

# North Tyneside Council

## Report to Cabinet

Date: 14 March 2016

### ITEM 7(e)

Delivering Affordable  
Homes Update

Portfolio(s): Housing and Transport

Cabinet Member(s): Cllr John Harrison

Report from Service Area: Environment, Housing and Leisure

Responsible Officer: Phil Scott, Head of Environment, Housing and Leisure (Tel: (0191) 643 7295)

Wards affected: All

## PART 1

### 1.1 Executive Summary:

In October 2013, Cabinet confirmed its commitment to delivering 3,000 affordable homes over the next 10 years. Cabinet agreed on 10 March 2014 to receive further updates on the Affordable Homes Programme. The purpose of the report is to provide Cabinet with an update on the progress made during 2015/16 in delivering an expected 247 new affordable homes within North Tyneside.

It also asks Cabinet to approve the first phase of a new Housing Revenue Account (HRA) Housing Delivery Programme that will bring forward a number of Authority owned sites to potentially deliver a further 88 new affordable homes by North Tyneside Council.

The report also details proposals for the development of sites at Silverbirch in Camperdown and the former Dudley and Weetslade Social Club in Dudley with affordable homes and asks Cabinet to approve the preferred development options for these sites.

Also, two options are outlined in the report in respect of the Meadow Well Centre in North Shields and Cabinet is asked to agree to a preferred option for this property.

### 1.2 Recommendation(s):

It is recommended that Cabinet:

- 1) note progress to date of the Affordable Homes Programme.
- 2) approve the proposed HRA Housing Investment Delivery Programme 2016-2019.
- 3) approve the disposal of the Silverbirch Site at Camperdown for the development of affordable shared ownership homes subject to final terms and conditions including the sale price to be approved by the Head of Commissioning and Investment in consultation with the Head of Finance (as Section 151 Officer), the Head of Law and

Governance, the Elected Mayor and the Cabinet Member for Finance and Resources;

- 4) approve the site at the former Dudley and Weetslade Social Club being developed for affordable homes as part of the Housing Revenue Account (HRA) Housing Delivery Programme Phase 1;
- 5) approve one of the following two options in respect of the Meadow Well Centre, North Shields:-

**Option 1** - The redevelopment of the property with affordable homes for rent through the Housing Revenue Account Capital Phase 1 Delivery Programme; or

**Option 2** - The disposal of the property to the Cedarwood Trust subject to final terms and conditions to be approved by the Head of Commissioning and Investment in consultation with the Head of Finance (as Section 151 officer), the Head of Law and Governance, the Elected Mayor, and the Cabinet Member for Finance and Resources. If the Cedarwood Trust are unable to meet the final terms and conditions then the decision will revert to option 1.

### **1.3 Forward Plan:**

Twenty eight days notice of this report has been given and it first appeared on the Forward Plan that was published on 4 January 2016.

### **1.4 Council Plan and Policy Framework**

This report relates to the following priorities in the 2015-19 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:**

#### **1.5.1 Background**

The Mayor and Cabinet clearly stated their policy intention in the Our North Tyneside Plan that the Authority will deliver “more quality affordable homes.”

In the 10 years to 2013, a total of 789 new affordable homes were delivered within the Borough. In October 2013, Cabinet agreed an ambitious target to increase the pace and scale of the Affordable Homes Programme within North Tyneside through the delivery of 3,000 affordable homes over the next 10 years. This includes new Council housing as well as delivery through the Authority’s strategic and 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 is also bringing empty properties back into use as affordable housing.

The need for affordable housing is supported by the Strategic Housing Market Assessment (SHMA) 2014; this provides a clear evidence base on the level of housing need within the Borough, including the need for affordable housing. A draft Market Position Statement for Specialist Housing has also been developed by Housing Services

with support from Adult Social Care and Children's Services. It sets out the type and number of specialist homes needed in the future.

In addition, an Affordable Housing Needs Assessment tool has been developed. This brings together a range of information (e.g. SHMA, Census data, Market Position Statement, demand from our housing register) and is used to assess the type and size of affordable housing needed on individual sites.

The Local Plan Consultation Draft 2015 uses all of this evidence and sets out the Authority's preferred approach to delivering sufficient additional homes within North Tyneside to meet the anticipated needs arising from demographic changes, including a projected increase in the Borough's population and household change up to 2032. The Local Plan Pre-submission Draft November 2015 proposes a strategy for the provision of 17,388 new homes of all tenures in the Borough between 2011-2032, which includes 10,577 homes in addition to those already built or with planning permission. It is anticipated that the Local Plan with agreed changes will be adopted in mid 2017.

## 1.5.2 Progress on Affordable Housing Delivery in 2015/16

### (a) Overview

Significant progress has been achieved this year with an expected 247 new affordable homes programmed to be delivered by the end of this financial year, against the 312 projected. This will bring the total of new affordable homes delivered over the first two years of the Affordable Homes Programme to 512. Anticipated numbers decreased for 2015/16 primarily due to some re-programming on some of the North Tyneside Living schemes and also one of the RPs contractors going into administration. These homes will now be delivered in 2016/17. Plans are well developed to deliver 411 homes in 2016/17 and a full delivery programme for 2016/17 is given in Appendix 2.

