

# Item 4

## KEY DECISION

### REPORT TO CABINET

20 DECEMBER 2007

#### REPORT OF DIRECTOR OF NEIGHBOURHOOD SERVICES / ASSISTANT CHIEF EXECUTIVE

#### Social Regeneration and Partnerships / Housing Portfolio

#### COALFIELD HOUSING MARKET RENEWAL

#### 1. SUMMARY

- 1.1 On 13 July 2006, Cabinet considered a report detailing the work undertaken to produce the Sedgefield Borough Coalfield Housing Market Renewal Masterplan, a strategic document setting out an approach to addressing long term imbalances in the housing market conditions in the priority Communities of Dean Bank, Ferryhill Station and West Chilton.
- 1.2 Following Consideration of the report and associated items relating to creating the internal capacity to deliver the Housing Market Renewal Agenda, further detailed consultations were undertaken with the Residents' Associations, Chilton Town Council and other key Stakeholders. These consultation arrangements have since been formalised to provide a steering group whose purpose is to facilitate communications into the community and to take soundings from residents.
- 1.3 Detailed costings and delivery programmes are currently being worked up to guide the implementation of Phase one of the programme which includes The Rows at Ferryhill Station, Faraday & Stephenson Streets and the area surrounding the Praxis site in Dean Bank and Dale Street, Denewood Terrace and the Norman / Hunter Terrace area of West Chilton.
- 1.4 The Councils approach to delivery has and continues to be one of securing properties to facilitate works through negotiation, although it is recognised that it may be necessary to utilise all powers available to the Council to secure all the land and property required to deliver the renewal schemes.

- 1.5 In recognition of the need to be clear about the current state of the local housing market and the condition of properties within these areas, Cabinet authorised the Commissioning of a Neighbourhood Renewal Assessment (NRA) in December 2006. The resulting report, dealing with the Socio Economic situation of Residents, levels of unfit properties and types of disrepair, has recently been completed and provides a clear steer to refine the programmes works detailed in the original Masterplan. A continuation of the participatory approach to setting the Regeneration Priorities for the priority areas is to be commenced to incorporate this new information.

## 2. **RECOMMENDATIONS**

- 2.1 It is Recommended that Cabinet;
- i) Endorse the acquisition of 14 – 19 Newcomen Street Dean Bank and 6 Norman Terrace, Chilton.
  - ii) Endorse the Local lettings policy adopted in Faraday & Stephenson Street, Dean Bank which suspends lettings of Sedgefield Borough Council Housing stock in those streets
  - iii) Grants delegated powers to the Director of Resources to agree the purchase of such properties as required for the purposes of Deed swap for affected residents.
  - iv) Grants delegated powers to the Director of Resources to grant a discretionary relocation payment of up to £25,000 in exceptional circumstances as outlined in paragraph 3.19.
- 2.2 Recommendations (iii) and (iv) to be incorporated into the next revision of the Council's Constitution.

## 3. **BACKGROUND**

- 3.1 On 13 July 2006, Cabinet considered a report detailing the work undertaken to produce the Sedgefield Borough Coalfield Housing Market Renewal Masterplan, a strategic document setting out an approach to addressing long term imbalances in the housing market conditions in the priority Communities of Dean Bank, Ferryhill Station and West Chilton.
- 3.2 The report set out a ten year programme of work which was costed and illustrated as being a three phase approach to dealing with the complex and inter-related issues of Housing Market Failure, Abandonment, Imbalance of tenure and a host of associated problems such as anti social behaviour and poor environmental condition.
- 3.3 **Consultation**  
Following the report to Cabinet in July 2006 a further programme of targeted consultation was undertaken across the priority neighbourhoods between July and October 2006, with each affected occupier being given the opportunity of a one to one meeting with the

specialist Consultation consultants who have assisted in the development of the Masterplan.

