

North Tyneside Council

Report to Cabinet

Date: 14 October 2013

ITEM 7(k)

Title: Delivering
Affordable Homes

Portfolio(s): Housing and Environment

Cabinet Member(s): Cllr John Harrison

Report from Directorate: Community Services

Report Authors: Paul Hanson, Strategic Director of Community Services (Tel: 0191 643 7000)
Ian Conway, Head of Housing (Tel: 0191 643 7500)
Roy Marston, Senior Manager Quality Homes for Older People (Tel: 0191 643 7580)

Wards affected: All

PART 1

1.1 Purpose:

The purpose of the report is to seek Cabinet's approval of the steps necessary to deliver the Council's ambition for quality affordable homes.

1.2 Recommendation(s):

It is recommended that Cabinet:

1.2.1 Notes and agrees the approach to delivering affordable homes described at paragraph 1.5.15;

1.2.2 Notes and agrees:-

- (a) the early projects described in section 1.5.17; Phase 1 and Phase 2;
- (b) that appropriate project governance is put in place to realise the potential of the Council's assets as described at paragraph 1.5.19 – 1.5.22;
- (c) that delegated authority be granted to the Strategic Director of Community Services, Head of Law and Governance, Strategic Director of Finance and Resources in consultation with the Cabinet Member for Finance and Resources to take any necessary steps to allow the Authority's trading company (North Tyneside Trading Company) to support the delivery of affordable homes in addition to other suitable projects including:
 - (i) the creation of appropriate structures and subsidiaries as required;

- (ii) altering the Director Structure to reflect the changed responsibilities and the need for separation of powers;
 - (iii) transferring working capital into the company as required as described in paragraphs 1.5.26 – 1.5.28;
 - (iv) All steps referred to above shall be undertaken in accordance with all necessary legal requirements and in compliance with the Authority's Financial Regulations, Officer Delegation Scheme and Contract Standing Orders; and
- (d) to receive further on Phase 3 reports as the programme develops.

1.3 Forward Plan:

28 days notice of this report has been given and it first appeared on the Forward Plan that was published on 2nd September 2013

1.4 Council Plan and Policy Framework

This report relates to the following priorities in the 2013-17 Our North Tyneside Plan:

Our Places will:

Be places that people like living in and will attract others to either visit or live

Have more quality affordable homes

1.5 Information:

1.5.2 Background

1.5.3 The Elected Mayor and Cabinet have clearly stated their policy intention in the Our North Tyneside Plan that the Council will deliver "more quality affordable homes."

1.5.4 While North Tyneside has had significant, long term success in delivering housing-led regeneration, even before the global financial crisis there was a shortfall in housing provision for people who could not afford to rent or buy a home on the open market. The Authority has had some success in delivering affordable homes but not at the scale required to meet the significant annual shortfall of 479 affordable homes¹.

Cabinet will know that since the Second World War, the only time the UK has delivered new homes to the volume suggested by national projections of demand was during the 1950s and 1960s. Cabinet will also be aware that the last North Tyneside built accommodation was a sheltered accommodation scheme completed in 1989.

1.5.5 Strategic Context

1.5.6 The works referred to in this report will be done in a clear strategic context as detailed below:

- Our North Tyneside Plan: the single plan for the Borough sets out the Elected Mayor's ambition for the Borough and is explicit in the intention to deliver more quality affordable homes

¹ Strategic Housing Market Assessment Key Elements Update 2011

- The Local Plan: will be the spatial expression of that ambition and, over the next 18 months, will be explicit about where those homes might be built
- The emerging Affordable Housing Strategy: will update the Authority's understanding of need and set the strategic direction against which delivery will be planned. That strategy will be shaped by:
 - i. The Strategic Housing Market Assessment (SHMA) 2013, which will evidence the amount and type of affordable housing needed and the demand for market housing
 - ii. The Strategic Land Availability Assessment (SHLAA) which will identify sites with potential for housing; assess how much housing potential each site has and when each site is likely to be developed. This will form part of the evidence base to inform plans including future allocations within the Local Plan
 - iii. The Affordable Housing Viability Study (AHVS) which will provide an assessment of area wide plan viability over the short, medium and long term. This will inform the level of affordable housing required through planning obligations
 - iv. The Joint Strategic Needs Assessment and Health and Wellbeing Strategy (JSNA and HWS), which ensures strategic planning at a community level, about the type of housing required and how to support rising demand for supported living in a number of circumstances. (This assessment has been carried out).
 - v. The Health and Housing Impact Assessment (HHIA) which shows us the risks of isolation and deteriorating housing in some of the comparatively wealthy parts of the Borough
- The Council's Property Strategy: will describe how the Authority will maximise its assets both for efficiency purposes, how this can be achieved and identify land from the Authority's portfolio which can be released for housing use.

