average cost of £54,000 each, with no ongoing maintenance liability or borrowing costs.
- 7.7 Any rental income will be collected from the tenants by the Trust and the cost of any void periods is at the Trust's risk.
- 7.8 The Council will retain the freehold but will only receive a peppercorn rent from this property.

Signed by:

Appendices:

Appendix 1 - Preliminary Equality Impact Assessment

Appendix 2 - A draft set of terms outlining the provisions of the documentation necessary to effect the transfer to the Portsmouth Community Housing Trust

Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location



Signed by:





Equality Impact Assessment

Preliminary assessment form 2018

www.portsmouthccg.nhs.uk

www.portsmouth.gov.uk

The preliminary impact assessment is a quick and easy screening process. It should:

identify those policies,	projects,	services,	functions	or strategies	which require	a full EIA by
looking at:						

negative, positive or no impact on any of the equality groups

- How are going to mitigate or remove any potential negative impacts
- opportunity to promote equality for the equality groups
- data / feedback
- prioritise if and when a full EIA should be completed
- justify reasons for why a full EIA is not going to be completed

Directorate:

Community & communication

Service, function: Voluntary sector partnership

Title of policy, service, function, project or strategy (new or old) :

To transfer 1-3 Angerstein Road to the Portsmouth Community Housing Trust

Type of policy, service, function, project or strategy:



New / proposed

Changed

Q1 - What is the aim of your policy, service, function, project or strategy?

To outline the opportunity to support Portsmouth Community Housing Trust and residents of Portsmouth requiring housing by transferring the buildings previously leased to PARCS on a peppercorn rent to the Portsmouth Community Housing Trust with the sole purpose of providing affordable rental accommodation as identified by Portsmouth City Council.

Q2 - Who is this policy, service, function, project or strategy going to benefit or have a detrimental effect on and how?

Portsmouth abuse and rape counselling service PARCS resided in the current premises for many years but have moved to another building that fits their requirements.

The new affordable rental housing will enable people living in the area to find a home that is affordable to them as the housing rent will be proportional to the individual's earnings. This could benefit various protected characteristics for example, people who are homeless, rough sleepers, women with children or the unmet need for large family homes for those on low incomes.

We know there are many people in the city that can't afford private rental properties and we obviously know there is not enough social housing for people; this will enable people in the area who have housing issues to have somewhere to live that is affordable and suits their needs.

There is currently an opportunity to pilot this with two properties (1-3 Angerstein Road) which are owned by PCC but no longer required for their former charitable use. Whilst they are not part of the HRA, it is deemed that they are be suitable for asset transfer to an appropriate body which could bring them to a suitable standard to be offered to general needs housing applicants.

Q3 - Thinking about each group below, does, or could the policy, service, function, project or strategy have a negative impact on members of the equality groups below?

Group	Negative	Positive / no impact	Unclear
Age		*	
Disability		*	
Race		*	
Sex		*	
Gender reassignment		*	
Sexual orientation		*	
Religion or belief		*	
Pregnancy and maternity		*	
Marriage & civil partnership		Page 12	

Note:Other excluded groups examples includes,Homeless, rough sleeper and unpaid carers. Many forms of exclusion are linked to financial disadvantage. How will this change affect people on low incomes, in financial crisis or living in areas of greater deprivation?

If the answer is "negative" or "unclear" consider doing a full EIA

If there are any potential negative impacts on any of the protected characteristics, What have you put in place to mitigate or remove the negative impacts/barriers?

No mitigation is required for the transfer of the building to the Community housing trust as this will benefit people in the area to find housing that they require.

Q4 - Does, or could the policy, service, function, project or strategy help to promote equality for members of the equality groups? e.g. A new service has been created for people with a disability to help them gain employment this would mean that this helps promote equality for the protected characteristic of disability only.

Group	Yes	Νο	Unclear
Age		*	
Disability		*	
Race		*	
Sex		*	
Gender reassignment		*	
Sexual orientation		*	
Religion or belief		*	
Pregnancy or maternity		*	
Marriage & civil partnership		*	
Other excluded groups	*		

If the answer is "no" or "unclear" consider doing a full EIA

Q5 - Do you have any feedback data from the equality groups that influences, affects or shapes this policy, service, function, project or strategy?

Please add in the text boxes below what feedback / meetings you have attended for each specific protected characteristic Page 13

Group	Positive or negative feedback
Age	No specific information has been collected around this protected characteristic
Disability	No specific information has been collected around this protected characteristic
Race	No specific information has been collected around this protected characteristic
Sex	No specific information has been collected around this protected characteristic
Gender reassignment	No specific information has been collected around this protected characteristic
Sexual orientation	No specific information has been collected around this protected characteristic
Religion or belief	No specific information has been collected around this protected characteristic
Pregnancy and maternity	No specific information has been collected around this protected characteristic
Marriage & civil partnership	No specific information has been collected around this protected characteristic
Other excluded groups	No specific information has been collected around this protected characteristic

Q6 - Using the assessments in questions 3, 4 and 5 should a full assessment be carried out on this policy, service, function or strategy?

yes (★ No

PCC staff-If you have to complete a full EIA please contact the Equalities and diversity team if you require help Tel: 023 9283 4789 or email:<u>equalities@portsmouthcc.gov.uk</u>

CCG staff-If you have to complete a full EIA please email: <u>sehccg.equalityanddiveristy@nhs.net</u> if you require help

Q7 - How have you come to this decision? Summarise your findings and conclusion below

A full EIA will not be required for the transfer of the building to Portsmouth Housing Trust as he Board of the Trust are members of the local community who have excellent knowledge, skill and experience of both the local communities in Portsmouth, but also of housing. They know what is required in their area as this is a targeted project so undertaking a wider consultation will not raise any issues that we are not already aware of. Although a short consultation was undertaken with residents of properties in the immediate area, which included sending out a written questionnaire and face to face interviews, the responses were marginally in favour of transferring the properties to a CLT.

