

CABINET MEETING – 20 April 2016

EXECUTIVE SUMMARY SHEET – PART I

Title of Report:

Hetton Downs Housing Delivery Plan – Phase 2 Implementation

Author(s):

Report of the Executive Director of Commercial Development

Purpose of Report:

To seek approval for the funding arrangements for Phase Two of the Hetton Downs Housing Delivery Plan 2013 – 2020.

Description of Decision:

Cabinet is recommended to:

- a) note the proposals within Phase Two of the Hetton Downs Housing Delivery Plan; and
- b) approve the funding arrangements for the delivery of Phase Two of the Hetton Downs Housing Delivery Plan 2013 – 2020 and approve the resultant variation to the Capital Programme which will be reported to Scrutiny and Council for information.

Is the decision consistent with the Budget/Policy Framework? Yes

If not, Council approval is required to change the Budget/Policy Framework

Suggested reason(s) for Decision:

The reason for the decision to transfer funds from Fairy, Edward and Caroline Street to Phase 2 of HDHDS is to enable the Council to deliver fully this phase of the HDHDP and allow for the necessary housing and infrastructure to truly regenerate the area by maximising connectivity and accessibility of the area and meet local housing need.

Alternative options to be considered and recommended to be rejected:

Not to transfer the funding over for Phase 2 of the HDHDP would result in some of the infrastructure requirements becoming unaffordable. This would mean that the poor accessibility to the Country Park which is used for regional sporting events would remain poor. It could also result in no affordable housing on the site where the SMHA shows a need for affordable units. This is likely to result in the Council failing to fulfil its renewal aims in Hetton Downs and undermine the current approach

Impacts analysed;

Equality Privacy Sustainability Crime and Disorder

Is the Decision consistent with the Council's co-operative values? Yes

Is this a "Key Decision" as defined in the Constitution? Yes

Is it included in the 28 day Notice of Decisions? Yes

CABINET – 20th April 2016

Hetton Downs Housing Delivery Plan – Phase 2 Implementation

Report of the Executive Director of Commercial Development

1. Purpose of the Report

To seek approval for the funding arrangements for Phase Two of the Hetton Downs Housing Delivery Plan 2013 – 2020.

2. Description of Decision (Recommendations)

2.1 Cabinet is recommended to:

- a) note the proposals within Phase Two of the Hetton Downs Housing Delivery Plan; and
- b) approve the funding arrangements for the delivery of Phase Two of the Hetton Downs Housing Delivery Plan 2013 – 2020 and approve the resultant variation to the Capital Programme which will be reported to Scrutiny and Council for information.

3. Introduction/Background

- 3.1 The Council is implementing a programme of housing-led renewal in the Hetton Downs area. This programme is primarily funded by the Homes and Community Agency (HCA) with additional funding from the Council's New Homes Bonus (NHB) and former Single Housing Investment Pot (SHIP).
- 3.2 In 2007, a preferred options report for the Hetton Downs Area Action Plan (AAP) was produced by Nathaniel Lichfield and Partners which sets out the preferred option for development in the Hetton Downs area over a fifteen year period.
- 3.4 In July 2013, Cabinet approved the Hetton Downs Housing Delivery Plan (HDHDP) 2013 – 2020. This sets out the key actions that the Council intends to deliver over a seven year period to build on the work already achieved and to meet the housing outcomes identified in the Preferred Options Hetton Downs AAP. This includes the delivery of circa 477 housing units across the renewal area broken down into three distinct phases (See map at Appendix 1):
 - Phase One (2013 – 2016) - approximately 95 units of housing to be developed;
 - Phase Two (2016 – 2019) - approximately 130 units of housing will be developed; and
 - Phase Three (2017 – 2020). It is anticipated that 60 units of housing will be developed on Council land plus a further 192 on the adjacent Broomhill and Hellens sites

- 3.5 To complement the work of the HDHDP Cabinet approved the extension of works in Fairy, Edward and Caroline Streets, Hetton Downs in September 2014. This was specifically in relation to supporting empty property acquisition for regeneration purposes and bringing the road at Fairy Street to an adoptable standard. The works were funded through NHB and Section 106 funding. The works to the road are now complete and the Council is currently working with two housing providers with the aim of acquiring ten of the remaining empty properties on the three streets so that they can be let out at affordable rents. It was agreed that this project would be reviewed once it was live, with a view to replicating it across the City should it be a successful model for providing affordable housing.

