

Title of meeting: Cabinet Member for Housing

Date of meeting: 30th July 2019

Subject: Doyle Avenue Development of Council Homes

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

Wards affected: Hilsea

Key decision: Yes/~~No~~

Full Council decision: ~~Yes~~/No

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 16 homes; 9 two bedroom flats, 3 four bedroom disabled adapted houses and 4 three bedroom houses on the site at the corner of Doyle Avenue and Northern Parade
- 1.2 To seek approval of the financial appraisal which confirms that these homes will be delivered by and retained within the HRA.

2. Recommendations

- 2.1 That the Cabinet Member for Housing approve the following:
- 1) Capital Expenditure amounting to £4.2m:
 - I. A development of 16 units (a mixture of flats and houses) on the Doyle Avenue Site at a total cost of £4.2m
 - 2) to fund the £4.2m of Capital Expenditure, with unsupported borrowing of £2.94m and Right to Buy receipts of £1.26m
 - 3) that subject to the requirements of recommendation 4, authority be delegated to the Director of Housing, Neighbourhood and Building in consultation with the Head of Finance & S151 Officer to amend the composition and spending profile of the proposed schemes in order to meet planning and design requirements.
 - 4) that a financial appraisal approved by the Head of Finance & S151 Officer must be completed prior to the commencement of any scheme,

that confirms that the proposed scheme remains viable and provides an overall benefit to the 30 year HRA Business Plan

- 2.2 That the Cabinet Member for Housing approves immediate consultation with relevant stakeholders to ensure the community are engaged and informed about this development.

3. Background

- 3.1 The vacant health and Adult Social Care day centres, which occupied this site were demolished in 2011 to make way for the Maritime House development. This area of the site was not needed for the development and subsequently Council at their meeting of 15 November 2011 approved the following minute 99 (2.1)

Council approve the appropriation of the previous PCT clinic site and adjacent Northern Parade day centre site into the Housing Revenue Account for the future development of around 14 affordable family homes and the Council aims to keep these homes in local authority control and that a paper will be produced to a later meeting of the Cabinet to show how this may be achieved.

- 3.2 Whilst the site offered a good development opportunity the borrowing cap on the Housing Revenue Account meant that it was not prudent to bring forward this development with the borrowing cap in place, the removal of the borrowing cap has allowed us to proceed with the development.
- 3.3 The site was included in the five sites to be considered for development through the formation of Ravelin Housing Company, the subject of a cabinet report dated 9th October 2018.
- 3.4 The removal of the HRA borrowing cap in 30th October 2018 then provided the opportunity for this site to be delivered and held within the HRA providing social housing designed to meet the most urgent housing need on the housing register.
- 3.5 The removal of the site from the five site development portfolio has no financial consequence to the remaining sites.
- 3.6 The makeup of the build recommended for this site has come from the areas of priority identified from our housing waiting list. The makeup suggested offers a mix of family homes across the site providing 2 and 3 bedroom general needs homes which is where we have our highest demand. We have also allocated three four bedroom homes to meet the needs of those on our accessible housing waiting list who require adapted homes.

- 3.7 The disabled adapted homes will be allocated to specific families and be specifically designed for their particular needs. People with an adapted need can face a long wait for homes as there are limited properties available within our city to meet the needs of these households. These properties will be exempt from Right to Buy.
- 3.8 A small block of nine two bedroom flats is included in the design providing much needed family homes. These homes do not benefit from outdoor communal gardens but are located close to the public open space facilities of Alexandra Park and Hilsea lines offering good places for children to play.
- 3.9 The current financial appraisal for this development uses a model with rents set at affordable levels. This means that at a maximum, the rents will be set at the Local Housing Allowance rate. During the detailed work to prepare design and costs for this development, assessment will be made of the possibility of reducing the rent to a different level. This will only be possible if the development remains cost effective, once appraised as indicated in recommendation 2.1 (4).
- 3.10 Allocation to the development will include affordability checks to ensure that the rent level is affordable for the tenants moving into the scheme. We will ensure that no one will move into any of the properties who cannot afford it.
- 3.11 The climate emergency declared by full council in March 2019, and the ongoing commitment to improve air quality, will be considered in the design of this development to ensure the lowest practical impact on carbon and nitrogen dioxide emissions. The design and build will mitigate the energy demand of the development and show PCC leading the way in this area. We will look to technologies such as solar PV, battery storage and heat pumps to mitigate the need for items such as gas boilers and will ensure that where power and heat is required by the dwellings; as much of it is derived from onsite renewables as possible.

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 This scheme will increase the overall number of homes in the HRA with the property makeup recommended for this site directly linked to our housing waiting list need. With two and three bedroom homes being our highest general needs requirement.
- 4.3 The site also includes provision within this development for disabled adapted homes for families who have been on the waiting list for a significant period and

who require a tailored form of housing. Those houses will then be retained within the PCC housing stock and exempt from right to buy to ensure they continue to provide a valuable source of adapted housing.

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 A financial appraisal has been completed that demonstrates that at a cost of £4.2 m that the scheme would be financially viable if funded using the following funding sources and rented as affordable capped at the Local Housing Allowance Rate. In October 2018 the Chancellor announced that the borrowing cap imposed on the Housing revenue account was to be removed and instead the Council now has unlimited borrowing capacity provided that the borrowing is in line with the prudential code, in other words it must be financially viable, the borrowing must be affordable, sustainable and prudent.

	£m's
HRA Unsupported Borrowing	2.66
Right to Buy Receipts	1.14
Total Scheme Development	3.80

7.2 It would not be possible to rent this as a 100% socially rented development and still be financially viable. The current cost includes the construction and other associated costs and an amount for risk. During the design phase and following the procurement of a contractor it could be that the costs reduce so that the Council is able to amend the type of tenure that could be offered.

7.3 Although this development is currently aimed at providing the type of accommodation that is required by the HRA in meeting current and future housing need across the city, it is recognised that planning requirements may result in necessary amendments to designs and compositions which may alter scheme costs and outcomes for the completed dwellings. As a result it is recommended that authority be delegated to the Director of Housing Neighbourhood and Building Services in consultation with the Head of Finance & S151 Officer to amend the composition, spending profile and subsequent use of

the proposed schemes following any necessary changes, to ensure that each scheme remains financially viable.

- 7.4 Although the limit of indebtedness has been removed from the Housing revenue Account this does still effect the Council's overall limit of indebtedness which is governed by its Treasury management Policy. This report recommends that should the additional unsupported borrowing required to deliver this development increase the Council's overall limited of indebtedness above that set in the Council's Treasury management policy, that Council approve the limit to be increased by up to a further £2.94m.

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 Signed by:

Appendices:

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
EIA	Appendix A

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

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Signed by: