

Item 4

REPORT TO CABINET

22nd JANUARY 2009

REPORT OF DIRECTOR OF NEIGHBOURHOOD SERVICES

Portfolio Housing

Development of The Lanes, Hawkshead Place, Newton Aycliffe

1. SUMMARY

- 1.1 Hawkshead Place was released for sale by the Council through a tendering process and was sold to Tees Valley Housing Group for new housing development see Cabinet approval on the 27th July 2006.
- 1.2 Development has commenced on site however due to the current market conditions sales of properties have continued to decline. There are currently 21 properties in various stages of construction which have now been put on hold.
- 1.3 In order to provide a solution to the issues faced within the current economic climate and to sustain the development Tees Valley Housing Group are requesting the Council to consider a proposal for 38 properties within the development to be utilised through low cost home ownership and intermediate rent.
- 1.4 The low cost home ownership and intermediate rent schemes have the support of the Housing Corporation and have been introduced to assist households who because of the current market conditions are unable to afford access to home ownership. The intermediate rent which is set at 80% of market rent enables potential homeowners to save for a deposit or to allow their financial circumstances to improve sufficiently to help them to access home ownership. Tees Valley Housing Group have made an approach through the current bidding round to the Housing Corporation for grant funding of the 38 properties to enable the development to continue.

2. RECOMMENDATIONS

1. To agree the request of Tees Valley Housing Group to provide 38 of the properties subject to Housing Corporation funding through low cost home ownership and intermediate rent.
2. To agree nominations of applicants from the Council's housing register who fulfill the criteria and in partnership with Tees Valley Housing Group continue to actively market the development.

3. **Development of The Lanes, Hawkshead Place, Newton Aycliffe**

- 3.1 Hawkshead Place, Newton Aycliffe identified in Appendix 1 was one of several sites identified for potential new housing development in Newton Aycliffe. The site had been previously developed with Council Housing which was demolished in the 1980's therefore defining the site as brownfield.
- 3.2 On the 30th March 2006 Cabinet agreed to the release of the site for development through a partnership approach with a Registered Social Landlord (RSL) following a tendering process.
- 3.3 Selection of the successful tender was delegated to the Director of Neighbourhood Services and a selection panel of key officers, supported by Elliott Dent Consultants. The tender that most closely matched the requirements of the brief was submitted by Tees Valley Housing Group which included delivery of:-
- 62 homes for sale, 20 bungalows for rent and 7 units available for shared ownership.
The homes to meet the eco homes standard 'very good'.
The homes to meet the secure by design standard.
Training and employment opportunities to be provided to local residents.
- The capital receipt put forward by Tees Valley Housing Group for the purchase of the site was £1,700,000. In addition to this the terms of the disposal included an overage agreement that would see the Council sharing of 50/50 with Tees Valley Housing Group in any increase in the sales value of the units above that set out within the bid.
- 3.4 On the 27th July 2006 Cabinet agreed to sell the land at Hawkshead Place, Newton Aycliffe to Tees Valley Housing Group and has since received the sum of £1,700,000.
- 3.5 Development has commenced on site and to date the following properties have been completed:-
- Number of properties outright sale – 13 with a further 1 to exchange.
Number of properties shared equity – 1 with 2 reserved.
Number of properties shared ownership – 1
Number of properties rented (bungalows) – 13 (with a further 7 in the process of being built).
- 3.6 Due to the current market conditions sales of properties have continued to decline. There are currently 21 further properties in various stages of construction which have now been put on hold.
- 3.7 In order to provide a solution to the issues faced within the current economic climate and to sustain the development Tees Valley Housing Group have now requested the Council to consider the proposal for 38 properties to be utilised through low cost homeownership and intermediate rent.

- 3.8 The low cost home ownership and intermediate rent schemes have the support of the Housing Corporation and have been introduced to assist households who are likely to be able to afford to buy but because of the current market conditions and lack of mortgage availability they are unable to access home ownership.
- 3.9 The intermediate rent property is provided on an assured shorthold tenancy with the rent being set at 80% of market rent. This enables potential homeowners to save for a deposit or until their financial circumstances have improved sufficiently to allow them access to home ownership. Regulations for the intermediate rent model are based on the prospective tenant being expected to buy the home within two to three years either for outright sale or via a form of low cost home ownership. Low cost home ownership can include shared ownership, shared equity or a discounted sale with the valuation of the property being set at the point of sale.
- 3.10 Tees Valley Housing Group as part of the partnership would also like to assist current applicants who are registered for rehousing with the Council to be nominated for the scheme subject to fulfilling the criteria. This would be in conjunction with continuous marketing of the site.
- 3.11 Tees Valley Housing Group if successful with funding will be required to adhere to the Housing Corporation guidelines in relation to monitoring and supporting residents who enter into intermediate rent and low cost home ownership arrangements. Sedgefield Borough Council will liaise with Tees Valley Housing Group regarding the supporting arrangements.

4. **RESOURCE IMPLICATIONS**

- 4.1 The Council has received a capital receipt of £1.7m and the terms of the disposal included an overage agreement that would see the Council sharing of 50/50 with Tees Valley Housing Group of any increase in the sales value of units above that set out within the bid. Because of the significant downturn in the housing market it is likely at this point in time that there will be no increase in sales values therefore the Council's financial position would not be adversely affected by considering approval of the low cost home ownership and intermediate rent proposal.

