

Item 4

KEY DECISION

REPORT TO CABINET

28th FEBRUARY 2008

REPORT OF DEPUTY CHIEF EXECUTIVE
AND DIRECTOR OF RESOURCES

Portfolio Social Regeneration and Partnership and Housing

Development of Former Praxis Factory Site, Dean Bank, Ferryhill

1. SUMMARY

- 1.1 The above site is a brownfield site as it had been previously used for light industrial use, a chapel and terraced housing. The former factory site was acquired and demolished in 2002, the former chapel was acquired and demolished in 2005, while all of the terraced housing on the site excluding no. 2 Watt Street has been acquired during the last year or so, but has yet to be demolished. The site is therefore regarded as a more sustainable site for development than similar greenfield sites in sequential planning terms. It is therefore appropriate that the site is released for sale for housing development. The Director of Resources applied for and obtained outline planning permission on the majority of the site on 27th June 2006 for the provision of new housing on the site. It is intended that an outline planning for application for new housing for the balance of the site will be submitted shortly.
- 1.2 Clearly the site could be released for sale on the open market without any restrictions from the Council and subject to detailed planning permission, be developed as any other site in the Borough. However this report recommends that the Council enter into a Joint Venture (JV) with a suitable development partner to secure the development of the site for a number of key strategic reasons. The report provides details on the preparation of a development brief for the site, the key elements included in the development brief, identification and selection of a suitable development partner, and a broad timetable for the development of site.

2. RECOMMENDATIONS

1. The approach for the development of the former Praxis Site, Dean Bank, Ferryhill set out in this report is adopted.
2. The Director of Neighbourhood Services and the selection panel are delegated to enter into a JV with a development partner whose tender most closely meets the requirements of the development brief.
3. That the terms of the successful tender are reported to next possible Cabinet on completion of the selection process.

3.1 **A strategic approach to the development of the former Praxis Site, Dean Bank, Ferryhill**

- 3.1.1 The former Praxis Site Ferryhill is the one of several housing redevelopment sites which will be delivered through the strategic regeneration of the three priority communities of Ferryhill Station, Dean Bank, Ferryhill and Chilton West. The Master Plans for these communities form the basis for the intervention through housing led renewal.
- 3.1.2 The development site amounts to 0.72 hectares (1.78 acres) as shown cross hatched on the attached plan. The whole of the site excluding no. 2 Watt Street is in the ownership of Sedgefield Borough Council. It is proposed that the Council continues to negotiate with the owner of the property in an effort to acquire by private treaty. However, to ensure the whole site is available for redevelopment it is proposed that Compulsory Purchase powers are sought, in parallel.
- 3.1.3 Clearly the site could be released for sale on the open market without any restrictions from the Council and subject to detailed planning permission be developed as any other site in the Borough. However, before reaching a decision on the land sale, an assessment of the site was undertaken and the following factors identified as key matters that should be taken into account before deciding on the preferred method of disposal.
- 3.1.4 The Praxis Factory site is a brownfield site and as such is regarded as a more sustainable site in sequential planning terms than other greenfield sites.
- 3.1.5 Dean Bank has a range of housing stock in terms of property types, tenure and cost. However to accommodate the requirements of existing residents within Dean Bank it has been decided that the site will provide mixed tenure housing comprising of at least 6 for units for shared ownership and the remaining for sale. The fact that in the region of 25% affordable housing will be provided on the site will have the effect on the capital receipt that Council could expect to receive from the site.
- 3.1.5 The site because of its location and its relatively small size will have a limited market. In order to make the site as attractive as possible to potential developers it is proposed to enter into a JV with a development partner. The Council will contribute the land to the JV. The development partner will contribute development works to the same value as the land and capital receipts net of both parties' contributions and other development costs will be shared equally.
- 3.1.7 The adoption of a JV based approach is recommended within this report with a Registered Social Landlord (RSL) or a developer who is able to access grant through the Housing Corporation National Affordable Housing Programme. This is to achieve the development of the site which will follow national good practice. Such an approach has been shown to deliver a higher quality solution to such developments than a purely commercially led approach. This approach also presents an opportunity for the Council to further develop its knowledge in the area of housing renewal and the lessons from this approach will be directly transferable to the delivery of further development sites identified within the master plans for our priority communities.

3.2 **The approach to the development of the former Praxis Site, Ferryhill**

3.2.1 Following the assessment of the strategic context of the proposed development of the site, it was clear that added value could be obtained from adopting a different approach rather than one that was purely commercially led only. The recommended approach follows good practise and is based on:-

- the preparation of a development brief for the site clearly articulating the Council expected outcomes from the land sale,
- identification of a suitable partner to tender for the project,
- an assessment of tender submission by a selection panel which can balance the overall quality of the schemes submitted against financial factors.

3.2.2 As the proposed approach sale of the site was considered it became clear that the Council did not have the necessary capacity to prepare the development brief. Due to the tight time constraints if the objectives set out earlier in this report were to be achieved it was clear the Council would require external support to deliver the project. The cost of consultant support for first phase of the project was identified as less than £25,000. Therefore in accordance with the Contract Procedure Rules of the Councils Constitution the Director of Neighbourhood Services undertook an assessment including value for money, experience of similar projects including with the Borough Council and relevant risk management issues to identify a suitable consultant to support the Council during this stage of the project. Following this assessment Elliott Dent was appointed to support the Council in the preparation of the development brief for the site.

