

North Tyneside Council

Report to Cabinet

Date: 10th December 2012

ITEM 6(b)
Title: Self- funding
models to achieve the
development of affordable
housing – Annitsford
Farm

Portfolio(s): Housing

Cabinet Member(s): Paul Mason

Report from Directorate: Chief Executive's Office

Report Author: Ken Wilson, Head of Regeneration, Development and Regulatory Services
Tel: (0191) 643 6091

Wards affected: Weetslade/Camperdown

PART 1

1.1 Purpose:

The purpose of this report is to seek Cabinet approval for officers to explore self funding models to achieve the development of affordable housing.

To agree to the consideration of land at Annitsford Farm being used as an exemplar location for such development.

1.2 Recommendation(s):

It is recommended that Cabinet:

1. note the information provided in this Report;
2. declare the land at Annitsford Farm as shown on the plan at Appendix 1 surplus to Council requirements in order to explore options for bringing the whole or part of the site forward for mixed tenure residential development;
3. authorise the Head of Regeneration, Development and Regulatory Services, in consultation with the Elected Mayor, the Cabinet Member for Housing, the Head of North Tyneside Homes, the Strategic Director of Finance and Resources and the Head of Legal, Governance and Commercial Services, to consider options to achieve mixed tenure housing development on the site;
4. authorise the Head of Regeneration, Development and Regulatory Services to commission further studies as required to inform the future viability of the site, in accordance with the Council's Contract Standing Orders and Financial Regulations;
5. authorise the Head of Regeneration, Development and Regulatory Services, in consultation with the Head of North Tyneside Homes, the Strategic Director of Finance and Resources and the Head of Legal, Governance and Commercial Services, to commence soft market testing with appropriate parties who could assist in the Council's aim of bringing forward the site for residential development, and consultation with neighbouring authorities; and
6. receive a further report providing detailed conclusions of the soft market testing, investigations carried out and any risks associated with the project.

1.3 Forward Plan:

This report appears on the Forward Plan published on 7 November 2012.

1.4 Council Plan and Policy Framework

This report relates to the following priorities in the 2012-15 Council Strategic Plan:

Priority 3 “To provide affordable rented housing in partnership with the private sector and registered social landlords” (now known as Registered Providers)

Priority 3.1 “To provide additional Council housing”; and

Priority 4.3 “We will use our housing skills to introduce a service to manage privately owned rented accommodation”.

1.5 Information:

1.5.1 Background

Documents published to date in the course of preparing the Core Strategy (Preferred Options 2010 and Growth Options 2011) indicate that, in addition to the number of new homes for which planning consent has already been granted, around 6,000 further new homes are required to assist in meeting the borough’s housing need. The Core Strategy Preferred Options document suggested a number of key housing sites to meet most of this requirement, each able to deliver in excess of 100 new homes.

Annitsford Farm is identified as one of the Preferred Options Key Housing Sites and is owned by the Council. It is the only large site within the emerging Core Strategy that is in public ownership. It represents a significant residential development opportunity to meet housing need within the north west of the borough. It is currently estimated that the development period may be up to 10 years, depending upon market conditions and the property mix, however the proposed soft market testing would clarify the current market interest.

The Strategic Housing Market Assessment Key Elements Update 2011 identifies an acute affordable housing shortfall of 479 homes per annum within the borough which the Council is seeking to address. Research indicates that, of the required new affordable units, 60% should be 1 and 2 bedroomed and 40% should be 3 and 4 bedroomed. It is also considered that some of the future pressures anticipated through the implementation of the Welfare Reform Act 2012 would be mitigated by the securing of affordable homes.

1.5.2 Current Position

An opportunity has been identified to bring forward the provision of affordable homes by the potential for the use of a self funding model applied to specified Council owned land. It is therefore proposed that relevant officers explore options for achieving a mixed tenure housing development on approximately 17.5 hectares of land or thereabouts at Annitsford Farm, being the land shown by dark outline on the plan attached as Appendix 1. This land is currently leased out under the terms of a Farm Business Tenancy terminable on twelve months’ notice. Discussions with the tenant farmer are ongoing with a view to securing possession. In the meantime, subject to Cabinet approval, a range of options to secure early delivery of affordable homes will be explored.

These options include delivering the development through a joint venture arrangement whereby the Council could benefit through an increase to Council housing stock and by managing any private rented homes built on the site. The securing of a joint venture partner would require an EU compliant procurement process. In these circumstances the aspiration would be to provide a much higher level of affordable housing across the development than the current requirement of 25% identified in the Strategic Housing Market Assessment Key Elements Update 2011. This would be subject to viability testing within the market.

Other options to be explored could be to expose the whole or part of the site to the market for development, or for the Council to develop the site for new homes itself which would require substantial financial resources. It is however crucial that the option which is ultimately recommended addresses the affordable housing shortfall and the current financial challenges facing all local authorities.