- 3.4 A further series of consultations was undertaken with the Residents' Associations in Dean Bank and West Chilton with approximately 150 and 100 persons present at the respective meetings. Details of the programme and the timetable for implementation were also presented to Chilton Town Council.

### **3.5 Programme Development**

A protocol for securing property by negotiation was agreed at the beginning of the process. This was to ensure that both progress in securing properties required for redevelopment works in phase one of the programme could be made and also that persons in certain situations - such as suffering from the withdrawal of a formal offer on their property following publication of the Masterplan, would not be disadvantaged by progressing the plan. Since the consideration of the Masterplan in July 2006, a total of 67 properties have been secured through this process in Dean Bank, Chilton and Ferryhill Station.

- 3.6 In addition to those properties identified in the original Masterplan report of July 2006, a further 6 properties incorporating numbers 14 to 19 Newcomen Street have been acquired to provide a larger development area and deliver a more comprehensive redevelopment scheme. 6 Norman Terrace, Chilton, a property immediately adjacent to a demolition block is also in the process of being purchased as a result of abandonment and severe disrepair.

- 3.7 The programme of activity for the priority areas was identified from the outset as being broader than simply a physical renewal focus, being underpinned by a comprehensive approach to the regeneration of the areas. This included seeking to tackle a range of problems associated with the poor regulation of private rented properties through a selective licensing scheme (approved by cabinet 21 June 2007.) and the development of a Neighbourhood Management Programme. This seeks to improve the co-ordination and targeting of public services by the Council and its partners across the three priority neighbourhoods, whilst providing significant opportunities for local people and stakeholders to shape the delivery of the services to suit local needs.

### **3.8 Housing Market Intelligence**

The Masterplan considered by Cabinet contained a proposal to address the over supply of properties of a certain type and to introduce new housing types to meet the demands of the areas, where often an immediate development site could not be identified. From the initial proposal which provided an urban design, grounded in housing market demand figures, further detailed research has been undertaken to both ensure that the fullest possible picture of the physical and social

conditions in each of the areas is recognised, but also to ensure that sufficient information is available if properties cannot be secured by negotiation and the Council has to consider the use of the powers available to it.

3.9 To support this process, Neighbourhood Renewal Assessments (NRA) have been commissioned for Ferryhill Station and more recently for Dean Bank / West Chilton, as approved by Cabinet in December 2006. The NRA for Dean Bank and West Chilton has recently been completed and following detailed consideration, it suggests amendments to the areas within Dean Bank and West Chilton that should be utilised for redevelopment whilst also identifying potential problems with properties which, under the duty placed upon Local Authorities by the 2004 Housing Act, should be addressed when they are brought to our attention. A number of these hazards could be addressed by either the extensive proposals for group repair for properties, which will remain in the priority areas or through a targeted programme of intervention taken forward through the Neighbourhood Management Initiative.

3.10 Key features of the Dean Bank and West Chilton areas, identified through the NRA include:

- 31.3% of properties in West Chilton and 22% of properties in Dean Bank have Category 1 hazards, which are of a type that the Local Authority is under a duty to seek to resolve. Many of these hazards are in the Private rented sector, although there are significant issues with some owner occupied properties in West Chilton.
- When compared against the Housing Health & Safety Rating System (which provides the minimum standard of decency) 76.8 % of occupied dwellings in West Chilton and 54.4% of occupied dwellings in Dean Bank are classed as Not Decent.
- The costs associated with remedying unfitness, urgent disrepair and non-urgent disrepair to provide a 30 year life for properties in the priority areas would entail almost £9 million of works in West Chilton and around £17 million in Dean Bank
- 81% of residents in West Chilton and 76.2 % of Residents in Dean Bank were aware of the development proposals contained in the Masterplan, suggesting the Consultation and engagement programme noted in para 3.3 & 3.4 had been effective.

3.11 The NRA also sought to test the concepts outlined in the original Masterplan through option development, a process detailed in the NRA guidance manual published by ODPM in 2004. This was a central aspect of the study aimed at considering whether in the light of market changes and other technical factors, the existing proposals are still the most satisfactory course of action.