3.2.3 The next stage of the project was to identify who should be invited to tender to enter into a JV agreement based on the development brief. A number of options were considered including an open bidding to commercial developers and RSLs or a more focused approach working with an RSL or a partner developer who is able to access grant through the Housing Corporation National Affordable Housing Programme. A more focused approach was identified as the preferred option for the development of site. This route was chosen due to the following factors set out below:-

- the opportunity to develop further our experience in JV partnership working in this area,
- good practise indicates that for appropriate sites where this approach is implemented, the development of the site results in a higher quality outcome.

3.2.4 Potentially every RSL or a partner developer who is able to access grant through the Housing Corporation National Affordable Housing Programme could have been invited to tender. But following previous advice from the Housing Corporation it was clear that only those partners with recent experience of development and a strong delivery record in the North East would be suitable potential partners. Those selected that fulfil these criteria are:-

- Dunelm Homes

- Haslam Homes
- Three River Housing Group
- Tees Valley Housing Group

3.3 **The development brief for the former Praxis Site, Ferryhill**

3.3.1 The development brief will set out a range of information about the site, the minimum outcomes the Council expects to be delivered and the process for assessing competing tenders. The information contained in the development brief and minimum outcomes expected from the tender will include the following:-

- A clear vision and strategic aims for the development of the site
- Site location including details of some key constraints including the remaining occupied properties on the site periphery and the details of the adopted roads and footpaths.
- Design principles covering details of key planning policy requirements and other relevant policy statements.
- Housing provision on the site including that a requirement that 25% of the housing is affordable with a mix of house types and tenures.
- The brief will require further information on the affordable housing provision including type of unit, tenure size and level of sustainability.
- The brief will set out the timescales for the delivery of the project.
- Public realm issues will be covered as part of the brief.
- Open Space provision will be covered as part of the brief.
- The brief will require the developer to include proposal to address local training and employment issues as part of the project.
- Legal and financial issues will be covered in the brief including the agreed value of the site.
- The balance of the assessment will be 70% on the quality of the bid and 30% on the financial factors.
- Consultations - the brief will include details of approach to be undertaken in engagement with local resident and stakeholders during the development and delivery of the project.
- The brief will be supported by a number of technical appendices including a topographical survey, utilities surveys etc.

3.4 **The Selection Process and Panel**

3.4.1 The selection process will include a desktop assessment of each tender against the key criteria set out in the development brief. The selection panel will review this desktop assessment and the undertake interviews with the prospective JV partners to provide further background information in support of each bid. The selection panel will consist of the following members:-

- Director of Neighbourhood Services
- Valuation & Corporate Property Manager
- Housing Strategy Manager
- Forward Planning Manager

- Solicitor to the Council
- A Dean Bank Residents Association Representative

Consultation on the selection process will be undertaken with the following Portfolio holders:-

- Regeneration
- Housing
- Resources

3.4.2 Given the timescale set out below for the proposed tender process it is recommend that the selection panel is delegated to select the tender that most closely meets the development brief's requirements. The outcome of the selection process be reported to the next possible Cabinet meeting following the conclusion of the selection process.

3.5 **Timetable for the project**

3.5.1 The proposed timetable for the project is set out below.

- Issue Development Brief – 7th March 2008
- Tender Returns – 4th April 2008
- Interviews – 18th April 2008
- Appointment – 25th April 2008

4. **RESOURCE IMPLICATIONS**

4.1 A separate report on the resource implications of the proposed JV will be presented to Cabinet.

5. **CONSULTATIONS**

5.1 The development of the site will include extensive consultation with local residents and stakeholders as part of the requirements of the development brief. This consultation will be maintained during the delivery phase to ensure effective community support for the project.

6. **OTHER MATERIAL CONSIDERATIONS**

6.1 The Council's Transition Plan has identified Dean Bank as one of three areas within the Coal Fields Housing Renewal Programme and one of the corporate priority objectives is to 'work with partners to regenerate older private sector housing'. The Borough Council's proposals for the development of this site will make a direct contribution to this through the provision of affordable housing on a brownfield site.

Risk Management

A Storm Risk assessment for the development of the site has been carried out.

Health & Safety

"No additional implications have been identified".

Equality & Diversity

Full account will be taken of the Council's obligation to promote equality and diversity in the development of this project.

Sustainability

One of the objectives of the Master Plan proposals for Dean Bank is to improve the housing choices available to meet current and future demand and to support economic growth by providing modern attractive homes in sustainable neighbourhoods, which will contribute to the delivery of sustainable communities throughout the Borough.

Crime & Disorder

The Council's duty under Section 17 of the Crime & Disorder Act 1998 has been taken into account when considering the recommendations and should bring about sustainable change through improving the local environment.

Legal & Constitutional

A separate report on the resources issues of entering into a JV agreement for the former Praxis Site to be presented to Cabinet includes details of the legal and constitutional issues.

7. **OVERVIEW AND SCRUTINY IMPLICATIONS**

7.1 There are no Overview and Scrutiny implications of this report.

8. **LIST OF APPENDICES**

8.1 Appendix 1 Location Plan Former Praxis Site, Ferryhill

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Wards: Ferryhill

Key Decision Validation:

The proposal set out in the report will result in the Council incurring expenditure, or making savings of £100,000 or above

Background Papers:

Transition Plan

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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