A development brief is being prepared which will consider the development potential of this key housing site and will assist in the achievement of a high quality development that demonstrates exemplar standards of sustainability. The development brief will form part of the future report for approval by Cabinet. The development brief will provide guidance on those issues which must be addressed within the development process such as access, layout and design and drainage solutions in relation to any flooding risk. It will also be relevant in informing any determination in respect of any future planning applications relating to this site.

The following principles will be promoted as part of the development proposals:

- the provision of a sustainable urban extension to assist in meeting the borough's housing needs whilst protecting existing communities;
- a well-designed low carbon scheme which also recognises the need to provide effective surface water management;
- a landscaped buffer/wildlife corridor to north and east of the site to ensure a positive relationship with the Sandy's Letch and Annitsford Pond Nature Reserve;
- safe and efficient highway infrastructure, both within the site and its approaches, to include pedestrian links to the surrounding areas with opportunities for walking, cycling and horse riding; and
- ensuring that the site's location in relation to both Northumberland and Newcastle's local authority boundaries are considered and that any consequences of development are appropriately mitigated.

1.6 Decision options:

The following decision options are available to Cabinet:

Option 1

To agree the recommendations as detailed in paragraph 1.2 of the report.

Option 2

Not to agree the recommendations and to retain the existing use of farmland on the Annitsford site in the short term.

Option 3

To defer consideration of the proposal and seek further information on the proposals.

1.7 Reasons for recommended options:

Option 1 is the recommended option as this will enable the Council to assist towards meeting housing need in the borough as demonstrated by the Strategic Housing Market Assessment. It could increase income to the Council through an increased supply of Council homes and the potential management of privately rented homes. The new affordable homes will be let to people from the housing register in housing need .

1.8 Appendices:

Appendix 1: Plan of Annitsford Farm

1.9 Contact officers:

Graham Sword	Planning Client Manager	0191 6436340
Niall Cathie	Client Manager – Property	0191 6436517
Debbie Shearer	Housing Strategy Manager	0191 6436206
Alison Campbell	Finance Business Manager	0191 6437038
Sarah Heslop	Manager Legal Services – Commercial team	0191 6435456

1.10 Background information:

The following background papers/information has been used in the compilation of this report and is available at the office of the author:

- (1) [The Strategic Housing Market Assessment Key Elements Update 2011](#)
- (2) [The Core Strategy Preferred Options 2010](#)
- (3) [The National Planning Policy Framework 2012](#)

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

Due consideration will be afforded to the financial implications of all options considered and this will be the subject of a further report prior to any decision being made. This land is currently in the ownership of the Council (Housing Revenue Account).

Further project development work and site condition studies could be financed from New Homes Bonus subject to the usual approval process.

At this stage it is not envisaged that there will be any other financial implications for the Council.

Detailed financial implications will be included in the further report to be submitted to Cabinet.

2.2 Legal

The current recommendations propose the exploration of options to secure affordable homes and as such no specific legal implications arise from this. As detailed proposals are developed for Cabinet's future consideration, the legal implications will be assessed and Cabinet advised. The land is currently occupied by a tenant farmer.

Any development work and site condition surveys will be procured in compliance with the Council's Contract Standing Orders and Financial Regulations.

2.3 Consultation/community engagement

Internal consultation has been undertaken between relevant officers, the Elected Mayor and the Cabinet Member for Housing.

The site has previously been identified as a key housing site in the Core Strategy Preferred Options (CSPO) consultation. The consultation was undertaken in 2010 for a 12 week period. Drop in events were held in the north-west, including at the John Willie Sams Centre.

The Homes and Communities Agency (HCA) met with the authority to provide information on their approach to self-funding models, as supported by the Department for Communities and Local Government (CLG). This has informed the approach of the Council to the exploration of self-funding models to achieve the development of affordable housing.

.Weetslade and Camperdown Ward Members have been briefed and advised of the intention to seek approval to progress consideration of the options available.

Discussions with the tenant farmer are ongoing.

A development brief for the site will be produced and will be subject to further consultation with local ward members, residents and other key stakeholders.

A further report on available options will be submitted to Cabinet which will inform the development brief.

2.4 Human rights

There are no human rights issues directly arising from this report.

2.5 Equalities and diversity

If the development of the land at Annitsford Farm results in an increase in mixed tenure homes to help meet local need as set out in the Strategic Housing Market Assessment this would increase the overall affordable housing supply, including helping reduce some of the potential pressure for 1-2 bedroom properties.

2.6 Risk management

Any associated risks will be considered as part of the investigation of options. At this stage it is considered no specific risk needs to be added to the Directorate risk register.

2.7 Crime and disorder

Should the site be brought forward for development crime and disorder issues will be considered as part of the normal planning procedure.

2.8 Environment and sustainability

Should the site be brought forward for development, environment and sustainability issues will be considered as part of the normal planning procedure.

PART 3 - SIGN OFF

- Chief Executive

- Strategic Director(s)

- Mayor/Cabinet Member(s)

- Chief Finance Officer

- Monitoring Officer

- Strategic Manager Policy and Partnerships