Following the budget announcements last summer, work has been undertaken to understand the impact of the Welfare Reform and Work Bill that is currently progressing through Parliament. An indicative revised 10 year delivery programme has been developed. This was necessary due to the potential introduction of new social rent setting criteria that requires Local Authorities to reduce their social rents by 1% each year for the next 4 years. This reduction has been accounted for within the HRA that provides capital funding for our new build programme. This reduction will also affect our partner Registered Providers and will result in a slow down of affordable homes for rent being provided by this sector.

Even with these changes we remain on target to deliver 3,000 new affordable homes with an projected increase of new affordable products including shared ownership and starter homes being delivered by RPs and volume house builders. .

### (b) HRA Housing Delivery

Using HRA Capital funding, including Government Grant under the Affordable Homes Programme, the Authority will achieve the target of 99 new affordable homes in 2015/16 in the following developments:

- 6 apartments and 3 bungalows at Bude Court, Battle Hill in conjunction with Kier North Tyneside
- 32 new homes at Blandford Road, West Chirton in conjunction with Galliford Try Partnerships North Ltd.
- A mixed development of 9 properties, including a 4 bed bungalow and a respite unit for Adult Social Care, on the site of the former Somervyl Court, Longbenton in conjunction with Kier North Tyneside.

- Conversion of the former housing office in Victoria Terrace, Whitley Bay into 5 new homes in conjunction with Kier North Tyneside
- Conversion of a property in Bamburgh Crescent , Shiremoor into 3 new homes in conjunction with Kier North Tyneside
- A mixed development of 41 new homes at Wallsend High Street East (site of the former Wallsend Police Station and Direct Access Unit in conjunction with Kier. This development will see the 500th home completed under the Affordable Homes Programme.

#### (c) Specialist Housing

Working with Adult Social Care and Children's Services a Market Position Statement for Specialist Housing has been produced. This identifies the type and number of specialist homes needed in the future within the Borough.

In 2015/16 the Authority has continued to deliver the targets within the Market Position Statement. A respite unit and a 4 bed bungalow for Adult Social Care have been completed as part of the HRA development on the Somervyl site in Longbenton. In addition, three 3-bed bungalows were included in the HRA development on the Bude Court site in Battle Hill, two 3-bed bungalows were delivered on the Blandford Road site and the recreation room at Bamburgh Crescent was reconverted back in to three 1-bed bungalows. Registered Providers also delivered 14 supported living apartments in Whitley Bay for homeless young people.

It is anticipated that a further 28 specialist homes will be delivered by Registered Providers in 2016/17.

#### (d) North Tyneside Living

The North Tyneside Living project continues to transform the Authority's sheltered housing with the refurbishment of 582 homes and the provision of 342 new build homes. The project is on target to complete all construction work by February 2017.

Significant progress towards the completion of the North Tyneside Living project has been achieved this year. 6 refurbishment schemes at Eccles Grange, Rosebank Hall, Feetham Court, Moorcroft, Rudyerd Court and Percy Lodge have been completed with a further 6 new build developments at Clifton Bungalows, Windsor Grange (phase 1), Chapelville (Phase 1), Mayfield Park, Whinstone Lodge and Rothley Grange also completed.

In 2015/16 the project was anticipated to deliver 105 new homes. However, due to circumstances beyond the contractor's control, some scheme completions had to be re-scheduled. Consequently, the project delivered 72 new homes in 2015/16. A further 169 new homes are due to be handed over in 2016/17.

Works are currently in progress on the new builds at Phoenix Rise, Crossgates, Bisley Court and Eldon Court, along with Phase 2 works for both Windsor Grange and Chapelville as well as refurbishment works at The Orchard, Southgate Court, Tamar Court, Ferndene, Cheviot View and Emmerson Court.

Refurbishment Works are also due to commence shortly at Victoria Court, Carlton Court, Carville House and Preston Court. The demolition of Wallington Court will start once the tenants have been moved into their new homes in the newly completed Rothley Grange.

By the end of 2015/16, there will have been over 400 tenant moves, arranged and carried out by a dedicated team. Tenant feedback regarding this service and the quality of their new or refurbished home continues to be extremely positive. In addition, over 90 new tenants have now moved into the new or refurbished homes to date.

Open days have been held at 2 of the refurbished schemes, Eccles Grange and Moorcroft, for tenants aged over 60 in the locality and housing applicants who have expressed an interest in the new North Tyneside Living apartments. Invitations were sent out to these households and attendees were given conducted tours that included a show apartment. Attendees were also asked for their comments about the schemes. The open days have been well attended and have elicited positive reactions for the design and quality of the accommodation.

(e) Bringing back Empty Properties into use as affordable housing

In October 2013 Cabinet recognised the contribution that bringing empty properties back into use could make to the overall Affordable Homes Delivery Programme:

The Empty Homes target for 2015/16 was to bring back five long term empty properties as affordable homes. This targets has been exceeded with eight properties brought back into use. with four the properties providing decent affordable homes for 7 tenants as part of the Community Learning Disability Teams Independent Supported Living Scheme.

