

RENEWAL, RECREATION AND HOUSING POLICY DEVELOPMENT AND SCRUTINY COMMITTEE

Minutes of the meeting held at 5.00 pm on 14 October 2020

Present:

Councillor Michael Rutherford (Chairman)
Councillor Suraj Sharma (Vice-Chairman)
Councillors Gareth Allatt, Kim Botting FRSA, Aisha Cuthbert,
Josh King and Gary Stevens

Also Present:

Councillor Yvonne Bear and Councillor Peter Morgan

21 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS

An apology for absence was received from Councillor Alexa Michael;
Councillor Aisha Cuthbert attended as substitute. An apology was also
received from Councillor Julian Benington.

22 DECLARATIONS OF INTEREST

No declarations of interest were received.

23 QUESTIONS FROM COUNCILLORS AND MEMBERS OF THE PUBLIC

The following question, together with the Portfolio Holder's response was
received from Mr Richard Gibbons in regard to Item 4 – Property Acquisition
Scheme Proposals:-

Question

Paragraph 3.4 states "Beehive are a relatively new company". For the sake of
clarity, what is the full name of the company the Council is proposing to enter
into an agreement with as registered at Companies House; when was it
incorporated; and what relevant experience do its directors have?

Portfolio Holder's Response

The company with whom the Council will be contracting is Beehive Affordable
Homes (Bromley 1) Limited a subsidiary of Beehive Affordable Homes
Limited. Beehive Affordable Homes was incorporated in 2017 specialising in
supporting primarily public sector clients on their funding and risk
management needs to deliver affordable housing and regeneration schemes.
The directors have extensive experience both in the public and private finance

sector with one director having previously held the statutory s151 officer role at a large London local authority.

24 PROPERTY ACQUISITION SCHEME PROPOSAL

Members considered an option to lease up to 50 former Hyde social housing properties from Beehive for use as accommodation to help reduce the current pressures in relation to homelessness and temporary accommodation.

To enable survey work to be undertaken, approval was being sought for a budget of £50k to be allocated from the Housing Investment Fund earmarked reserve.

The Director of Housing, Planning and Regeneration (the Director), informed Members of the possibility of acquiring a further property from Hyde, bringing the total number of properties to 51. Confirmation would be obtained by the end of the week and if successful, would be included in the report to the Leader.

Councillor Stevens requested background information regarding the Directors of Beehive and raised concern that some properties may be sub-standard. The Director reported that Beehive was formed in 2017 with three company directors one of whom was a former S151 officer at a large London Authority with 20 years experience and the other two directors had experience in the public/private finance sector. The bulk of the company's work was in the public sector.

In regard to the standard of accommodation, the Director reported that a programme was in place to visit each property to check if it met with specifications. If not, the property would need to be replaced and Hyde would have to compensate the Council for out-of-pocket expenses.

Beehive was concentrating on estate based properties which would be placed on the open market if Bromley declined to take them.

In response to questions from Councillor King, the Director reported that Beehive was a private company and would take a fee from the financing element. Approximately 40% of the properties were situated in Bromley however, the Director would check this and refer back to Members. None of the properties had been formerly owned by the Council and would be an addition to the existing stock.

The Chairman was informed that the offer comprised both freehold and leasehold properties which the Council could acquire after 50 years. However, for leasehold properties, the Council would retain the leaseholds for 135 years, with Hyde as the freeholder.

The Head of Finance reported that the Retail Price Index (RPI) could vary over the 50 year term; however, the increase in the lease was capped at 5%

which limited the Council's exposure. RPI had increased by an average of 2.4% per year over the last eight years, compared to around 3.5% for Local Housing Allowance rates. He anticipated the Council would be in a better financial position than the forecast figures included in the report which erred on the side of caution taking into consideration the length of the leases.

The Director confirmed that in the event that the company folded, the long-term lease would still continue and be transferred to the Council.

The Chairman considered the offer to be a low-risk option for delivering temporary accommodation and moved that the Committee support the recommendations in the report. Councillor Allatt seconded the motion.

RESOLVED that the report be noted and Member comments be provided to the Leader of the Council.

It was also RESOLVED that the Leader be recommended to:-

- 1) agree to enter into an agreement for lease for the acquisition of the leasehold properties identified in the report and to delegate authority to the Director of Housing Planning and Regeneration to agree final terms with Beehive for the acquisition of the leases in consultation with the Director of Corporate Services and the Director of Finance and to enter into the leases on the dates specified in the agreement;**
- 2) approve the allocation of a £50k budget funded from the Housing Investment Fund earmarked reserve to enable survey work to be undertaken; and**
- 3) delegate authority to the Director Housing, Planning and Regeneration on consultation with the Director of Corporate Services and the Director of Finance to agree final terms for the disposal of the properties identified in the report by way of the grant of underleases to Orchard & Shipman for terms expiring on 31 March 2024 and at the rental levels identified in the report, with management arrangements for the properties to be included within the existing contract held with Orchard and Shipman.**

PART 2 (CLOSED) AGENDA

25 LOCAL GOVERNMENT ACT 1972 AS AMENDED BY THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) (VARIATION) ORDER 2006, AND THE FREEDOM OF INFORMATION ACT 2000

The chairman moved that the Press and public be excluded during consideration of the item of business listed below as it was likely in view of the nature of the business to be transacted or the nature of the proceedings that if members of the Press and public were present there would be disclosure to them of exempt information.

26 COVID-19 SUPPORT

Members considered a Part 2 exempt report in relation to COVID-19 support.

Resolved that the report be noted and Member comments be provided to the Leader of the Council.

The meeting ended at 5.35 pm.

Chairman