

North Tyneside Council

Report to Cabinet

Date: 28 May 2019

ITEM 5(d)

Title: Delivering
Affordable Homes

Portfolio(s): Housing and Transport

Cabinet Member(s): Councillor Steve
Cox

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:

At its meeting on 14 October 2013, Cabinet confirmed its commitment to delivering 3,000 affordable homes over the next 10 years. Further, Cabinet agreed at its meeting on 10 March 2014 to receive an annual report for information purposes detailing the progress and delivery of the Affordable Homes Programme.

The purpose of this report is to provide Cabinet with an update for the year 2018/19 on the progress made against the Affordable Homes Programme, in delivering 250 new affordable homes. This Report also provides an update on the anticipated delivery for 2019/20 together with the indicative affordable homes delivery programme through to 2024.

This report also seeks the grant of delegated authority to the Head of Environment, Housing and Leisure, in consultation with Cabinet Member for Housing, Head of Resources and Head of Law and Governance to approve a number of Housing Revenue Account owned sites to be brought forward to be used to deliver affordable homes. This will continue to provide a pipeline of directly delivered affordable homes by the Authority.

1.2 Recommendation(s):

It is recommended that Cabinet:

- (1) in relation to the Affordable Homes Programme, notes the progress to date of the Affordable Homes Programme.
- (2) in relation to the development of the Housing Revenue Account sites:
 - (a) approves the development by the Authority of the Housing Revenue Account sites identified within section 1.5.4 of this report and;

- (b) authorises the Head of Environment, Housing and Leisure in consultation with the Cabinet Member for Housing, Head of Resources and Head of Law and Governance to undertake all necessary work to bring forward the development of the sites as identified in section 1.5.4.

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 10 May 2019.

1.4 Council Plan and Policy Framework

This report relates to the following priorities in the Our North Tyneside Plan:
Our Places will:

- Be great places to live by focusing on what is important to local people, such as by tackling the derelict properties that are blighting some of our neighbourhoods.
- Offer a good choice of quality housing appropriate to need, including affordable homes that will be available to buy or rent.

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."

The need for more affordable housing is clear. The Strategic Housing Market Assessment (SHMA) 2014 provides a robust evidence base on the level of housing need within the Borough, including the need for affordable housing. In addition, the Affordable Housing Needs Assessment tool 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 in different parts of the Borough.

In the 10 years to 2013, a total of 789 new affordable homes were delivered within the Borough. At its meeting on 14 October 2013, Cabinet agreed an ambitious programme to increase the pace and scale of the affordable homes delivery within North Tyneside through the delivery of 3,000 affordable homes over a period of 10 years from 2013/14. A full programme of delivery is included as Appendix 3.

To date 1,380 new affordable homes have now been delivered within 5 years through the Affordable Homes Programme, exceeding the total number delivered in the previous 10 years by 75%.

The new homes have been directly delivered by the Authority and by our partners through the Authority's strategic and enabling housing role. This includes working with Homes England (HE), Registered Providers (RPs) and developers to meet a range of housing needs, including the needs of vulnerable groups. The Authority continues to target long-term empty properties that cause blight, and brings them back into use as affordable housing.

North Tyneside Trading Company (Development) Ltd has continued to invest in affordable housing using Section 106 funding the Authority has available. The Company

has followed its Purchasing Strategy during 2018/19, purchasing homes in-line with housing need from the open market, to let at an affordable rent. This strategy has been successful with 13 homes purchased across the Borough during 2018/19 with plans for securing further homes during 2019/20.

1.5.2 Progress on Affordable Housing Delivery in 2018/19

Overview

Significant progress has been made in 2018/19 with 250 new affordable homes being delivered by 31 March 2019. Plans have also been developed for future years within the programme with a number of schemes starting on site to work towards delivering a further 200 homes in 2019/20. A full delivery schedule for 2018/19 is provided in Appendix 1 attached to this report.

The 250 new homes have been delivered through the following workstreams:

(a) HRA Housing Delivery

At its meeting on 14 March 2016, Cabinet approved an indicative 4-year Housing Growth Delivery Programme 2016-2020 to deliver new homes. The Authority, through the Housing Revenue Account, has built 20 new build homes and converted a former office into 6 flats in 2018/19. Details of the work this year include:

Dudley & Weetslade Social Club (Weetslade Ward) - 20 general needs homes on the site of the former Dudley & Weetslade Social Club.

The development consists of two 3 bed houses, eight 2 bedroom houses, five 1 bedroom apartments and five 2 bedroom apartments.

Perth Gardens, Howdon (Former Care Call Office Accommodation) - Conversion of the former Care Call Office at Perth Gardens into 6 flats for young people.

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

In-line with the Authority's Housing Strategy, the Authority continues to work with owners, private landlords, landlord groups and our communities to focus on bringing empty homes back into use, where possible as affordable homes, through the Repair and Manage Scheme which is supported by Homes England.

In 2018/19, 4 long-term empty properties were returned to use as affordable homes. Three of the homes were delivered in partnership with a local charity and supported housing provider, Changing Lives, with the Authority directly delivering the fourth.

A new grant funding contract has been agreed with Homes England to support the delivery of additional affordable homes from April 2019.

(c) Working with Registered Providers (RPs)

The Authority continues to work closely with RPs in a strategic role to identify opportunities to meet housing need in the Borough.

RPs will have delivered 10 new affordable homes across North Tyneside within the financial year 2018/19. These include 6 affordable rented properties and 4 Rent-to-Buy

homes designed to help people onto the property ladder. A list of schemes delivered by the RPs can be found in Appendix 1 of this report.

(d) Planning Obligations

Delivering affordable housing through planning obligations is central to meeting the need for affordable housing in the Borough. Through contributions secured pursuant to Section 106 of the Town and Country Planning Act 1991, the Authority secures 25% affordable housing on relevant sites (developments with 11 or more units). In 2018/19 a total of 197 new homes have been delivered across North Tyneside by developers through this route.

(e) North Tyneside Trading Company (Development) Limited ('Company')

In 2017/18, the Company adopted a purchasing strategy to increase the pace of affordable homes delivery. In 2018/19, the Company successfully acquired 13 new homes from the open market to be let at an intermediate affordable rent and has an offer accepted on a further home that is due to complete in May 2019.

The homes owned by the Company are spread across the Borough in line with the Affordable Housing Needs Assessment to ensure that they are providing homes in areas of high demand.

1.5.3 Plans for 2019/20

Overview

The delivery programme for 2019/20 indicates that 200 new affordable homes will be delivered in North Tyneside, a breakdown of these is provided in Appendix 2. This will bring the total number of homes delivered in the first 6 years of the programme to 1,580.

(a) Housing Revenue Account Housing Delivery

The Housing Revenue Account (HRA) is currently forecasting to deliver 22 new homes in 2019/20. This includes:

Beadnell Court - Work on the development of 9 homes will be completed in April 2019 on the site of the former Beadnell Court sheltered scheme. The scheme will comprise of 3 two bed bungalows and 6 one bed flats. The homes will be utilised as supported living accommodation for young adults leaving care services in preparation for independent living.

Bonchester Court - Development at the site of the former sheltered scheme at Bonchester Court will be completed in May 2019. 13 affordable homes, comprising 5 two bed bungalows and 8 one bed flats, are being provided as supported living accommodation for adults who have a learning or physical disability.

(b) Working with Registered Providers (RPs)

The Homes England Affordable Homes Programme 2015-2018 grant funding to support the development of affordable homes in the Borough will see our partner RP, Home Group, deliver 13 homes for people with learning difficulties in 2019/20. Details of this scheme can be seen in Appendix 2.

(c) Bringing back empty properties into use as affordable housing

The Authority will continue to focus on tackling empty homes and where possible bringing them back into use as affordable dwellings. A number of approaches to tackling empty homes will be considered including providing advice and assistance to homeowners and working in partnership with the National Landlord Association.

In 2019/20, the Repair and Manage programme will continue to refurbish long-term empty homes and take ownership of them until all costs have been repaid. This approach is predicted to deliver 10 affordable homes in 2019/20.

(d) Planning Obligations

There are a further 540 affordable homes with planning approval in place. The housing market shows North Tyneside remains a popular place to live and housing providers are continuing to bring further sites forward. In 2019/20 it is predicted that 126 affordable homes will be delivered through contributions secured pursuant to Section 106 of the Town and Country Planning Act 1991 on sites where work has already started.

Additional affordable homes will continue to be secured through Section 106 requirements as further planning applications are submitted by developers. This delivery is supported by the recently adopted Local Plan (Policy DM4.7) that establishes the Authority will seek to secure an allocation of 25% affordable homes on all sites with more than 10 dwellings. The strategic allocations of Murton Gap and Killingworth Moor, and the adoption of the associated Masterplans in December 2017 will guide their delivery and provide a major opportunity for affordable housing delivery in future years. The Killingworth Moor site has the potential to support 500 affordable homes with a further 750 potentially being realised at Murton Gap.

(e) North Tyneside Trading Company (Development) Limited

It is anticipated that the Company will acquire a minimum of 15 homes in 2019/20 bringing their asset base to at least 50 homes. At this level, the Company will generate surpluses to purchase further homes. The Company will continue to explore a range of options to further increase their asset base to support the Affordable Homes Programme. Rental income will continue to be received from the properties owned by the Company and reinvested back into the stock or used to further increase the number of affordable homes.

(f) Specialist Housing

The Authority's Specialist Housing Group was formed to ensure the delivery of housing across the Borough, as identified in the Specialist Housing Market Position Statement. This Group updates an opportunities log to monitor potential specialist provision. There are 15 potential schemes currently on the opportunities log including Extra Care Schemes for the elderly, supported housing for young people and new build for people with complex needs such as learning difficulties and autism. Within the Affordable Homes Programme, it is expected that there will be a further 269 specialist homes built by 2024.

In 2019/20 there are 16 specialist housing units projected to be brought forward with the Specialist Housing Group continuing to work with a range of external providers to explore bringing forward schemes which may see this number increase in year.

1.5.4 Developing a pipeline of opportunities for the HRA

The first 5 years of the Affordable Homes Programme has seen the Authority directly build 151 new affordable homes and 363 sheltered homes as part of the North Tyneside Living project.

A number of opportunities for further development using land held within the Authority's Housing Revenue Account have been identified. Cabinet is requested to approve the development by the Authority of the Housing Revenue Account sites identified below and authorise the Head of Environment, Housing and Leisure in consultation with the Cabinet Member for Housing, Head of Resources and Head of Law and Governance to undertake all necessary work to bring forward the development of the sites as identified. This may include, in relation to each site:

- Site feasibility
- Development and approval of a business case];
- Setting up a project team to manage the proposed developments;
- Procure and appoint Design Team;
- Securing of Planning Permission; and
- Procure and appoint a developer.

The sites and the proposed nature of the developments are detailed below:

Land at Murton West – This site is within the strategic site at Murton Gap and has the potential to deliver circa 100 new affordable homes including extra care provision and supported bungalows. It is anticipated that the delivery of these homes will begin in 2022.

The Cedars, Collingwood Ward – This site formerly housed the Cedars sheltered scheme that was decommissioned as surplus in 2016. The building on the site was demolished in 2017 and planning approval has been secured for 12 new general needs homes. It is expected that this scheme will be begin on site in early 2020.

Bawtry Court, Battle Hill - This is a cleared site following the demolition of the former Bawtry Court sheltered scheme in April 2016. It is estimated that the site would accommodate circa 11 new, general needs affordable homes and could begin on site in 2020.

Edwin Grove, Howdon – This is the site of Edwin House which is a decommissioned building previously used as supported housing. Subject to approval the existing building would be demolished with circa 3 new affordable homes being built in its place. It is expected that this scheme will begin on site in 2020.

Wellington Avenue, Wellfield – This scheme would see the Council complete a Compulsory Purchase Order (CPO) on the long-term empty properties on this street and convert the properties into 2 affordable homes. Subject to the CPO being completed, it is expected that work would begin in 2021.

1.6 Decision options:

The following decision options are available for consideration by Cabinet.

Option 1

- (a) To receive and note the update on the progress of delivering the Affordable Homes Programme detailed at 1.2(1) of this report; and
- (b) agree the recommendations detailed at paragraph 1.2(2) of this report.

Option 2

- (a) Receive and note the update on the progress of delivering the Affordable Homes Programme detailed at 1.2(1) of this report; and
- (b) reject the recommendations detailed at paragraph 1.2(2) of this report.

Option 1 is the recommended option

1.7 Reasons for recommended option:

Option 1 is recommended for the following reasons:

- It will support progress on delivering the Elected Mayor and Cabinet's commitment to deliver more quality affordable homes. Cabinet are requested to note the report.

1.8 Appendices:

Appendix 1: Detailed Delivery Programme for 2018/19

Appendix 2: Delivery Programme for 2019/20

Appendix 3: Indicative Affordable Homes Delivery Programme 2014-2024

1.9 Contact officers:

Roy Marston, Senior Manager Strategy and Support Services, tel. (0191) 643 7500

Richard Brook, Housing Growth Manager, tel. 07540 182 225

Darrell Campbell, Senior Business Partner, tel. (0191) 643 7052

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) [Cabinet Paper April 9 2018 ITEM title: "Delivering the Affordable Homes Programme"](#)
- (2) [Cabinet Paper March 13 2017 ITEM title: "Delivering the Affordable Homes Programme"](#)
- (3) [Cabinet Paper September 14 2015 ITEM title: "Delivering Affordable Homes - Update"](#)
- (4) [Cabinet Paper March 9 2015 ITEM title: "Delivering Affordable Homes - Update"](#)
- (5) [Cabinet Paper March 10 2014 ITEM title: "Delivering Affordable Homes - Update"](#)
- (6) [Cabinet Paper October 14 2013 ITEM title: "Delivering Affordable Homes"](#)

- (7) [Cabinet Paper February 10 2014 ITEM Title: Empty Homes “Lease to Let Scheme”](#)
- (8) [Core Strategy Preferred Options 2010](#)
- (9) [Local Plan 2015-2030](#)

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

HRA

The HRA Investment Plan for 2019/20 as approved by Cabinet on 15 January 2019 included £3.433m of new build funding, which assumed £2.000m of re-programming from 2018/19. Initial indications from the closedown of the accounts for 2018/19 is that the re-programming from 2018/19 will be £2.803m. The delivery programme for 2019/20 will include the completion of the Bonchester and Beadnell sites. Other costs associated with potential sites included within this report will be considered as part of future delegated reports.

Housing General Fund – bringing empty properties back into use

A fundamental review of the various budgets that formerly existed for empty properties work was undertaken in order to realign the funding available to improve outcomes in the private sector. The approved budget for 2019/20 contains £0.728m identified for Private Sector empty homes work. This budget will allow the continuation of a programme bringing empty properties from the private sector back into use as affordable homes. This will deliver at least 15 units between 2019 and 2021.

North Tyneside Trading Company (Development) Limited

The affordable homes work undertaken by the subsidiary of the Authority’s trading company is currently funded through the Section 106 Town and Country Planning Act 1990 commuted sums available for affordable housing and also rental income received from properties.

2.2 Legal

All of the sites identified in 1.5.4 of this Report (with the exception of the Wellington Avenue site, for which a CPO application has been submitted) are within the ownership of the Authority, under the Housing Revenue Account. Development of the sites for the purpose of affordable homes can therefore be financed from the Authority’s Housing Revenue Account.

The properties when completed will form part of the HRA and will be subject where applicable to Right to Buy. Within the first 15 years of the property being built a tenant exercising their right to buy would not be able to acquire the property for less than the initial build cost.

If Cabinet agree to the recommendation 2b above, further delegated officer decision(s) will need to be taken by the Head of Head of Environment, Housing and Leisure in

consultation with the Cabinet Member for Housing, Head of Resources and Head of Law and Governance. Twenty eight days' notice on the Forward Plan of the delegated officer decision must be given and a record of the decision taken together with the report to the officer making the decision will be produced and published on the Authority's website (unless the matter for decision involves exempt or confidential information in accordance with Part 1 of Schedule 12A to the Local Government Act 1972).

2.3 Consultation/community engagement

2.3.1 Internal Consultation

The Our North Tyneside Plan was agreed by Cabinet in February 2018.

The preparation of the Local Plan was supported by multiple stages of engagement internally with senior officers and members. The overall progress of the Local Plan to adoption was overseen by a Local Plan Steering Group comprised of senior officers, the Deputy Mayor, Cabinet Member for Housing and Transport and the Cabinet Member for Finance. The Local Plan was recommended for adoption by Cabinet and agreed at Full Council in July 2017 with the Masterplans for the strategic sites adopted by Cabinet in December 2017.

Comprehensive governance arrangements have been put in place for the Affordable Homes Programme. Members and key officers are consulted through the Strategic Property Group comprised of the Elected Mayor, Deputy Mayor and the Cabinet Members for Housing and Finance, Chief Executive, and Heads of Commissioning and Asset Management and Finance; 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, Chief Executive, and Heads of Environment, Housing and Leisure, Commissioning and Asset Management and Finance receive update reports on the delivery of our Affordable Homes Programme. The Authority's Housing Strategy was agreed in January 2017.

Consultation continues to be held with Members for wards where sites, subject to Cabinet approval, have been identified to be used to deliver affordable homes.

2.3.2 External Consultation/Engagement

Registered Providers 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. 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. The Local Plan has also involved extensive consultation around housing, which has included engagement with Developers and members of the public.

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 some purpose built housing for specific client groups which will help to promote equality for groups with specific characteristics.

2.6 Risk management

There is multiple risk registers associated with all Council new build schemes and the delivery of the programme. These are monitored on a regular basis as part of their respective governance arrangements. A project risk register has been collated for the Affordable Homes Programme, however 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

Any sites being brought forward for development by either the Authority, its partners or by a private developer must address crime and disorder issues as part of the normal planning process.

When building new homes the Authority's Design Standards are followed ensuring that Secure by Design Principals are followed.

2.8 Environment and sustainability

Environment and sustainability issues will be considered as part of the normal planning process on any sites brought forward for development by the Authority, RP or a private developer.

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.

In line with the Authority's Design Standards, we will continue to exceed the changing Building Regulation standards and other national standards as these are being used as the mechanism to ensure the Authority delivers greener homes.

PART 3 - SIGN OFF

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

Appendix 1

Delivery Programme 2018/19

DEVELOPMENT	DELIVERY METHOD	Ward	HOMES
Scaffold Hill	Vol. Builders	Killingworth	43
Stephenson House	Vol. Builders	Camperdown	9
Field North Of 45 Sunholme Drive	Vol. Builders	Northumberland	37
Land to west of Station Rd, Backworth	Vol. Builders	Valley	59
Darsley Park, Whitley Road	Vol. Builders	Benton	14
Land south of 81 Killingworth Avenue	Vol. Builders	Valley	35
Dudley & Weetslade Club	HRA	Weetslade	20
Perth Gardens	HRA	Howdon	6
Western Terrace	Registered Provider	Camperdown	4
Glebe Crescent	Registered Provider	Battle Hill	6
Northumbrian Way	NTTC	Riverside	1
Kilburn Gardens	NTTC	Riverside	2
West Mount	NTTC	Killingworth	1
Chelford Road	NTTC	Battle Hill	1
Worthing Close	NTTC	Northumberland	1
Praetorian Drive	NTTC	Wallsend	1
Waltham Close	NTTC	Northumberland	1
Wimslow Close	NTTC	Northumberland	1
Wallington Close	NTTC	Cullercoats	2
Caleb Drive	NTTC	Battle Hill	1
Church View	NTTC	Wallsend	1
Shafto Street	Empty Homes	Howdon	1
St John's Terrace	Empty Homes	Riverside	1
Durham Street	Empty Homes	Wallsend	1
Stadium Villas	Empty Homes	Wallsend	1
Total (homes delivered by 31 March 2019)			250

Appendix 2

Projected Delivery Programme 2019/20

DEVELOPMENT	DELIVERY METHOD	Ward	HOMES
Scaffold Hill	Vol. Builders	Killingworth	29
Field North Of 45 Sunholme Drive	Vol. Builders	Northumberland	26
Land to west of Station Rd, Backworth	Vol. Builders	Valley	8
Land south of 81 Killingworth Avenue	Vol. Builders	Valley	48
Land East of Salters Lane	Vol. Builders	Weetslade	13
Bonchester Court	HRA	Battle Hill	13
Beadnell Court	HRA	Battle Hill	9
Charlton Court	RP	Monkseaton South	13
TBA	Empty Homes		10
TBA	NTTC		15
Oswin Road	Specialist Housing	Benton	16
Total (homes due for completion by 31 March 2020)			200

Appendix 3 – Indicative Affordable Homes Delivery Programme 2014-2024

Delivery Method	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	Total
HRA	14	99	6	6	26	22	36	35	35	35	314
Registered Provider	87	18	52	81	10	13	32	33	33	33	392
Volume Builders	55	41	77	146	197	124	181	227	209	191	1,448
Empty Homes	13	8	4	1	4	10	5	5	5	10	65
NT Living	96	72	195	0	0	0	0	0	0	0	363
NTTC	0	0	13	9	13	15	14	15	17	16	112
Specialist Housing	0	0	0	37	0	16	98	50	50	55	306
Total	265	238	347	280	250	200	366	365	349	340	3,000