3.12 In line with the principles of engagement and participation put in place at the beginning of the Masterplan process, a programme of community based events have been arranged for January 2008, to assess resident and stakeholders views of the findings of the NRA and how this information is used to refresh and reprofile the phased programme of activity across Dean Bank and West Chilton.

### **3.13 Housing Management Operational Issues**

The first phase of work for Dean Bank identifies selective clearance and rebuild in Faraday & Stephenson Streets. As such initial efforts on property acquisitions have been focussed there. Consequently, there has been a general downturn in the demand for all properties in these streets, including stock owned and managed by the Borough Council.

3.14 Properties in this area are facing quite rapid decline and are subject to increased vandalism and anti-social behaviour. As a result, under the terms of the Housing Allocations Policy, the Director of Housing, in consultation with the Housing Portfolio Holder have agreed a local letting policy to suspend the lettings of Council owned properties in the streets and to take the necessary measures to secure and soft strip properties to reduce the risk of vandalism and theft. This local policy will be reviewed once the implications of the NRA have been worked through with the affected communities

### **3.15 Support to Residents**

The reports 'Compensation Payments for Residents Affected by Selective Demolition' considered by Cabinet on 15 February 2007 and Development of Financial Assistance Products to support residents affected by relocation, considered by Cabinet on 29 March 2007. set out the wide ranging programmes of assistance provided to assist in the delivery of the Coalfield Housing Market Renewal Programme, including the operation of Equity Loans to assist residents to remain in the priority areas and purchase new properties. This is in line with the views expressed by members through the Scrutiny Review of Neighbourhoods with older private sector housing and the views expressed by those residents involved in the Steering Group, which oversaw the development of the Masterplan.

3.16 In order to assist owner-occupiers in the following exceptional circumstances a discretionary grant of up to £25,000 will be paid in addition to the market value.

- The availability of suitable housing
- The current market value of the existing property
- The current market value of the proposed new property
- The existing mortgage terms and conditions
- The cost of funding any alterations to the new property
- The funding of any shortfall between the new and old property

- The equity in the existing property
  - The mortgage rearrangement costs
  - Any other exceptional circumstances
- 3.17 The grant will not be paid in cash but paid direct to the home owner's solicitor to enable completion on the purchase of a new home. The amount paid will be subject to "claw back" within the first five years.
- 3.18 Operationally, a small and easily convened discretionary panel should be established in order to make timely decisions. It is therefore proposed that the Director of Neighbourhood Services, the Director of Resources and the Valuation and Corporate Property Services Manager meet as required to undertake this task and that the Director of Resources be given delegated powers to grant discretionary payments in accordance with the policy.
- 3.19 A further area of support which has been identified as providing significant assistance to residents, and which can speed up the acquisitions process, is the operation of a deed swap initiative.
- 3.20 This involves negotiating a value of a property for acquisition and a property of approximately equivalent value, which can be occupied or improved to an equivalent standard utilising existing grant programmes. This option has advantages over straightforward purchase as it deals with replacement residential accommodation alongside the acquired property and removes uncertainty, the potential of lack of suitable property coming to market or potential impact of property chains

#### 4. **RESOURCE IMPLICATIONS**

##### 4.1 Human Resource Implications

The Human Resource implications of delivering the Coalfield Housing Market Renewal Programme were the subject of a separate report to Cabinet on 13 July 2006, seeking authorisation to secure the capacity to deliver the programme through the creation of a Neighbourhood Renewal Team within the Neighbourhood Services Directorate. The proposals contained within this report are deliverable within the existing capacity of the team and partner organisations.

##### 4.2 Financial Resource Implications

The acquisition of property has been resourced in line with the various sources of finance identified for the programme, namely Borough Council Capital Programme, SHIP funding and an allocation from the Council's Major Regeneration Initiative programme. Further resources from these sources are identified or have been bid for to operate across 2008/9.