5. **CONSULTATIONS**

- 5.1 The development of The Lanes, Hawkshead Place included consultation with local residents and stakeholders as part of the requirements of the previous development brief.

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 Borough Council's ambitions mirror the Community Strategy's outcomes and the development of The Lanes, Hawkshead Place can make a direct contribution to this outcome.

Risk Management

Due to the current economic climate the request put forward by Tees Valley Housing Group which is subject to Housing Corporation funding represents a solution to the current issue. Failure to consider this request will result in Tees Valley Housing Group only partially developing the site within Newton Aycliffe. This could result in vandalism and deterioration within the area, further stagnation of the housing market and contribute to unemployment.

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.

Legal & Constitutional

The sale of the site was subject to a legal contract agreement between the Borough Council and Tees Valley Housing Group. Tees Valley Housing Group is formally requesting that the Council agree to vary of the contract.

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 Hawkshead Place, Newton Aycliffe

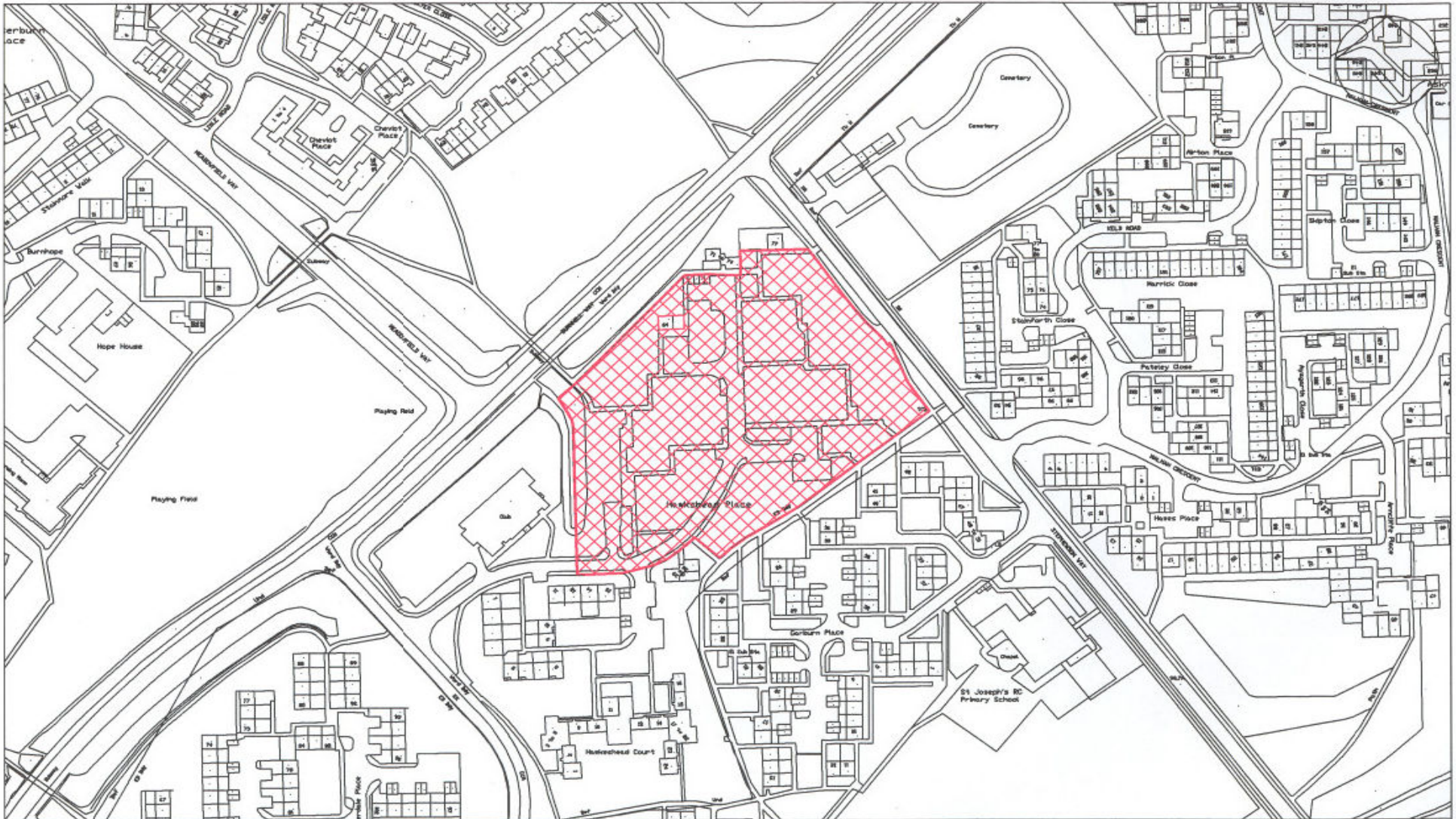
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Wards: West Ward

Background Papers:

Report to Cabinet Development of Hawkshead Place, Newton Aycliffe 27th July 2006
Report to Cabinet Development of Hawkshead Place, Newton Aycliffe 30th March 2006
Community Strategy
Corporate Plan

Appendix 1 Hawkshead Place, Newton Aycliffe



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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"/>