

**Title of meeting:** Housing Cabinet

**Date of meeting:** 29<sup>th</sup> January 2019

**Subject:** Southsea Community Centre Site Development

**Report by:** James Hill, Director of Housing, Neighbourhood and Building Services

**Wards affected:** St Thomas

**Key decision:** Yes/~~No~~

**Full Council decision:** ~~Yes~~/No

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**1. Purpose of report**

- 1.1 To seek approval from the Cabinet Member for Housing to engage the Regeneration team to deliver a new development of 23 flats on the site of the former Southsea community centre site.
- 1.2 To seek approval of the financial appraisal delivering 23 flats to be retained within the HRA.

**2. Recommendations**

- 2.1 **That the Cabinet Member for Housing approves the following Capital Expenditure amounting to £4m, delivering a new build of fourteen, 2 bed flats; five, 1 bed flats; three, 1 bed mobility flat and one, 2 bed mobility flat, totalling 23 flats to be retained within the HRA.**
- 2.2 **That the Cabinet Member for Housing delegates authority to the Director of Housing, Neighbourhood and Building Services in consultation with the Director of Finance & S151 Officer to amend the spending profile and funding model of the proposed scheme whilst ensuring that the schemes remain financially viable following any necessary changes.**
- 2.3 **That the Cabinet Member for Housing delegates the Director of Housing, Neighbourhood and Building to approve any application for any grant funding to support the scheme.**

### **3. Background**

- 3.1 The original community centre was demolished in late 2014 and planning consent for fourteen, 2 bed flats, five, 1 bed flats, three, 1 bed mobility flat and one, 2 bed mobility flat, totalling 23 flats was approved in July 2015.
- 3.2 The financial appraisal for the site looks at 4 options of use within the scheme,
- General Needs Housing - Demand for homes in Portsmouth is high and our social housing stock needs to be replenished following years of sales under the Right to Buy legislation.
- Supported Housing - there is a continual high demand for homes within this portfolio, this option would also allow for the closure of other private schemes where the housing is substandard.
- Temporary Homeless - The use of temporary accommodation is increasing.
- Mixed use - delivery of this option would cover all of the above and could create a mixed community and peer support within the building.
- 3.3 The scheme will be funded by an appropriate mix of prudential HRA borrowing and where applicable retained capital receipts from right to buy purchases and Homes England grant funding. Properties for temporary homeless, mobility and supported housing are exempt from the right to buy.
- 3.4 Regardless of tenure provided by the site, no-one will move into any of the properties who cannot afford it.

### **4. Reasons for recommendations**

- 4.1 These homes will provide much needed homes for residents and support Portsmouth City Councils corporate priority 1 " Make Portsmouth a city that works together, enabling communities to thrive and people to live healthy, safe and independent lives".
- 4.2 The schemes will increase the overall number of homes in the HRA. There is also a preference based on current demand to use the properties for temporary accommodation moving people out of existing B & B accommodation. It is understood that the demand may have changed by completion of the build.

### **5. Equality impact assessment**

- 5.1 A Preliminary Equality Impact Assessment has been completed and no adverse equality implications were identified. Appendix A.

## **6. Legal implications**

- 6.1 The recommendations are within the power of the Cabinet Member for Housing to adopt, and for the City Council to approve, and raise no immediate notable legal implications.

## **7. Director of Finance's comments**

- 7.1 As stated in the main body of the report a number of different scenarios have been considered when looking at the development of the former Southsea community centre site.
- 7.2 An outline financial appraisal has been carried out on all the options and all are feasible when appraised over a 30 years.
- 7.3 Each appraisal has been carried out looking at the financial impact on both the Housing Revenue account (HRA) and the General Fund (GF).

### **7.4 General Needs Housing**

- 7.4.1 The Council have considered the use of the Southsea Community Centre for Social Housing, and have modelled both Affordable and Social Rents. In this option the build will be funded with a mix of Additional HRA borrowing £2.8m and 141 receipts £1.2m.
- 7.4.2 After taking account the cost of servicing the additional borrowing and the maintenance of the site the likely Net Present values over a 30 year period are between £257,000 at Social Rent and £1.6m for affordable rent. Although the development is feasible as a 100% socially rented development this is very marginal and once sensitivities are brought into account such as occupancy, and the ability to increase rents in line with inflation year on year this becomes very challenging from a financial point of view to prove viability. A mixed tenure of some affordable and some social maybe a better alternative.
- 7.4.3 In this option the properties will be eligible for Right to buy.

### **7.5 Supported Housing**

- 7.5.1 If the Site was to be used for supported housing the Council could apply for £1.9m from Care & Support Specialist Housing Grant funding but 141 receipts could not be used.
- 7.5.2 Supported Housing units are charged to an equivalent of affordable rent, one the cost of borrowing and maintenance is taken into account the Net Present Value is £2.1m.
- 7.5.3 In this instance the properties are not eligible for right to buy.

## 7.6 Temporary Homeless Housing

7.6.1 This option assumes that the site is used to house those clients who are currently being housed in temporary accommodation such as a bed and breakfast accommodation.

7.6.2 This option assumes that rent is charged at LHA rates it is assumed that residents will be eligible for Housing benefit which would cover this. The build will be funded entirely from Additional borrowing and 141 receipts. In this instance there is an impact of a positive Net present value to the HRA of £370,000 after taking account of the cost of borrowing and maintenance of the site. The effect on the general fund is much more acute with a positive net present value of £3.8m over 30 years as a result of a saving on the cost of bed and breakfast accommodation to the General Fund. The Council now have the ability to apply for the Governments new Move On fund that would be used instead of 141 receipts.

7.6.3 In this option the properties are not subject to Right to buy because tenancies are offered as a non-secure tenancy on a temporary basis.

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Signed by:

### **Appendices:**

Preliminary Equality Impact Assessment (Appendix)

### **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:

<b>Title of document</b>	<b>Location</b>
EIA	Appendix A

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by ..... on .....

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Signed by: