

SPECIAL HOUSING SERVICES COMMITTEE

6 AUGUST 2003

Report of the Director of Housing Services
ST. ANDREW'S ESTATE, BISHOP AUCKLAND

purpose of the report

To seek Committee approval of the approach to re-develop the St. Andrew's Estate, Bishop Auckland.

why is this a corporate issue?

1. This is a corporate issue because it
 - will affect our CPA Balanced Housing Markets' work
 - may yield a capital receipt
 - involves a major and serious problem facing us
 - will contribute to the delivery of at least our 'population' and 'environment' corporate objectives
 - will need input from services across the Council such as housing, planning, legal and finance

background

2. In May 2002 it was confirmed that 120 dwellings on the St. Andrew's Estate, Bishop Auckland had serious structural problems and asbestos in their party walls. A map is attached at Annex 1. Committee will note that the area for re-development is wider than the estate boundary. It includes a play area and some open space. The structural problems gave the dwellings a life of three years.
3. The Estate had, in 2002, thirty owner occupiers (right to buy) and ninety Council tenants. The key issues in 2002 were
 - the Council's liability
 - the safety of the residents
 - re-housing Council tenants
 - finding a solution that was acceptable to the owner occupiers
 - facilitating the redevelopment of the area.
5. The Council's liability was determined by taking advice from a barrister. In summary this stated that he does not consider that there is any prospect on current evidence of liability attaching to the Council. As for the safety of the residents, the advice of the HSE was taken, as asbestos problems were a key issue. This is being followed.

owner-occupiers

6. Much more difficult is finding a solution that is acceptable to the owner-occupiers. As Committee will acknowledge, owner-occupiers are shocked and anxious. Many have mortgages on homes that have a lesser intrinsic value.
7. The owner-occupiers have joined together and are represented by Martyn Collins, Knight Frank. They have suggested that they would agree to
 - being bought out for a sum close to the value of the dwellings pre 2001
 - giving up their homes without payment if similar homes can be provided

Persimmon Homes and private development

8. The Regeneration Department sent out a re-development brief for public consultation in May 2003, but this has not been marketed for the reason that the owner-occupiers are proposing to enter into an agreement with Persimmon Homes as set out in Paragraph 7 above. Persimmon Homes want to re-develop the site and are prepared to -
 - take the Council dwellings as seen and bear the cost of demolition of the existing houses
 - enter into an 'open book' arrangement with the Council similar to that currently operating on the Dene Estate, Willington
 - build new homes.
 - acquire the owner-occupied properties and if the owner-occupiers wish, provide them with replacement homes.
 - work in partnership with the Council
9. Persimmon Homes have worked closely with Martyn Collins. Their proposal will -
 - avoid the Council having to bear the cost of demolishing homes containing asbestos
 - put forward a proposal to re-develop the estate
 - provide a capital receipt
 - work 'open book' which will provide a further capital receipt to the Council.
10. Martyn Collins has advised that Persimmon Homes intend to offer the owner-occupiers an acceptable sum or a new replacement 3-bedroom home.

social housing

11. Discussions have been held with Durham Aged Mineworkers Homes Association and Endeavour Housing Association to provide social housing on the site. It is expected that twenty bungalows and ten, two bedroom dwellings will be built. The social housing will be built in advance of the homes for sale, to move some of the tenants off the 'for sale' part of the site.

district valuer

12. The district valuer has been kept informed and has been at meetings with Persimmons Homes. He has expressed the view that the offer made by Persimmon

Homes is in the right range. He feels that to go out to the market would be difficult having regard to the fact that they have committed themselves to an agreement with the owner-occupiers which is acceptable to them. However further detailed negotiations are needed.

financial implications

13. There are significant financial implications to this report. If we are unable to reach a negotiated position with the owner-occupiers we may have to meet considerable capital costs of demolition, CPO and disturbance. If we can reach agreement the Council will benefit from a capital receipt.

legal implications

14. The Head of Legal Services has been closely involved in this work. She has led the Council's approach to the District Valuer. We have taken barristers opinion on our liability. If we fail to reach agreement the Council could face legal action from the owner-occupiers. The District Valuer is mindful of the Council's duty to obtain best price, which will be reflected in his negotiations.

RECOMMENDED

1. Committee approves, in principle, the proposals for the St Andrew's Estate put forward by Persimmon Homes.
2. Committee authorises the Director of Housing Services and Head of Legal Services to carry out further detailed negotiations with Persimmon Homes and the District Valuer.
3. Should Persimmon Homes be the approved developer Committee agrees to an open book arrangement being negotiated.

Background Papers

Housing Services Committee 15 May 2002, 11 September 2002, 7 October 2002

Files St Andrews Estate, Legal Services
 St Andrews Estate, Housing Services

Officers responsible for the report

Michael Laing
Director of Housing
Ext 281

Author of the report

Michael Laing