1.5.7 Policy intent

1.5.8 Within that strategic context there are some clear policy intentions. The Authority wishes to deliver:

- Homes to meet the increasing need for affordable housing, reducing the number of households who remain on the housing register and helping to prevent homelessness;
- Sustainable communities, focussing early work in Wallsend where the benefit of borough-wide housing-led regeneration has not been felt to the same extent as other parts of the Borough;
- Homes to meet specific need, not just at the broad level of "affordable" but affordable for different groups of people with different needs. For instance reflecting the need to plan for rising numbers of people suffering from dementia. Or reflecting the need to strengthen provision to support people with mental health problems or alcohol dependency;

- Homes to stimulate the North Tyneside economy, making sure construction work has a direct impact on employment and skills within the Borough and that new homes support the Borough's economic growth; and
- Homes that are of a good quality, built to the Homes and Communities Agency Design and Quality Standards, and a minimum of level 4 of the Code For Sustainable Homes and, as importantly, thinking about climate change and more frequent pluvial flooding.

1.5.9 The challenge is to deliver 3,000 affordable homes over the next 10 years.

1.5.10 Progress in the last 10 years has focussed on using the Authority's influence to shape house builders plans to include affordable homes through planning obligations, or using the Authority's land together with the capability of Registered Housing Providers and Government funding to develop affordable homes. This has been successful and has delivered 789 affordable homes since 2003.

1.5.11 However, the landscape has changed. The level of need continues to rise and at the same time as funding regimes have altered as a consequence of reduced public spending. The current national approaches to stimulating housing development will not deliver the Authority's ambition, so there needs to be a new approach using the Authority's assets and developing solutions in those areas where there is a shortfall in capability or capacity.

1.5.12 The Authority's assets, capacity and capability

1.5.13 The Authority faces this challenge with significant assets, capacity and capability:

- **Land:** the Authority owns around 30% of the Borough. While much of this is managed green space and playing fields, the usable property portfolio is significant. In particular, the Authority owns the Annitsford Farm site which comprises, 17 hectares of land in the North West of the Borough and represents the Authority's most significant asset in terms of leveraging additional housing. At a meeting of Cabinet on 10th December 2012 Cabinet agreed that Officers use this site to explore options to secure development of affordable homes;
- **Council Housing:** the Authority retains over 15,000 homes in its own stock, the use of which can be shaped toward the strategic intent;
- **Quality Homes for Older People:** the Authority's sheltered accommodation PFI programme will deliver around 1000 new and refurbished units. While this lies inside the Authority's housing stock there is capacity in the programme to meet wider housing needs including new build on released sites and the potential to convert three schemes to Extra Care. It will also bring significant construction work to the Borough and with increased presence of Miller Construction and Keepmoat (the construction partners of the PFI Contractor the Solutions 4 North Tyneside) within the Borough;
- **Housing Revenue Account:** the Authority currently has capacity in the Housing Revenue Account Business Plan to build around 800 new homes over the next 30 years;
- **Other income:** the Authority secures affordable housing on relevant sites through S106 agreements including a commuted sum payment where on site provision is not

achievable from developed sites in lieu of affordable housing as well as access to the New Homes Bonus;

- **Legislative power:** as the local Planning Authority the Authority has significant influence over what happens in the Borough that will be strengthened when the Local Plan is agreed;
- **Capita:** the Council is in a long-term partnership with Capita who bring to North Tyneside property and development expertise and capacity;
- **Kier North Tyneside:** the Council is a partner in a long term joint venture with Kier which provides construction capacity and capability;
- **NNT LIFT Co:** the Council is a shareholder in a local LIFT Co. The NNT Lift Co has delivered high quality buildings and seen the LIFT Co construction partner, Robertson's, develop their local presence beyond the Lift Co projects;
- **Local construction supply chain:** within the travel to work area, the Authority has an extensive and capable construction supply chain; and
- **Relationships with the Homes and Communities Agency and Registered Providers:** the Authority will continue to link with them to identify opportunities and funding to creatively meet housing need in the Borough.

1.5.14 The Proposed Approach

1.5.15 The proposed approach is straightforward and comprises the following components, should Cabinet agree this report:

- **A delivery programme:** Officers will work with the Cabinet Member for Housing and the Environment to formalise and publicise a delivery programme for affordable housing. This not only includes new Council housing but delivery will be through the Authority's enabling role, working with the Homes and Communities Agency, Registered Providers (RPs) and developers to meet a range of housing needs including the needs of vulnerable groups. The Authority will also seek to bring empty properties into use as affordable housing, where appropriate using its statutory powers. This will incorporate the potential option to convert redundant commercial and retail premises concentrated in our changing town centres to assist the sustainability in these areas. Recent examples in this area include Northumberland Square in North Shields.

The delivery programme will be updated regularly as new projects are approved and appropriately performance managed

- **An approval process:** Officers will work with the Elected Mayor and Cabinet to establish appropriate governance arrangements to consider sites and projects as they are identified and approve them to move onto the delivery programme via the appropriate delivery mechanism
- **A full range of delivery mechanisms:** Officers will work with the Elected Mayor, Cabinet and partners to ensure a full range of delivery mechanisms are in place. This is described in more detail below but the chosen mechanism will match the housing need, the size of the project and the housing mix.

1.5.16 The delivery programme

1.5.17 The delivery programme is currently in three phases; new build with existing assets, conversion of existing assets and medium and long term new build. Cabinet will appreciate each project is subject to appropriate engagement and approvals in compliance with statutory procurement requirements and Council's constitution and contract standing orders.

- **Phase 1 – New build with existing assets:** This phase has already begun at Swan Close in Wallsend where 12 properties (6 bungalows and 6 apartments) will be completed imminently. It is also expected to include:
 - Wallsend Town Centre: Bringing forward the regeneration of Wallsend and the Town Centre is a priority for the Authority. The Wallsend Library site (once the library has relocated into the Forum) and the adjacent car park present an opportunity to make a significant improvement to this area. This has the potential for around 20 homes
 - Bude Court, Battle Hill: Bude Court was decommissioned and demolished ahead of the Quality Homes for Older People PFI, leaving the site available for new home building. This has the potential for around 7 new homes
 - Blandford Road (West Chirton): The site comprises the site of the former Brig Public House and adjacent land. This has the potential for around 33 new homes and would include potentially working with a developer, an option to buy the adjoining site, the ownership of which would be transferred to the Authority at the end of the development
 - Chapelville, Dudley: In order to find a new build solution for the Chapelville sheltered housing scheme under the PFI, the Authority purchased the adjacent land that had previously been the Club site to allow the new Chapelville Scheme to be built in 2 phases. On completion, a section of land to the rear of the new Chapelville scheme will be surplus which can be utilised to build new homes. This has potential for around 9 new homes

This Phase is expected to deliver between 70 and 80 affordable homes and cost in the region of £8.2 million with the majority let by the end of 2015. All new homes will be built to a minimum of level 4 of the Code for Sustainable Homes. More information is included at Appendix 1

- **Phase 2 – Conversion of existing assets:** Subject to Cabinet approval this Phase is expected to include:
 - Alexandra Street, Wallsend: Adjacent to the library site and car park is the Council's temporary accommodation for homeless people which is in need of refurbishment. The existing provision is being reviewed to determine whether this can be run more efficiently through a dispersed model and returning the accommodation at Alexandra Street for permanent housing. Conversion will provide greater stability in Wallsend Town Centre and provide 14 refurbished units
 - Bedford Avenue, Wallsend: The ground floor of the building comprises five redundant retail units which can be converted into 3 flats and improve the overall area
 - The former Coast Road Library, Billy Mill: The ground floor of the building has been vacant since September 2012 which has the potential to be converted into 2 flats and bring the building back into use

- Bank Top Cottages, Cullercoats: The two stone cottages were shown on the first OS map of Cullercoats produced 1858 and are adjacent the Grade II* listed Cliff House. The buildings have been vacant since May 2011. The work involves upgrading and internal conversion to provide 2 attractive bungalows
- Kelso Gardens Recreation Room, Howdon: This is a bungalow historically used as a community recreation room which has been disused since 2011 and fallen into disrepair. The demand for this facility is low due to the close proximity of Howdon Community Centre
- Wright Drive Recreation Room, Dudley: This building has historically been used as a community recreation room which is now disused and could provide a bungalow
- Victoria Terrace, Whitley Bay: This building was formerly used as housing and customer service office. This could provide a further 5 apartments
- Perth Gardens, Howdon: Presently used as council office accommodation but has the potential to be surplus to requirements following completion of the accommodation review. This would provide 12 apartments.