4. Current Position

- 4.1 The majority of Phase One (Appendix 1) of the HDHDP is currently being developed by a national house builder. This phase now excludes Maudlin Street as it is currently being assembled. Maudlin Street will now fall into Phase 2 (2016 – 2019) of the HDHDP.
- 4.2 All sites within Phase Two (Appendix 1) of the delivery plan have been acquired by the Council (using HCA funding or SHIP funding) with the exception of Maudlin Street where 6 out of 28 properties are left to acquire as part of the current Hetton Downs regeneration project. This was subject of a previous Cabinet Report in February 2016. A development brief for Phase 2 has been drafted which sets out the minimum requirements for the development of circa 130 homes across 5 sites. (Appendix 2). It is proposed to send this brief out in April 2016 and expressions of interest from developers will be invited. It is anticipated that a preferred developer will be selected in Autumn 2016 to develop the sites within Phase 2.
- 4.3 The development brief sets out requirements of housing (which will include affordable housing) and the Hetton Downs Eastern Link Road, proposed in the Preferred Option Hetton Downs AAP, which will increase connectivity and also allow for more effective direct vehicle access into the Country Park. It also proposes an adopted vehicle highway and public transport route on the former Downs Lane to provide direct vehicular and public transport access between the north of Hetton Downs and Market Street. The cost for these requirements will be paid in part by the developer through a Section 106 contribution. A viability assessment has been carried out to calculate whether the cost of the requirements exceed the value of the land. The viability assessment shows that there is likely to be a shortfall of at least £0.289m. In this instance, due to the development being in a renewal area and the outcome of the viability assessment, all Section 106 contributions will be regarded as an abnormal development cost and as such, deducted from the gross land offer.
- 4.4. A development brief will be drawn up for the Council owned land to the south of Broomhill (Phase three - Appendix 1) in early 2017. Gentoo and Hellens, the major land owners in this phase, are actively seeking to develop their sites to the north of Hetton Downs.

- 4.5 With regard to the empty property acquisition scheme in Fairy, Edward and Caroline Streets, applications for gap funding were sent out in December 2016 to all Registered Providers and similar organisations. Since the road was brought to an adoptable standard in April 2015 the numbers of empty properties have decreased from 26 to currently 16. Two housing providers are interested “in principle” in looking to acquire 10 of the remaining 16 empty properties across the three streets, although no formal applications have been received as yet. This is seen as a more realistic but stretching target as the number of empty homes has decreased substantially. Also a number of Registered Providers (RPs) which have been consulted as part of the review of the scheme, have advised that recent Government housing policy has made it less attractive for RPs to acquire homes for affordable rent.
- 4.6 Due to the difficulties experienced in getting RPs to formally sign up to the scheme and the reduced numbers of empty properties, it has been calculated that a maximum of 10 properties could be acquired and brought back to use within this scheme. The maximum amount of gap funding is £0.03m per property so this would require a total of £0.300m from the total £0.589m allocated to the scheme by Cabinet in 2014.
- 4.7 It is proposed, therefore, that the £0.205m of NHB and the £0.084m of Section 106 funding previously allocated for acquiring properties on Fairy, Edward and Caroline Streets is transferred for use on Phase Two of the HDHDP to enable the scheme to be viable in delivering all elements of housing and infrastructure on the scheme, subject to state aid rules.

5. Reasons for the Decision

The reason for the decision to transfer funds from Fairy, Edward and Caroline Street to Phase Two of HDHDS is to enable the Council to deliver fully this phase of the HDHDP and allow for the necessary housing and infrastructure to truly regenerate the area by maximising the connectivity and accessibility of the area and meet local housing need.

6. Alternative Options

- 6.1 Not to transfer the funding over for Phase Two of the HDHDP would result in some of the infrastructure requirements becoming unaffordable. This would mean that the poor accessibility to the Country Park which is used for regional sporting events would remain poor. It could also result in no affordable housing on the site where the SMHA shows a need for affordable units. This is likely to result in the Council failing to fulfil its renewal aims in Hetton Downs and undermine the current approach.

7. Impact Analysis

- a) **Equalities** – An Equality Impact Assessment is attached at Appendix 3
- b) **Privacy Impact Assessment (PIA)** –N/A

c) **Sustainability –**

Sustainability Impact Appraisal

Sustainability in its widest sense will be fundamental to any development proposals. The site has the potential to demonstrate Sunderland City Council's commitment to sustainable, low carbon building. Developers are asked to explore the principles behind eco-friendly, low carbon developments are explored and integrated into the development and that the design of proposals are informed by a commitment to sustainability and energy conservation issues, making prudent and efficient use of natural resources and materials.

Ecology surveys have been undertaken and a series of mitigation measures have been devised which will help to ensure that the proposals do not have a negative impact upon the local bat population. If necessary, further studies will be undertaken part of the planning application for Phase 2.

A Formal Sustainability Appraisal Report was produced in May 2007 as part of the Hetton Downs Area Action Plan process.
Sunderland Strategy Objectives cross check with decisions outcomes:

• **Prosperous City**

Improving a neighbourhood to attract housing developers, new residents from a higher socio economic stratum and visitors to a renewal area.

• **Healthy City / SafeCity**

Improving health and safety by eliminating poor housing standards and providing good quality housing. .

• **LearningCity**

No impact

• **Attractive and Inclusive City**

Improving the environment by eliminating poor housing, providing high quality housing and improving the accessibility and connectivity of Hetton Downs.

d) **Reduction of Crime and Disorder – Community Cohesion / Social Inclusion –**

New housing will create a sense of community and community cohesion. The demolition of Maudlin Street should reduce anti-social behaviour, pests and fly tipping.

8. Other Relevant Considerations / Consultations

- (a) **Co-operative Values** – The Hetton Downs Housing Delivery Programme has been based on ethical and democratic values by consulting with residents and interested parties and considering their views before making a decision.

(b) Financial Implications

The cost to the Council, as a contribution to the Phase 2 Implementation of the Hetton Downs Regeneration capital project, is £0.289m. This is to be funded from savings to the Hetton Downs (Fairy, Edward and Caroline Streets) project from available New Homes Bonus and Section 106 funding. Any capital receipt would be expected to be paid to the Homes and Communities Agency as part of the Funding Agreement for grant received from them to implement the Hetton Downs Regeneration capital project.

In accordance with the Council's Financial Procedure Rules, the Cabinet may authorise variations to the Capital Programme provided such variations are within available resources and consistent with Council policy. It is proposed that Cabinet authorise the proposed variation, which will be reported to Scrutiny and council for information as an amendment to the Capital Programme.

- (ii) Risk Analysis**— developers may not bid to develop Phase Two of the HDHDP. The development brief has been written to combine the 5 development sites in to one to reduce the risk of individual development sites not being brought forward. The Council is willing, subject to compliance with state aid rules, to contribute funding to facilitate a site with housing that meets local housing needs and the necessary infrastructure to improve accessibility of the area. There is also a risk that the developer may not viably be able to provide all planning obligations requested such as affordable housing and the roads on the site. Again the Council is willing to contribute funding to facilitate this, subject to state aid rules and negotiate priorities where necessary.

The Council may not be able to acquire the remaining properties on Maudlin Street by voluntary acquisition and may have to explore the use of its Compulsory Purchase powers. This could lengthen the process. To mitigate this risk, the Council is actively communicating with the remaining residents to secure voluntary agreement and the development brief phases the development so that the Maudlin Street site will be the last site to be developed.

- (iii) Employee Implications** – None.

- (iv) Legal Implications** – The Head of Law and Governance has been consulted and the comments are contained in the report. They advise that, if required, the transfer of funds should be subject to procurement of the necessary state aid advice

- (v) Policy Implications** – None – this is in line with the emerging LDF, revised Preferred Option Core Strategy and Development and Management Plan, Hetton Downs Housing Delivery Plan and objectives for the Hetton Downs renewal area.

- (vi) Health & Safety Considerations** – All works are to be carried out in strict compliance with all current statutory legislation.

- (vii) **Property Implications** – None with regard to accommodation issues.
- (viii) **Implications for Other Services** – The Head of Property and the Planning Implementation Manager have been consulted in relation to housing renewal proposals.
- (ix) **The Public** – Consultations were undertaken with residents and key stakeholders in the Hetton Downs area between 2005 and 2015.
- (x) **Compatibility with European Convention on Human Rights**

None
- (xi) **Project Management Methodology**–The officer leading on the project is a qualified PRINCE 2 practitioner and the Council's standard project management methodology will be used.
- (xii) **Children's Services** – None
- (xii) **Procurement** - none.

9. Glossary

None

10. List of Appendices

Appendix 1 – Map - Hetton Downs Housing Delivery Plan 2013- 2020

Appendix 2 – Draft Hetton Downs Phase 2 Development Brief

Appendix 3 – Equality Impact Assessment

11. Background Papers

Hetton Downs Area Action Plan Preferred Option Report and Formal Sustainability Appraisal May 2007 – www.sunderland.gov.uk/hettondownsaap

2nd November 2011 - Cabinet Report Maudlin Street Neighbourhood Renewal Assessment

July 2013 – Cabinet Report Hetton Downs Delivery Plan 2013 - 2020

3rd September 2014 - Extension of Proposed Works within the Hetton Downs Renewal Area

10th February 2016 - Recommendations and Preferred Option of the Feasibility Study for Maudlin Street, Hetton Downs