This will not disproportionately impact negatively on the protected characteristics under the Equality Act, this will only benefit people, for example people on low incomes that can't afford private rental properties and people that are homeless.

Q8 - Who was involved in the EIA? Page 14

Gina Perryman

This EIA has been a	approved by: Louise Wilders
Contact number:	x8545
Date:	29 November 2018
	and a new of your completed ETA to the Equality and diversity to one M/a will contact

PCC staff-Please email a copy of your completed EIA to the Equality and diversity team. We will contact you with any comments or queries about your preliminary EIA. Telephone: 023 9283 4789, Email: equalities@portsmouthcc.gov.uk

CCG staff-Please email a copy of your completed EIA to the Equality lead who will contact you with any comments or queries about your preliminary . Email: <u>sehccg.equalityanddiversity@nhs.net</u>

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Draft Heads of Terms

1 - 3 Angerstein Road, Portsmouth

Subject to contract

Subject to Trust approval

Landlord

Portsmouth City Council, Civic Offices, Guildhall Square, Portsmouth, PO1 2AL ("the Council")

Council's solicitor: Legal Services, Civic Offices as above, contact <u>Anne-louise.Taft@portsmouthcc.gov.uk</u> telephone 02392 83 4031

Council's surveyor: Corporate Assets, Civic Offices as above, contact;

Catharine Ireland. catharine.ireland@portsmouthcc.gov.uk telephone 02392 83 4149

Tenant

Portsmouth Community Housing Trust ("the Trust")

Trust's Solicitor: TBA

Trust's Surveyor: TBA

Background

The parties are seeking to agree terms by which the Trust shall be granted rights to carry out development to the Property to provide units of accommodation for purposes agreed with the Council and in accordance with the Trust's charitable objectives. Once the refurbishment works have been completed in accordance with an agreement for lease, a long lease will be granted to the Trust at a peppercorn rent with no premium to reflect that this is a community land transfer.

Before the date the Agreement is entered into, the Trust will submit to the Council for its approval (not be unreasonably withheld) the specification for the proposed works with relevant plans and supporting material before the agreement for lease is entered into.

The cost of the planning application and all construction works, associated fees, and associated approvals and vat are to be met by the Trust.

AGREEMENT FOR LEASE ("THE AGREEMENT")

Property

The whole of 1 - 3 Angerstein Road, Portsmouth,

Consideration

If the provisions of the Agreement are satisfied, the Council will grant the lease at a nil premium and with no deposit.

Conditions to grant of the lease

The Agreement will provide that the Tenant will obtain planning permission. The development obligations in the Agreement (to build by a certain time and to certain standards) will only come into effect when planning permission and funding have been obtained in accordance with the provisions in the Agreement.

Longstop Date for satisfying the condition

If the Trust do not satisfy the funding and planning conditions within two years then the Agreement will terminate.

If the conditions are satisfied before the Longstop Date then the Trust shall be permitted by a licence contained within the Agreement to carry out its works to the property.

Agreement personal

The Agreement will be personal to the Trust and will be non-assignable.

Development Obligations

If the conditions have been satisfied (planning and funding) then the Trust will commence the works within six months of the unconditional date. The Trust will complete the works within 4 years of the grant of the satisfactory planning permission.

The Trust will be responsible for:

appointing a professional team and building contractor.

Termination Provisions

The Council may terminate the Agreement if:

- (a) there is material breach of the Trust's obligations;
- (b) insolvency, liquidation, administration or winding up of the Trust;
- (c) works have not commenced within 6 months of the unconditional date;

(d) works have not commenced by 6 months from the date of satisfactory planning permission;

(e) practical completion has not occurred within 4 years.

THE LEASE

Term

125 years.

Rent

Peppercorn.

Demise

Whole building including structure.

Repair

Trust to keep property in good repair and condition.

Use

To be restricted to being in keeping with the charitable objectives of the Trust.

Forfeiture

Not insolvency. Breach of covenant only.

Insurance

Responsibility of Landlord. Trust to pay insurance rent.

Exclusion from Security of tenure

It will be excluded.

Break Clause

Landlord break clause in the event that the permitted use is not being complied with or if the property has been vacant for a 12 month period.

Alterations

External / structural with Council consent not to be unreasonably withheld or delayed.

Internal non-structural do not need consent.

Alienation

No assignment of part.

Landlord covenants

Quiet enjoyment. To insure.

MISCELLANEOUS

Costs

The parties shall each bear their own costs and expenses incurred in relation to these heads of terms.

Status

These heads of terms are not intended to be legally binding and no legal obligations or legal rights shall arise between the parties from these heads of terms.

The Trust acknowledge that as at the date of these heads of terms, PCC do not have Member approval to enter into the agreement for lease or lease.

Nomination Rights

Landlord consent required for all nominations.