This Phase is expected to deliver around 40 additional affordable homes with the majority let by the end of 2015 and will cost in the region of £2.7 million. The refurbishment projects will enhance the energy efficiency ratings of the buildings to a standard acceptable by the Building Regulations 2010.

More information is attached at Appendix 2.

- **Phase 3 – Medium and long term new build / conversion / bringing empty property back into use:** This Phase will comprise the vast majority of the programme and will rely on the appropriate approval process and establishing the full range of delivery mechanisms including the provision of new build affordable homes and the conversion of commercial and retail premises in town centre and other locations to regenerate the area and promote sustainability in town centres.

A range of work is currently underway to develop this medium and longer term plan. The work streams that may free up existing office accommodation / land for the development for affordable homes include:

- Agile working and a review of office accommodation – This work is being led by Capita
- Depot Rationalisation project – This is primarily focussed on consolidating / reviewing the Authority's depot provision
- Commercial Estate Review – Commercial assets and assets from the former TWEDCO which are primarily commercial estate has recently been transferred to the Authority.

In addition, following approval from Cabinet in December 2012, a major piece of work is being undertaken to examine the potential for accelerating the delivery of affordable homes using the value of the Authority's land holdings initially linked to the most significant land holding in the HRA at Annitsford Farm.

A detailed report on the outcome of this work and potential options available to the Cabinet will come forward in a report early in the New Year.

The work so far completed includes:

- The HRA sites across the borough have been assessed in terms of planning, number of units and site issues and have been Red/Amber/Green (RAG) rated;
- A Visioning Day, was held on 19th March 2013 with the Project Team and interested developers of the Annitsford Farm site;
- Further 1:1s have been held with interested developers to assess market interest in the Annitsford Farm site and wider proposals for delivering affordable homes across the borough;
- A number of site studies have been undertaken which have informed the development brief for the Annitsford Farm site;
- An initial consultation event has been held on the Annitsford Farm site. This gave local residents the opportunity to see what the Authority has done so far in assessing the viability of the site and to allow them to voice their views and concerns regarding the potential development of the site;
- Comprehensive research has been undertaken into how a wide range of authorities and housing providers are delivering or planning to deliver affordable homes and work started on an appraisal of self funding models; and
- A range of financial models have been developed to test the suitability of various delivery vehicles and sensitivities.

1.5.18 The approval process and project governance

1.5.19 Significant work is underway to realise the potential of the Authority's assets. This will be reflected in further reports to Cabinet in due course. In the meantime, as the work to deliver affordable homes is gaining pace, it is intended to put in place the relevant governance structure to support the required approval process.

1.5.20 Cabinet is therefore asked to approve the establishment of a Strategic Property Management Group to oversee the framework for the review of property assets, recommend sites for retention, disposal or development/re-development and formulate a programme of delivery for key development/re-development projects: specifically, the Affordable Homes Delivery Programme but potentially also includes the Swans and Spanish City sites.

1.5.21 The Strategic Property Management Group would comprise

- The Elected Mayor;
- The Deputy Mayor;
- The Cabinet Member for Housing and Environment;
- The Cabinet Member for Economic Development;
- The Chief Executive;
- The Deputy Chief Executive;
- The Head of Housing;
- The Head of Business and Economic Development; and
- The Head of Finance and Commercial Services

1.5.22 A full range of delivery mechanisms

1.5.23 The Authority has in place the mechanisms to deliver Phase 1 and Phase 2 and continues to enable a range of schemes through registered providers and developers. For example: the Kier North Tyneside Joint Venture is delivering Swan Close. Solutions 4 North Tyneside, subject to financial close, will be involved in the delivery at sites associated with the Quality Homes for Older People Programme.

