

Item 7

REPORT TO CABINET

2ND FEBRAURY 2006

REPORT OF DIRECTOR OF
NEIGHBOURHOOD SERVICES

Portfolios - Housing

Durham Coalfield Housing Renewal Partnership - Update on progress

1. SUMMARY

- 1.1 Housing market failure has been an issue facing some communities in the North East over the last 5 years and despite the recent changes in the housing market it is clear that this is still a real problem within some parts of County Durham and Sedgefield Borough. The evidence of this housing market failure was confirmed in research carried at a regional level by the Centre for Urban and Regional Studies "CURS Report" in 2002 and more recently in report by DTZ in 2004. The issue of failing housing markets in County Durham are predominately concentrated in former Coalfield communities. The establishment of the Durham Coalfield Housing Market Renewal Partnership ("the Partnership") was a sub regional response to this issue. As part of its work the Partnership commissioned a number of pieces of research to further develop an understanding of the issue and to inform any future strategic decisions in developing solutions.
- 1.2 The Borough Council has been a member of the Partnership since its establishment in 2003. It brings together all of the local authorities in County Durham, English Partnership (EP), the Government Office for the North East (GONE) and a number of other key partners. The focus of the Partnership has been: -
- To establish an evidence base around the issue of housing market failure in the Coalfield Communities of County Durham to help identify priority communities and develop effective models for intervention.
 - To examine the scope for effective joint working opportunities between the Partners.
 - To support the development of any funding submission from the Partnership to the Government.
 - To develop the capacity to take forwards the Partnership and joint working opportunities in delivering housing market renewal in the priority communities.

1.3 The Partnership in mid 2005, reached a point in its development that was considered necessary by all the local authority members with the support of EP and GONE to formalise the governance arrangements of the Group. A Memorandum of Understanding was developed for the Partnership and was the subject of reports to Management Team on the 20 June 2005 and Cabinet on the 30 June 2005. The Borough Council has become a signatory to the Memorandum of Understanding. The report also detailed progress in developing an evidence base through research carried out by the Partnership to support any funding bid to Government. This research consisted of three phases carried on behalf of the Partnership by Jacobs Babbie, and where:-

- Phase 1 - Establish a strategic context in relation to housing investment and a sub regional settlement pattern
- Phase 2 – Assess settlement relationships in the Durham Coalfields and outline the rationale for intervention based on the wider opportunities of delivering and sustaining change in the priority communities, rather than purely focusing on addressing housing market failure.
- Phase 3 – Establishing a broad programme of settlement interventions to support changes through area based interventions and the identification of those communities where production of an Area Development Framework is an essential pre cursor to any funding bid for further resources.

1.4 The purpose of this report is to provide information in relation to the progress made by the Durham Coalfields Housing Market Renewal Partnership in relation to the Phase 3 of the Settlement Study undertaken by Jacobs Babbie. EP has requested specifically that all district authority partners consider the final phase of the study and formal adopt its findings. This is to ensure that any funding bid to the Government that is made has clear and unequivocal support from members of the Partnership.

2. **RECOMMENDATIONS**

1. That the findings of Phase 3 of the Durham Settlements Study are adopted and the production of the Area Development Frameworks for the communities of Dean Bank, Ferryhill Station, Chilton West and Newton Aycliffe undertaken.

3.1 **Understanding the Durham Coalfields Housing Market**

3.1.1 Before developing any funding bid to the Government supported by EP it is essential to understand clearly the issues around housing market failure, what sustainable solutions exist for intervention and the potential cost to public resources to deploy these solutions. Therefore the production of an evidence based business case is essential as any funding bid will be subject to the full rigors of a Treasury economic appraisal. If the evidence, assessment of the options for intervention and costed solutions are not sufficiently robust then the bid is likely to be rejected. A fundamental building block of any bid to the Treasury is the production of Area Development Frameworks (ADFs) for each priority community across County Durham. This will facilitate the production of an economic assessment that is robust enough for scrutiny

by English Partnerships, the Treasury and ODPM to enable the allocation of resources for the proposals.

3.1.2 The purpose of an ADF is to establish the role and function of settlement (vision), settlement requirements to fulfill such a function successfully, settlement development patterns (physical concepts), and priorities for investment. The content of which is required to be based around land and property values, numbers and conditions of properties, housing needs and environmental uses. This content will ultimately inform a proposed investment programme for settlements. It is therefore essential that all the ADF for County Durham are produced to a common deadline, format and quality.