Plans to support empty property owners as part of the wider Chirton and Riverside Action Plan are being developed for 2016/17. This will see a further 5 properties brought back into use by April 2017. Our partners Changing Lives are undertaking the conversion of a large House in Multiple Occupation property in Wallsend into 3 self contained flats. This will provide a sustainable solution for a long term and problematic property. As well as our own targeted activity in Chirton and Riverside, our partners Changing Lives hope to purchase an additional 18 properties over the next 12 months, focusing on North Tyneside.

(f) Working with Registered Providers (RPs):

The Authority continues to work closely with RPs to identify opportunities and funding to meet housing need in the Borough.

As part of the Homes and Communities Agency's Affordable Homes Programme 2015-18 North Tyneside Council was successful in securing £7.2 million worth of grant funding to support the development of 300 affordable homes in the borough. The Authority is working in partnership with a number of RPs (ISOS, Bernicia and Home Group) and developers (including Galliford Try and Kier) to deliver these homes.

In 2015/16, RPs expected to deliver 61 new affordable homes. This reduced to 18 new homes as a result of one of the RPs contractors going in to administration. A new contractor has now been appointed and the homes on the affected sites will now be delivered in 2016/17. These are included in the expected delivery of 136 new homes by RPs in 2016/17.

(g) Planning Obligations

Delivering affordable housing through planning obligations is central to meeting the need for affordable housing in the Borough. Through Section 106 Town and Country Planning Act 1991 Agreements, the Authority successfully secures 25% affordable housing on relevant sites (developments with 15 or more units). Currently there are 450 affordable homes secured through outline planning permissions and 338 through full planning permissions, making a total of 788 affordable homes. The delivery of these will depend upon when developers start their housing schemes, which is influenced by a number of factors including the buoyancy of the housing market.

(h) Murton Gap and Killingworth Moor

Murton Gap and Killingworth Moor are strategic sites within the emerging Local Plan. Murton Gap has the potential to provide approximately 3,000 new homes and Killingworth Moor approximately 2,000 new homes, which will include the provision of affordable homes.

The sites are in multiple ownership and include the Authority as an owner. Concept plans for the sites have been prepared in collaboration with the landowner consortiums on both sites. These concept plans were included in the presentation of the pre submission draft of the Local Plan at Full Council on the 20<sup>th</sup> October 2015. Full Council approved the pre submission draft which then permitted a formal public engagement period to commence for six weeks which ended in December 2015.

Work is now progressing on the viability and phasing of the sites with the landowners to be in a position to submit the Submission Draft of the Local Plan to the Secretary of State in May 2016. It is anticipated that the Examination in Public of the Local Plan could then take place during Autumn 2016 with potential adoption in Spring 2017.

(i) North Tyneside Trading Company (Development)

In October 2013, Cabinet acknowledged that there were gaps in the Affordable Homes Delivery Programme and that the Authority needed to act to create capacity and capability to fill those gaps. It was also recognised that new creative models for the development of affordable homes were emerging in response to the difficult market and that these should be investigated and tested to explore whether they would be applicable in North Tyneside.

Cabinet agreed in March 2015 to the establishment of a wholly owned subsidiary of the North Tyneside Trading Company, North Tyneside Trading Company (Development) Limited, to deliver affordable homes within existing resources. Section 106 funding will be utilised to fund North Tyneside Trading Company (Development) build programme

This Company has recently secured Planning Permission for their first site at Reed Avenue, Camperdown and a Contractor has been appointed following a procurement exercise. It is anticipated that initial site works will start before the end of this financial year with the new homes being delivered in 2016/17. This will deliver 13 affordable homes on the site.

## **1.6 HRA Housing Delivery Programme 2016-2019**

An indicative 3-year HRA Housing Delivery Programme 2016-2019 has been developed with a potential to deliver 88 new homes in total, subject to consultation with ward members and residents.

It is proposed that the programme is split into two phases in line with the HRA Capital Programme.

### 1.6.1 Proposed Phase 1 HRA Sites

Site	Ward	Conversion or New Build	Number of homes	Indicative cost*
<b>PHASE 1</b>				
Dudley & Weetslade Club	Weetslade	New Build	20	£2.410m
Chapelville	Weetslade	New Build	6	£0.720m
Perth Gardens	Howdon	Conversion	6	£0.640m
Meadow Well Centre	Chirton	New Build	17	£2.040m
<b>SUB TOTAL</b>			<b>49</b>	<b>£5.810m</b>

\*indicative cost includes demolition where applicable

Approval of the HRA Housing Delivery Programme Phase 1 would see 49 new homes built.

#### a) Dudley & Weetslade Social Club (Weetslade Ward):

Acquisition of the club site was achieved in September 2015. Feasibility has been carried out for the demolition of existing structures and the building of 20 new homes.

A Housing Community Needs Assessment identified that there is demand for 1 & 2 Bedroom apartments along with 2 & 3 Bedroom Houses within the area. This will be incorporated into the development proposals.

An initial budget cost of £2.410m has been proposed within the financial plan.

The development costs are subject to intrusive site investigations being carried out on site.

#### b) Chapelville, Seaton Burn: (Weetslade Ward)

In October 2013 Cabinet approved a section of land at the rear of the new Chapelville scheme to be developed for new homes.

A Planning Application has been submitted in relation to the site. Plans will accommodate 6 x 2 Bedroom Bungalows. Detailed design stages are progressing in preparation for a start on site, following completion of the new Chapelville building.

An initial budget cost of £0.720m has been proposed within the financial plan. Homes and Communities Agency (HCA) Grant Funding has been awarded to the project meaning that the Affordable Rent Policy will need to be applied when letting these new homes.

#### c) Perth Gardens, (Howdon Ward): (Former Care Call Office Accommodation)

Cabinet gave approval in October 2013 for the exploration of future options for the Perth Gardens building following completion of the Accommodation Review.

An initial survey of the building has been carried out. It is anticipated that the building will be vacated April 2016 and this will enable intrusive surveys and further investigation regarding structural integrity to be undertaken.

An initial feasibility has ruled out demolition and clearance of the site for a new build scheme as this would not increase the number of potential units that can be delivered by

conversion and would not be financially viable. Initial concept designs for a conversion has identified that the property could be developed into 6 new units. A Housing Community Needs Assessment has identified a demand for 1 and 2 bedroom apartments within the area and this will be reflected in the development proposals. An initial budget cost of £0.640m has been assigned within the financial plan.

d) Meadowell Centre, North Shields: (Chirton Ward)

If the proposal for the Authority to develop the site is approved it is proposed that the site be used for the construction of 17 new homes. A Housing Community Needs Assessment has identified a demand for 1 & 2 bedroom apartments as well as 2 bedroom houses within the area and this will be reflected in the development proposals.

The proposal is subject to intrusive site investigations being carried out on the site and an initial budget cost of £2.040m has been included within the HRA Investment plan.

Further details on this option are included within section 1.9 of this report.

### 1.6.2 Proposed Phase 2 HRA Sites

Phase 2 of the proposed 3 year programme could include the following HRA sites:

Site	Ward	Conversion or New Build	Number of homes	Indicative cost*
<b>PHASE 2</b>				
Bonchester Court	Battle Hill	New Build	15	£1.830m
Bawtry Court	Battle Hill	New Build	13	£1.600m
Beadnell Court	Battle Hill	New Build	11	£1.370m
<b>SUB TOTAL</b>			<b>39</b>	<b>£4.800m</b>

\*indicative cost includes demolition where applicable

These sites comprise former Sheltered Accommodation schemes that are due to be demolished following the release of the sites by the North Tyneside Living project. Cabinet Approval is required to utilise the above sites for future Housing delivered by HRA.

a) Bonchester Court, Battle Hill: (Battle Hill Ward)

An initial feasibility study on the site has been carried out. This indicates the potential to deliver 15 new affordable homes. The proposal is subject to intrusive site investigations being carried out. A Housing Community Needs Assessment has identified that there is a demand for 1 & 2 Bedroom apartments, 2 Bedroom Bungalows and 2 Bedroom Houses. This will be reflected in any development proposals.

b) Bawtry Court, Battle Hill: (Battle Hill Ward)

An initial feasibility study has been carried out for the potential of 13 New Homes. The proposal is subject to intrusive site investigations being carried out. A Housing Community Needs Assessment has identified that there is a demand for 1 & 2 Bedroom Apartments and 2 Bedroom Houses. This will be reflected in any development proposals.



c) Beadnell Court, Battle Hill: (Battle Hill Ward)

An initial feasibility study has been carried out for the potential of 11 New Homes. The proposal is subject to intrusive site investigations being carried out. A Housing Community Needs Assessment has identified that there is a demand for 1 & 2 Bedroom Apartments and 2 Bedroom Bungalows. This will be reflected in any development proposals.

## 1.7 Silverbirch

At its meeting of 8 September 2014, Cabinet declared the site of Silverbirch Industrial Estate, Camperdown surplus to the Authority's requirements and endorsed the principle of residential redevelopment at this location. The site is shown by dark outline on the plan attached as Appendix 4.

At its meeting of 11 May 2015, Cabinet approved disposal of the property to a preferred developer. This would secure the development of the site with affordable homes for rent in association with an associated RP.

Because of the potential impact on affordable rents contained within the Housing and Planning Bill, which is currently progressing through Parliament, the developer and RP are no longer in a position to develop the site with affordable homes for rent because of viability issues. However the developer is still prepared to develop the site with shared ownership homes, where 30% of the equity in the property is bought by the occupier who then pays a proportionate rent in respect of the remaining 70% equity. Shared ownership is classed as sub-market housing and still qualifies as affordable housing

These properties are still classed as affordable homes and at its meeting held on 27 January 2016, the Strategic Property Group cleared the change in the scheme to go forward to Cabinet for formal approval.