1.5.24 However, given the scale of the challenge there are some gaps

- **The right land in the right place:** available sites do not conveniently line up with housing need;
- **Developer capability:** while the Authority and its partners can deliver “Development” there is a need to secure the right “developer” capability;
- **Capital:** directly related to the development capacity, capital is at a premium; and
- **Direct access to the local supply chain:** currently most construction related work is directed through partnerships. Some sites and some projects may benefit from direct access to the supply chain.

1.5.25 While there will be many opportunities over the next decade to fill those gaps, the intention is to act now to create capacity and capability to fill those gaps. Subject to Cabinet’s agreement, the Authority’s wholly owned Trading Company – North Tyneside Trading Company – can be adjusted to assume the role of a developer. This would allow the company to enter into development agreements with the Authority, seek investors and funding, and work with those investors to secure the delivery capability for affordable homes on such sites as identified and approved by Cabinet.

1.5.26 In creative responses to the difficult market new models of development are emerging for the development of affordable homes; including lease back to the Authority who would take ownership of the asset at the end of that lease (typically 35 years). These approaches require further investigation and a financial model to demonstrate that there is sufficient rent yield to return the investment, pay a developer fee, cover the construction costs and cover the repairs and maintenance costs over the lifetime of the lease.

1.5.27 Subject to Cabinet’s agreement, if required. the structure of the trading company would be adjusted to ensure the Articles of Association were appropriate for the agreed approach. The Officer Director structure would be adjusted to reflect the changing roles in the Senior Leadership Team and to avoid conflict of interest for Cabinet Members and Directors. The appointment of an independent Executive or non-Executive Director to the board of the trading company to bring appropriate commercial expertise would also be considered. Work is ongoing to identify the full legal and financial arrangements that would need to be addressed and will be reported in the further report in the New Year.

1.6 Decision options:

The following decision options are available for consideration by Cabinet

Option 1

Agree the approach described in this report

Option 2

Reject the approach described in this report

Option 3

Request further work is done by the Officer team.

Option 1 is the recommended option.

1.7 Reasons for recommended option:

Option 1 is recommended for the following reasons:

- It provides the mechanisms to deliver the Elected Mayor and Cabinet's commitment to deliver more quality affordable homes.

1.8 Appendices:

Appendix 1: Summary – Phase 1 indicative proposals for new build council homes 2014-2016

Appendix 2: Summary – Phase 2 indicative proposals for conversion of existing assets 2014-2017

1.9 Contact officers:

Paul Hanson, Strategic Director of Community Services, tel. (0191) 643 7000

Ian Conway, Head of Housing tel. (0191) 643 7500

Roy Marston, Manager Quality Homes for Older People & Support Services tel. (0191) 643 7580

Alison Campbell, Finance Business Manager, tel (0191) 643 7038

1.10 Background information:

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

- (1) [Cabinet Paper December 10 2012 ITEM 6\(b\) Title: Self-funding models to achieve the development of affordable housing – Annitsford Farm](#)
- (2) [The Strategic Housing Market Assessment Key Elements Update 2011](#)
- (3) [The Core Strategy Preferred Options 2010](#)

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

Phases 1 and 2

Initial estimates for Phase 1 and Phase 2 have been estimated in the region of £10.9 million. An average build cost of £0.090m per new unit has been used which will vary depending upon mix of units. An additional allowance of £0.015m per unit has been allocated for statutory services, site specific / abnormal and associated risk items.

The budgets for conversion and refurbishment work have been developed using current, or recently completed, projects. The budget envelope for the works include some allowance for statutory service connections and site specific / abnormal costs, however the final costs for individual projects will need to be refined after detailed site surveys and the production of final design and relevant planning and building regulations consents.

It is proposed that £0.426m be allocated from the Housing Supply Fund (New Homes Bonus / S106 monies) to support the projects. The remainder of the funding has been identified within funding earmarked for new council homes within the Housing Revenue Account (HRA) Business Plan.

Financial Models are being developed which will help determine the best delivery model for each site.

Phase 3

In parallel with possible delivery options being developed, financial models are also being developed for the elements of Phase 3. These will be used to show that those constituent parts of the phase are viable and will also inform the decision on which delivery model is most appropriate in each case. The models will consider the required term for the delivery options for each part of Phase 3 to pay back any funding required, and sensitivity to changes in rental income, void rates and other variables.

In particular, further work needs to be undertaken to map out the financial implications of the potential use of the Trading Company and the impact on the Authority's Statement of Accounts.

A further report will be brought to Cabinet early in the New Year. This will contain full details of the implications of the different delivery options and will detail the financial implications associated with any recommendations made in that report.

2.2 Legal

The Authority has the power to dispose of land which has been held for housing purposes pursuant to section 32 of the Housing Act 1985. This consent is subject to the Authority disposing of the property for market value. In addition, a local authority is required to obtain best consideration when disposing of land under s123 of the Local Government Act 1972. If needed and in specified circumstances, the Authority is able to dispose of land at an undervalue, however any disposal of this nature will require Cabinet's further approval.

Any proposed development will be subject to obtaining planning consent and Building Regulation approvals as appropriate.

The further report to Cabinet in early 2014 will provide more information on the implications of the different delivery options and will detail the further legal implications associated with any recommendations made in that report.

2.2.1 Kier North Tyneside

If the Authority funds the building of the affordable homes directly these works will fall under the Strategic Partnering arrangements with Kier North Tyneside. However, if any external funding is required to resource the project then a procurement process may need to be undertaken. Alternatively, in suitable circumstances, the development may proceed as a pure land disposal/land development agreement which may, if desired by the Authority, be awarded directly to Kier North Tyneside under the terms of the joint venture arrangement or, also if desired by the Authority, advertised appropriately. Such development agreements are not subject to EU procurement rules. In each case, it is subject to the Authority being satisfied that each contract represents value for money and meets all relevant statutory and regulatory requirements, including compliance with the Officers Delegation Scheme, the Financial Regulations and Contract Standing Orders of the Authority.

2.2.2 Developer Partner

As detailed above, the Authority may wish to enter into a development agreement with a third party provider. Such arrangements do not require a procurement exercise pursuant to the Public Contracts Regulations 2006.

However, if the Authority has specific requirements over the land or wishes to retain nomination rights for tenants over the homes to be provided, then a procurement exercise would be necessary, in accordance with EU procurement rules and the Authority's Contract Standing Orders.

Through procuring a partner or marketing the land for sale the Authority will be in a position to secure best value for the land.

2.2.3 Trading Company

As the North Tyneside Trading Company (NTTC) is wholly owned by the Authority, the Authority can contract directly with NTTC without the need for a procurement exercise. It is envisaged that a development agreement will be entered into between the Authority and NTTC, NNTC will then enter into arrangements to secure funding and provision of building works.

The provision of State Aid must be addressed when support for NTTC is to be supplied by the Authority. If the Authority provides support or services to NTTC, the Authority must fully account for that support. The support may be, for example, in the form of accommodation, goods, services, staff or other support provided in order to facilitate NTTC with the ability to trade. Any financial assistance, in cash or in kind, provided to NTTC by the Authority will be under a formal agreement between the Authority and NTTC.

The Authority is permitted under the European Union De Minimis "State Aid" Regulations to provide aid of up to €200,000 (circa £160k) from public funds to any business enterprise over a rolling three-year period. The Authority may provide 'assistance' to NTTC below this limit.

To minimise the risk of breaching the State Aid regulations, all rechargeable costs incurred by NTTC must be accounted for. State Aid does not arise where the support is fully paid for, and

will not be an issue if it is below the de minimus threshold. The financial structure will ensure that company accounts are separate, identifiable and reportable.

The Articles of Association of NTTC permit the employment of staff, any staffing resources will need to be clearly identified and TUPE implications considered, any appropriate secondment arrangements will need to be identified and put in place as appropriate.

2.3 Consultation/community engagement

The specific proposals identified will be subject to detailed discussions with Ward Members. Those projects underway have been discussed with Ward Members.

2.3.1 Internal Consultation

Discussions and presentations have been delivered to the Housing and Economic Prosperity Sub Committee. The contents of the report have been discussed with the Affordable Homes Sub Group.

Further consultation with Members will be planned as the programme develops.

2.3.2 External Consultation/Engagement

Necessary consultation was undertaken ahead of the development of Swan Close in Wallsend. Initial Consultation Event held with residents who live near Annitsford Farm 15 August 2013. Further consultation with tenants, residents and members will be planned as part of wider Consultation/Communications Plan.

There are detailed planning requirements in terms of the consultation to be undertaken as part of the formal planning approval process.