3.1.2 Since the Durham Coalfields Housing Partnership was established a significant amount of work has been undertaken to gain a better understanding of the issues within the Durham Coalfield Sub Region and develop an evidence base to support any proposed interventions. This has to varying degrees included work to understand the issues at the Neighbourhood level within some of the Durham Districts.

3.1.3 The feasibility work that has been undertaken to date has included the following, (the linkages and role of these studies is represented graphically at Appendix 1).

- CURS Report (David Cumbernauld Study) – Identifying areas at risk of low demand across the sub region.
- DTZ Piedad Study 2003 / 04 – Considered priority settlements within the 5 Districts of Derwentside, Durham City, Easington, Sedgefield and Wear Valley. This work recommended that local master planning exercises should be undertaken in priority areas to establish a better understanding of local conditions (baselines).
- Local master planning exercises have commenced in some of the priority areas within Easington, Sedgefield, Wear Valley and Derwentside. At present this work has progressed most comprehensively in Sedgefield Borough. These master plans will form the core elements of the ADFs but additional information will be required to support their complete development.

The Partnership has more recently commissioned (early 2005) Jacobs Babbie and Genecon Consultants to achieve the following: -

- Phase 1 - Establish a strategic context in relation to housing investment and a sub regional settlement pattern
- Phase 2 – Assess settlement relationships in the Durham Coalfields and outline the rationale for intervention based on the wider opportunities of delivering and sustaining change in the priority communities, rather than purely focusing on addressing housing market failure.
- Phase 3 – Establishing a broad programme of settlement interventions to support changes through area based interventions and the identification of those communities where production of an Area Development Framework is an essential pre cursor to any funding bid for further resources.

3.2 County Durham Settlement Study Phase 3

3.2.1 The primary purpose of the final study is to assist EP in developing a spatial rationale, which confirms the long term role and function of settlements within a sub-regional context. This included validating the existing list of priority intervention settlements, which have previously been identified on housing need only. The study also examined the function and role of the 12 major centres contained in the County Durham Structure Plan in terms of their potential role in supporting the future sustainability of any interventions in the communities.

3.2.2 Additionally the final phase of the study has entailed undertaking the following exercises: -

- Validation of previous studies undertaken by DTZ Pineda and CURS
- Establish which Area Development Frameworks require to be developed for the priority settlements and if ADFs are required for adjoining major settlements that can influence the sustainability of any proposed interventions.

3.2.3 The original timetable for the completion of the ADFs was by mid Autumn 2005. This, however, was optimistic and also dependent on a number of other critical factors. The major one being the requirement for a Sub Regional Housing Market Assessment for County Durham to be complete to inform the economic appraisal and ADF production. It would now be more realistic to assume that completion of this exercise will be towards mid to late 2006, this links into the proposed timetable for completing the Housing Market Assessment for County Durham. Irrespective of the completion date of the work it is not expected that significant resources could be obtained until satisfactory scrutiny of the proposal from agencies such as English Partnerships in consultation with ODPM and the Treasury and Government Office North East in relation to the work of the Regional Housing Board. It might be the case that this work will be subject to consideration as part of the Government's next Comprehensive Spending Review due to be completed for the start of 2007. The development of a bid to Government to support the Coalfield interventions should not delay the commencement of interventions in our priority communities.

3.2.4 The recommended settlements (from the Jacobs Babbie study phase 3) where delivery of interventions would have greatest strategic impact in terms of establishing sustainable settlement patterns across the Durham Coalfield area are: -

Sedgefield Borough

Chilton West, Dean Bank, Ferryhill Station and Newton Aycliffe

District of Easington

Dawdon, Easington Colliery, Horden and Peterlee

Durham City

Bowburn

Wear Valley District

Coundon, Tow Law, Woodhouse Close / Bishop Auckland

Derwentside District

Stanley

- 3.2.3 The study confirmed the existing three priority communities in Sedgefield Borough as Dean Bank, Ferryhill Station and Chilton West and requires the production of ADFs for each community. The ADFs for Dean Bank and Ferryhill Station will take account of the economic and retail activity in the township of Ferryhill on the sustainability of interventions in these priority communities. The study also identified the strategic importance of Newton Aycliffe as a major economic centre in the Borough and the importance of its role in the sustainability of the interventions in Chilton but also the potential impact in the other communities. The study identified broad interventions for inclusion with the ADFs and these concur with the Councils priorities identified through the master planning exercise. A copy of the Durham Coalfield Settlement Study Phases 1 – 3 is available from the Director of Neighbourhood Services.