It is proposed that the developer will be responsible for demolishing the vacant industrial buildings that remain on the site and this work will be an allowable deduction from the purchase price. This will be subject to "open book" scrutiny of the cost of demolition to ensure best value to the Authority.

The site has been valued between £0.450m and £0.550m for market sale residential. Whilst it may be possible for the Authority to realise a higher capital receipt, the option to provide Shared Ownership homes on this site will ensure the speed of delivery, contribute to the delivery of the Affordable Homes Programme and help meet demand for affordable homes in this area.

Due to the high level of Affordable Homes Grant attached to this scheme and the uncertainty caused by a reduction in affordable rent levels, the developer has proposed a small uplift to the purchase price on the land by £0.010m from the offer that was previously made for the scheme of 100% affordable rental homes. As the revised offer is within the range of potential values for market sale residential detailed above, this offer is seen as providing best value for the Council for a development of affordable homes in line with the Authority's aspirations.

It is therefore proposed that the final sale price is agreed in accordance with Recommendation (1) of this report.

The capital receipt for the sale of the site will be used to fund the Authority's General Fund Investment Plan

## 1.8 Dudley and Weetslade Social Club

At its meeting of 11 August 2014, Cabinet approved the acquisition of the former Dudley and Weetslade Social Club in Dudley by the HRA to provide a site for the future development of affordable homes. The site is shown by dark outline on the plan attached as Appendix 5.

Cabinet also agreed to receive a further report providing detailed information on a preferred delivery option for the development of the site including the financial implications. The following options have subsequently been considered:-

1. The construction of Council homes as part of the Housing Revenue Account (HRA) Capital Phase 1 Delivery Programme; and
2. The disposal of the site and its subsequent redevelopment to an RP.

Following further consideration of these options it is now proposed that Cabinet agree to the site being developed as part of the Housing Revenue Account Capital Phase 1 Delivery Programme in accordance with Option 1. This option is preferred as it will provide 20 new affordable homes which will be owned by the Authority, and will provide a rental income to the Housing Revenue Account.

## **1.9 Meadow Well Centre, North Shields**

At its meeting of 14 October 2014, Cabinet declared the Meadow Well Centre surplus to the Authority's requirements. In approving this decision Cabinet was informed that the property may have potential as a site for affordable homes or alternatively could be marketed for sale.

The property was formerly occupied by the Authority's Youth Services and Education Welfare Service Teams and has remained vacant since July 2014 when both teams relocated to the Youth Village in North Shields.

The property is shown by the dark outline on the plan attached Appendix 6 and it is held by the Housing Revenue Account. It should also be noted that the property is now listed on the Authority's Register of Assets of Community Value following a formal application made by the Cedarwood Trust in accordance with Localism Act Section 89 and The Assets of Community Value (England) Regulations 2012. The Cedarwood Trust successfully made the application to have the property listed as an Asset of Community Value.

The site has now been confirmed as being suitable for redevelopment with affordable homes for rent through the Phase 1 of the HRA Housing Delivery Programme. An indicative scheme has been identified for the site showing that 17 homes can be delivered at an indicative cost of £2.040m. The funding for this scheme is included within the approved 2016-2019 HRA Investment Plan.

Alternatively, the Cedarwood Trust has expressed an interest in occupying the property for community use. Whilst the Trust's preferred option would be to lease the building this was considered and discounted as an option by the Strategic Property Group at its meeting held on 27 January 2016. Therefore if the building were to be made available to the Trust it would be on the basis of a freehold transfer and in this respect, the value of the building for community use has been assessed at £0.215m.

The Cedarwood Trust currently occupies premises leased from the Authority at Avon Avenue in North Shields. If the Trust were to take occupation of the Meadow Well Centre there is the opportunity that the Trust's existing premises could be surrendered back to the Authority with the potential to be converted into a number of one bedroom flats for

affordable rent through the HRA or a partner RP. Should this be the preferred option, further investigation into the feasibility of converting the offices would be undertaken and presented to Cabinet for a decision.

In addition to this, if Cabinet is minded to approve the sale to the Cedarwood Trust by private treaty it is proposed that they be required to complete the purchase of the property by the 31 July 2016. Should the Trust fail to complete the purchase within this timescale then it is proposed that the site be developed in accordance with option 1 as specified in Recommendation 4 of this report

Background to the Trust and its proposals in respect of the Meadow Well Centre are detailed within Appendix 7 of this report

Should Cabinet decide to sell the site to the Cedarwood Trust, the capital receipt would be realised by the HRA. The money budgeted for this scheme would be re-directed to bring forward a scheme within Phase 2 of the HRA Housing Delivery Programme allowing time for further schemes to be brought forward towards the end of the programme.

Cabinet is therefore asked to consider and agree to one of these two options being progressed in accordance with Recommendation (4) of this report.

#### **1.10 Decision options:**

##### Option 1

Cabinet may approve the recommendations at paragraph 1.2 of this report.

##### Option 2

Cabinet may not approve the recommendations at paragraph 1.2 of this report and request Officers to identify further options to deliver the Affordable Homes Programme.

Option 1 is the recommended option.

#### **1.11 Reasons for recommended option:**

Option 1 is recommended for the following reason:

- It will support progress on delivering the Elected Mayor and Cabinet's commitment to deliver 3,000 affordable homes in 10 years.

#### **1.12 Appendices:**

Appendix 1: Detailed Delivery Programme for 2015/16

Appendix 2: Delivery Programme for 2016/17

Appendix 3: Indicative Affordable Homes Delivery Programme 2014-2024

Appendix 4: Silverbirch Site Plan

Appendix 5: Dudley and Weetslade Social Club Site Plan

Appendix 6: Meadow Well Centre Site Plan

Appendix 7: Background to Trust proposals in respect of Meadow Well Centre

### 1.13 Contact officers:

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Sarah Heslop, Commercial and Development Legal Team Manager, tel. (0191) 643 5456

### 1.14 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 September 14 2015 ITEM title: "Delivering Affordable Homes - Update"
- (2) Cabinet Paper March 9 2015 ITEM title: "Delivering Affordable Homes - Update"
- (3) Cabinet Paper March 10 2014 ITEM title: "Delivering Affordable Homes - Update"
- (4) Cabinet Paper October 14 2013 ITEM title: "Delivering Affordable Homes"
- (5) Cabinet Paper February 10 2014 ITEM Title: Empty Homes "Lease to Let Scheme"
- (6) Core Strategy Preferred Options 2010
- (7) Draft Local Plan 2015-2030

## PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

### 2.1 Finance and other resources

#### Specialist Housing

28 specialist homes will be delivered by RPs in 2016/17 with no contribution from the Authority.

#### North Tyneside Living

Funding for all of the sheltered housing both new build and refurbishment is included within the agreed PFI scheme budget

#### Bringing back Empty Properties into use as affordable housing

Plans to support empty property owners as part of the wider Chirton and Riverside Action Plan are being developed for 2016/17. This will see a further 5 properties brought back into use by April 2017 funded from North Tyneside Council 2015/16 Investment Plan item HS046 with a total budget for 2015/19 of £0.225m. The spend profile for 2015/16 is £0.125m with the remaining to be spent on empty homes for the affordable homes programme with the aim of securing 5 affordable units each year. Our partners Changing Lives are undertaking the conversion of a large House in Multiple Occupation property in

Wallsend into 3 self contained flats at their own cost. This will provide a sustainable solution for a long term and problematic property. As well as our own targeted activity in Chirton and Riverside, our partners Changing Lives hope to purchase an additional 18 properties over the next 12 months, focusing on North Tyneside and again at their own cost.

#### Working with Registered Providers (RPs):

There are plans for RPs to deliver a further 136 new homes in 2016/17 at their own cost.

#### S106

Currently there are 450 affordable homes secured through outline planning permissions and 338 through full planning permissions, making a total of 788 affordable homes. The delivery of these will depend upon when developers start their housing schemes, which is influenced by a number of factors including the buoyancy of the housing market.

#### Murton Gap and Killingworth Moor

Work is now progressing on the viability and phasing of the sites with the landowners to be in a position to submit the Submission Draft of the Local Plan to the Secretary of State in May 2016. It is anticipated that the Examination in Public of the Local Plan could then take place during Autumn 2016 with potential adoption in Spring 2017. As plans are developed, the financial implications will be considered and reported to future meetings of Cabinet/Council as appropriate for a decision before any expenditure is incurred.

#### North Tyneside Trading (Development) Company

This Company has recently secured Planning Permission for their first site at Reed Avenue, Camperdown and a Contractor has been appointed following a procurement exercise. It is anticipated that initial site works will start before the end of this financial year with the new homes being delivered in 2016/17. This will deliver 13 affordable homes on the site. The funding for this scheme is included within the 2015-2019 Investment Plan.

#### HRA Housing Investment Plan 2016 - 2019

The 2016-2019 HRA Investment Plan contains sufficient funds to enable the delivery of all schemes identified within the report under phases 1 and 2 apart from an estimated £0.738m of funding for completion of the Beadnell Court scheme which would be due for completion in 2019/20, and hence would have to be budgeted for within the 2019-2020 Investment Plan which has yet to be approved.

#### Silverbirch

As a result of the change in this scheme to be 100% shared ownership properties, the preferred developer has been able to increase the offer for the site by £0.010m. The capital receipt for the sale of the site will be used to fund the Authority's General Fund Investment Plan.

#### Dudley and Weetslade Social Club

Funding to develop the site is included as part of the Housing Revenue Account Capital Phase 1 Delivery Programme.

#### Meadow Well Centre

An indicative scheme has been identified for the site showing that 17 affordable homes can be delivered at an indicative cost of £2.040m. The funding for this scheme is included within the approved 2016-2019 HRA Investment Plan. If the decision is taken to sell the site to the Cedarwood Trust, a capital receipt would be realised by the HRA. It is

proposed that the money budgeted for this scheme would then be re-directed to bring forward a scheme within Phase 2 of the HRA Housing Delivery Programme.

## **2.2 Legal**

Any disposals in relation to the properties detailed in this report will be progressed and completed in compliance with the Authority's Financial Regulations and applicable legislation.

### HRA Housing Delivery Programme

The properties which will be built through the HRA Housing Delivery Programme will be constructed by Kier North Tyneside utilising the Joint Venture contractual arrangements. The commissioning of the works will ensure that value for money is achieved and this complies with relevant procurement legislation.

### The Meadow Well Centre

The Meadow Well Centre is now listed on the Authority's Register of Assets of Community Value following a formal application made by the Cedarwood Trust in accordance with Localism Act Section 89 and The Assets of Community Value (England) Regulations 2012. The Cedarwood Trust successfully made the application to have the property listed as an Asset of Community Value. Should the Authority seek to dispose of the Asset the applicant must be given the opportunity to bid for the property. The timescales indicated in the report for a decision by Cedarwood accord with the legislative requirements contained within the Localism Act as detailed above.

Should Cabinet agree to the disposal to the Cedarwood Trust Section 123 of the Local Government Act 1972 requires the Authority to obtain best consideration for its land. The proposal by the Cedarwood is deemed to provide best consideration given that the property is listed as a Community Asset and shall continue to be used for the benefit of the community.

### Silverbirch

Should Cabinet agree to the disposal of the Silverbirch site again section 123 of the Local Government Act 1972 requires that the Authority obtain best consideration for the site.

As the sale is at an undervalue, it is proposed that the Authority use the Powers under the General Disposal Consent (England) 2003. This enables Local Authorities to sell land at less than best consideration where it is felt that the disposal will contribute to the promotion or improvement of the economic, social or environmental well being of the area. The consent is subject to the proviso that the "undervalue" must be less than £2.000m. As this site will provide much needed affordable homes in an area of high demand this Consent will be met.

## **2.3 Consultation/community engagement**

### **2.3.1 Internal Consultation**

Comprehensive governance arrangements have been put in place for the Affordable Homes Programme which supports internal consultation. This includes a regular monthly discussion with the Senior Leadership Team.

Members and key officers are consulted through the Strategic Property Group comprised of the Elected Mayor, Deputy Mayor, Cabinet Members for Housing and Environment,

Economic Development and Finance and Resources, Chief Executive, and Heads of Housing, Environment and Leisure, Commissioning and Investment, Finance and Commercial Services and Business and Economic Development. They receive a monthly update on the Affordable Homes Programme and make recommendations for key decisions.

In addition our Investment Programme Board comprised of the Deputy Mayor, Cabinet Member for Finance and Resources, Deputy Chief Executive, and Heads of Housing, Environment and Leisure, Commissioning and Investment, Finance and Commercial Services and Business and Economic Development receives update reports on the delivery of our Affordable Homes Programme.

### **2.3.2 External Consultation/Engagement**

Extensive engagement continues across the entire Affordable Homes Programme including both with ward councillors and residents.

Council officers working with RPs, inform and consult with ward members where sites have been identified for development subject to Cabinet approval. RPs undertake consultation with existing residents on their future proposals for these sites prior to submission for planning approval and an officer from the Housing Strategy Team attends. There are also detailed planning requirements in terms of the consultation to be undertaken as part of the formal planning approval process.

Pre-planning consultations are held with Ward Members, local residents and businesses for all HRA development sites.

Our tenants are kept up to date with progress of our new build and conversion projects through our Repairs and Investment Service Development Group that are held on a monthly basis.

In addition there are regular press releases to ensure the local communities are kept up to date with progress and the key milestones on our developments.

## **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 to reduce some of the potential pressure for 1-2 bedroom properties.

The Affordable Homes Delivery Programme also includes purpose built bungalows which will help to promote equality for people with additional needs, such as medical conditions or mobility difficulties, who require this type of accommodation.

## **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 by either the Authority or by a private developer, crime and disorder issues will be considered as part of the normal planning process.

## 2.8 Environment and sustainability

Should any sites be brought forward for development by either the Authority or by a private developer, environment and sustainability issues will be considered as part of the normal planning procedure.

The design standards being developed for new HRA homes will continue to build on the good work we have done reducing carbon emissions and promoting higher standards of sustainable design than the current minimum standards.

The Authority's goal is to create buildings with minimal environmental impact and will continue to explore a range of appropriate renewable energy sources on current and future developments of suitable size and scale to make them affordable.

The Authority will continue to exceed the changing Building Regulation standards and other national standards as these are being used as the mechanism to ensure greener homes are delivered.

### PART 3 - SIGN OFF

- Deputy Chief Executive
- Head(s) of Service
- Mayor/Cabinet Member(s)
- Chief Finance Officer
- Monitoring Officer
- Head of Corporate Strategy



## Delivery Programme 2015/16

DEVELOPMENT	DELIVERY METHOD	START DATE	COMPLETION DATE	HOMES
Bamburgh Crescent	HRA	May-15	Jul-15	3
Blandford Road (former Brig)	HRA	Oct-14	Oct-15	32
Bude Court	HRA	Mar-15	Dec-15	9
Somervyl Court	HRA	Mar-15	Feb-16	9
Victoria Terrace	HRA	Nov-14	Jun-15	5
Bristol Drive site	NT Living	Apr-14	Sep-15	8
Chapelville (Ph 1)	NT Living	Apr-14	Sep-15	2
Clifton Court	NT Living	Aug-14	Jun-15	1
Crummock Court (Ph 1)	NT Living	Apr-14	Aug-15	3
Eccles Court	NT Living	Apr-14	Jun-15	2
Fernlea	NT Living	Jul-14	Oct-15	2
Marden House site	NT Living	Dec-14	Dec-15	29
Rosebank Hall	NT Living	Apr-14	Jun-15	1
Rosebery Court	NT Living	Mar-14	Oct-15	21
Rudyard Court	NT Living	Jun-14	Dec-15	2
Skipsey Court	NT Living	Feb-15	Feb-16	1
Compass Project	RP	-	Apr-15	14
Zetland Drive	RP	Oct-15	Feb-16	4
18 Richardson St	Empty Homes	Sept-15	Dec-15	1
42/44 Richardson Street	Empty Homes	Sept-15	Dec-15	2
Percy Road, Whitley Bay	Empty Homes	Feb-15	Sep-15	5
<b>Sub Total (homes delivered)</b>				<b>156</b>
Hadrian Education Centre	Vol. Builders	Apr-15	Mar-16	14
Norgas House	Vol. Builders	Jan-13	Mar-16	10
Stables and Land at Billy's Pit	Vol. Builders	Dec-14	Mar-16	10
Land To The North Of The Forest Gate Estate	Vol. Builders	Apr-14	Mar-16	16
Wallsend High Street inc East Car Park	HRA	Mar-15	Mar-16	41
<b>Total (homes delivered and homes due for completion by 31 March 2016)</b>				<b>247</b>

## Delivery Programme 2016/17

DEVELOPMENT	DELIVERY METHOD	START DATE	EST. COMPLETION DATE	HOMES
Hospital Site (Rake Lane)	Vol. Builders	Nov-15	Mar-17	5
Land to west of Station Rd, Backworth	Vol. Builders	Apr-15	Mar-17	25
REME depot	Vol. Builders	2015	Mar-17	10
St Stephens Roman Catholic Primary School	Vol. Builders	2015	Mar-17	6
Parkside School	Vol. Builders	2015	Mar-17	9
Bedford Avenue	HRA	Jan-16	May-16	5
Reed Avenue	Delivery vehicle	TBA	TBA	13
TBA	Empty Homes	TBA	TBA	5
Carlton Court	NT Living	Mar-16	Feb-17	4
Victoria Court	NT Living	Mar-16	Feb-17	3
Southgate Court	NT Living	Mar-15	Aug-16	2
Cheviot View	NT Living	Feb-16	Dec-16	2
Bisley Court	NT Living	Jul-15	Dec-16	28
Broadway Court	NT Living	Jun-15	Mar-17	48
Crummock Court	NT Living	Apr-14	Feb-17	24
Phoenix Court	NT Living	Mar-15	Oct-16	47
Chapelville	NT Living	Apr-14	Dec-16	7
Tamar Court	NT Living	Apr-15	Jul-16	1
Ferndene	NT Living	Sep-15	Sep-16	1
Emmerson Court	NT Living	Mar-14	Jul-16	1
Carville House	NT Living	Feb-16	Feb-17	1
Balkwell Green	RP	Feb-16	Mar-17	5
Blackhill Avenue	RP	Feb-16	Mar-17	15
Oban Avenue	RP	Apr-16	Sep-16	5
Staites Avenue	RP	Jun-16	Mar-17	8
West Farm Wynd	RP	Feb-16	Mar-17	5
Firtrees Avenue	RP	Jan-16	Mar-16	8
Seaton burn College	RP	Apr-16	Mar-17	41
Silverbirch Ind Estate	RP	TBA	TBA	20
Seaton Burn First School	RP	Sep-16	Mar-17	8
Church Bank	RP	Feb-16	Jun-16	8
Brookland Terrace	RP	Jun-16	Mar-17	13
Projected	Specialist Housing	TBA	TBA	28
<b>Total (homes due for completion by 31 March 2017)</b>				<b>411</b>

## Indicative Affordable Homes Delivery Programme 2014-2024

<b>Delivery Method</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>Total</b>
<b>HRA</b>	14	99	5	51	28	11	35	35	35	35	<b>348</b>
<b>RP</b>	87	18	136	41	30	40	40	40	40	40	<b>512</b>
<b>Vol. Builders</b>	55	50	55	110	125	116	162	219	203	208	<b>1,303</b>
<b>Empty Homes</b>	13	8	5	5	4	4	4	4	7	10	<b>64</b>
<b>NT Living</b>	96	72	169	26	0	0	0	0	0	0	<b>363</b>
<b>Delivery Company</b>	0	0	13	31	35	28	0	0	0	0	<b>107</b>
<b>Supported Housing</b>	0	0	28	75	25	75	0	50	0	50	<b>303</b>
<b>Total</b>	265	247	411	339	247	274	241	348	285	343	<b>3,000</b>