- 4.3 The vacant Sedgefield Borough Council Housing properties in Stephenson and Faraday Streets, Dean Bank have been scheduled for demolition since consideration of the Masterplan report in July 2006 and the financing of the demolition and associated Home Loss payments will need to be considered as part of the budget process.
- 4.4 The ongoing delivery of the Coalfield Housing Market Renewal programme is currently subject to an application to English Partnerships (for assistance across Wear Valley, Sedgefield and Easington) for costs associated with acquisition and demolition of Property, as part of a cohesive programme of Housing Market Renewal.

## 5. **CONSULTATIONS**

- 5.1 The Coalfield Renewal Programme has from its inception, been built around a strong element of Participation and consultation, initially through the project steering group which oversaw the development of the Masterplan, through to a revised steering group structure comprising of key stakeholders to the programme.
- 5.2 The results of the Neighbourhood Renewal Assessment have been fed into the revised Steering Group mechanism and detailed discussions have been undertaken with other stakeholders such as Three Rivers Housing, who have significant property holdings in the identified area of Dean Bank.
- 5.3 A full schedule of detailed community based consultations over the impact of the results of the Neighbourhood Renewal assessment is planned for early 2008.
- 5.4 The diverse activity detailed in this report reflects the corporate approach to the delivery of Coalfield Housing Renewal and in preparing this report consultations have been undertaken with The Head of Housing Management, Area Housing Manager, Housing Strategy Manager, Private Sector Renewals Manager, Valuation and Corporate Property Manager and the Accountancy Services Manager.

## 6. **OTHER MATERIAL CONSIDERATIONS**

### **Legal Implications**

A report to Cabinet 25 September 2007 sought to approve the statement of Reasons and authority to prepare the draft orders to progress with the compulsory purchase of properties at "The Rows" Ferryhill station. On the basis of the information provided in the HMA for Dean Bank and West Chilton, a similar process will be undertaken to ensure that the twin track approach of Negotiated purchase and Compulsory Purchase if required can be progressed

### **Risk Management**

Given the complex nature of this programme of work, the delivery is being progressed utilising the principles of MSP (Managing Successful Programmes). Through this approach, individual elements of work are identified and risk assessment for each project and programme element will be detailed and considered in the Councils adopted STORM methodology.

### **Sustainability**

One of the original motivations for producing a Masterplan for the three priority neighbourhoods was to ensure that they could be seen as sustainable communities in their own right.

### **Equity and Diversity**

As one of the Council's major transformational programmes, the Coalfield Housing Market Renewal works will be subject to a programme specific Impact Needs Requirement Assessment as part of the Borough Council's programme of Equality Assessments

### **Crime and Disorder**

Recorded incidents identify particular problems associated with each of the priority neighbourhoods, particularly relating to Anti-Social behaviour. The proposed approach seeks to minimise crime and disorder issues through a combination of activities including the better regulation of tenancies, enhanced policing through liaison with the Neighbourhood Management programme and wherever possible in the physical redevelopment works, to design out crime in accordance with the Home Office Advice.

## 7. **OVERVIEW AND SCRUTINY IMPLICATIONS**

- 7.1 The ongoing works within the priority areas are the subject of regular updates to Scrutiny following the action plan contained within the report considered by cabinet on 25 April 2006.

## 8. **LIST OF APPENDICES**

No appendices

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**Wards:**                                      **Ferryhill, Chilton**

**Key Decision Validation: This report is deemed a key decision by virtue of it relating to activity in more than one ward and resulting in expenditure of more than £100,000**

**Background Papers:**

**Coalfield Housing Renewal – Masterplan. Cabinet Report 13 July 2006**  
Private Sector Housing Renewal – Neighbourhood Renewal Assessment –  
Cabinet Report 14 December 2006  
Compensation Payments to Residents affected by Demolition – Cabinet  
Report 15 February 2007

**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"/>

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