4. RESOURCE IMPLICATIONS

- 4.1 It is not possible to estimate the level of funding required to address the issue of housing market restructuring across the whole of County Durham until all the ADFs are completed for the priority communities. However the indicative figures for the delivery of housing renewal with in our priority communities is estimated in at a round £57m, with predicted income from land values of £31m leaving a potential gap of £26m. We will therefore need to adopt an approach to identifying resources from a wide range of sources including the Council, Single Housing Investment Programme, Housing Corporation, and through a bid to the Government by the Durham Coalfield Housing Renewal Partnership based on the approach set out in this report. The use of innovative partnering arrangements with the private sector will also assist in the gap and is integral to the delivery process.

5. CONSULTATIONS

- 5.1 Consultation has been with the residents of the priority communities during the period of development of the master plans and these views have been incorporated into the work of the Partnership.

6. **OTHER MATERIAL CONSIDERATIONS**

6.1 The Community Strategy Outcomes include a Borough with Strong Communities where residents can access a good choice of high quality housing. The Council's ambitions, which are linked, to the Community Strategy outcomes and are articulated through the Corporate Plan and the Medium Term Financial Plan. Our ambitions include delivering a Borough with Strong Communities with good quality affordable housing in safe neighbourhoods. The delivery of Private Sector Housing Renewal in the priority communities of Dean Bank, Chilton West and Ferryhill Station is a key objective of the Council.

6.2 **Risk Management**

The key risk is that the Treasury does not support the funding bid for intervention through the Durham Coalfields Housing Renewal Partnership. The Council will continue to look to other funding options to support its programme of private sector renewal to mitigate this risk

6.3 **Health and Safety**

There are no additional health and safety implications from this report.

6.4 **Sustainability**

The delivery of sustainable of communities is a priority for the Council and the development of stable housing markets can make a direct contribution to this ambition.

6.5 **Information Communications Technology**

There are no additional ICT implications from this report.

6.6 **Equality and Diversity**

Full account will be taken of the Borough Council's obligation to promote equity and diversity in the proposals.

6.7 **Crime and Disorder**

Delivering interventions in areas of failing housing can make a direct contribution to the Council's Section 17 duties under the Crime and Disorder Reduction Act 1984.

6.8 **Human Rights**

There are no immediate Human Rights issues contained within the report.

6.9 **Social Inclusion**

The areas for priority intervention in the Borough are some of the most deprived communities and the delivery of change will promote social inclusion.

7. **OVERVIEW AND SCRUTINY IMPLICATIONS**

7.1 A sub group of Overview and Scrutiny Committee 3 has completed a review of the interventions available to deliver the regeneration of Neighbourhoods with older private sector housing. The review was accepted by Overview and Scrutiny 3 on the 8th November 2005 and was considered by Cabinet on the 8th December 2005. This report takes account of the recommendations of the review.

8. **LIST OF APPENDICES**

8.1 Appendix 1 Hierarchy of Studies
Appendix 2 Findings of Phase 3 of the Durham Settlement Study 2005

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Background Papers:

[List other reports, publications documents and papers referred to in the preparation of the report. Include previous reports to Cabinet on the subject of the report.]

Durham Coalfield Housing Renewal Partnership - Report to Cabinet
Durham Coalfield Settlement Study 2005 – Jacobs Batie

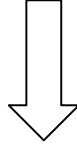
Examination by Statutory Officers

	Yes	Not Applicable
1. The report has been examined by the Councils Head of the Paid Service or his representative	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. The content has been examined by the Councils S.151 Officer or his representative	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3. The content has been examined by the Council's Monitoring Officer or his representative	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4. The report has been approved by Management Team	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Appendix 1

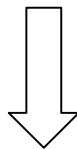
CURS Report (Centre for Urban and Regional Studies) 2002

Broad Study identifying areas at risk of housing market failure



DTZ Pieda Study 2004

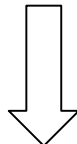
Refined the areas at risk into priority settlements within the 5 Districts of Derwentside, Durham City, Easington, Sedgefield and Wear Valley



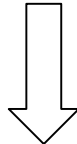
Jacobs Babbie Durham Coalfield Settlement Study 2005

Broad Study that had three phases

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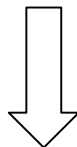


Master plans for Sedgefield Borough priority communities
Neighbourhood focused interventions and delivery plans



Area Development Frameworks

for Sedgefield Borough and other County Durham districts priority communities - a broad economic and spatial assessment of the opportunities for intervention



Combined Funding Submission to Treasury