2.4 Human rights

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

2.5 Equalities and diversity

An increase in mixed tenure homes would help to meet local need as set out in the Strategic Housing Market Assessment and 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. A project risk register has been collated. At this stage it is considered that there are no specific risks that need to be added to the Directorate Risk Register.

2.7 Crime and disorder

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

2.8 Environment and sustainability

All new homes proposed in the interim plan to increase the supply of council homes will be built

to a minimum of level 4 of the Code for Sustainable Homes and the refurbishment projects will enhance the energy efficiency ratings of the buildings to a standard acceptable by the Building Regulations 2010.

PART 3 - SIGN OFF

- Chief Executive X
- Strategic Director(s) X
- Mayor/Cabinet Member(s) X
- Chief Finance Officer X
- Monitoring Officer X
- Strategic Manager Policy and Partnerships X

Appendix 1: Summary – Phase 1 indicative proposals for new build council homes 2014-2016

New Build							Financial year units delivered				
New Build Project	Total no. units	Estimated Scheme costs*	Weeks	Start date	Completion date	Notes	2013/14	14/15	15/16	16/17	
Wallsend Library, Wallsend	20	2,100,000	40	Aug-14	Jun-15	Could be accelerated if deemed a priority. Final design and planning approval still required. Minimum of 6 month process.		1,470,000	630,000		
High Street East Car Park, Wallsend (Subject to traffic management review and consultation with local business)	9	945,000	27	Jan-15	Aug-15	Overlap with Library site. Depends upon when site is released.		420,000	525,000		
Bude Court, Wallsend	7	735,000	20	Jul-14	Dec-14	Could be accelerated if deemed a priority. Final design and planning approval still required. Minimum of 6 month process.		735,000			
Blandford Road, North Shields	33	3,465,000	52	Jun-14	Jun-15	Work on-going on designs with developer around possible options.		2,665,000	800,000		
Chapelville, Seaton Burn	9	945,000	27	May-15	Dec-15	Linked to Quality Homes for Older People Programme			945,000		
	78	8,190,000					0	5,290,000	2,900,000	0	8,190,000

** An average build cost of £90k per unit has been used at this stage. This will vary depending upon mix of units. An additional allowance of £15k per unit has been allocated for statutory services, site specific / abnormal and associated risk items. (Works can include renewable technologies, water attenuation, contamination, service diversions, etc.)*

Appendix 2: Summary – Phase 2 indicative proposals for conversion of existing assets 2014-2017

Conversion											
Conversion	Total number of units	Estimated Scheme costs**	Weeks	Start date	Completion date		2013/14	2014/15	2015/16	16/17	
Alexandra Street	14	946,000	28	Sep-15	Apr-16	Linked to Library and Car Park site. Schemes unlikely to be done simultaneously due to the lack of space across the site. Suggested that refurb would happen after new build. Further discussion required.			811,000	135,000	
Bedford Avenue Shops	3	220,000	15	May-14	Sep-14	Could be accelerated if deemed a priority. Final design required however planning regulations have been relaxed for changing use from commercial to residential, making the approval process quicker.		220,000			
Coast Road Library	2	147,000	12	Mar-14	Jul-14	Could be accelerated if deemed a priority. Final design required however planning regulations have been relaxed for changing use from commercial to residential, making the approval process quicker.		147,000			
Bank Top Cottages	2	120,000	12	Jan-14	Apr-14		100,000	20,000			
Kelso Gardens Recreation Room	1	77,000	8	Oct-13	Dec-13		77,000				
Wright Drive	1	79,000	8	Jan-14	Mar-14			79,000			

Recreation Room												
Victoria Terrace	5	340,000	20	Jul-14	Dec-14	Could be accelerated if deemed a priority. Final design required, however planning regulations have been relaxed for changing use from commercial to residential, making the approval process quicker.		340,000				
Perth Gardens, Howdon (Subject to Office Accommodation Review)	12	810,000	24	Jan-15	Jul-15	Progress will depend upon outcome and timing of Accommodation Review.		400,000	410,000			
	40	2,739,000					177,000	1,206,000	1,221,000	135,000	2,739,000	

***The budgets for conversion and refurbishment work has been developed using current, or recently completed projects. The budget envelope for the above works include some allowance for statutory service connections and site specific / abnormal costs, however the final costs for individual projects will need to be refined after detailed site surveys and the production of final design and relevant planning and building regulations consents.*