

## TEES VALLEY LIVING BOARD

**Meeting held at Cavendish House, Thornaby at 5.00pm on Thursday, 7<sup>th</sup> May 2009**

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### ATTENDEES

Neil Etherington	Tees Valley Living	Chair
Cllr David Budd (DB)	Middlesbrough BC	
Angela Lockwood	Endeavour Housing Association	
Cath Purdy (CP)	Housing Hartlepool	
Cllr Lynn Pallister (LP)	Redcar & Cleveland BC	
Mark Leigh	Home Builders Federation	
Cllr Steve Nelson (SN)	Stockton BC	

### OBSERVERS

Peter Scott (PS)	Hartlepool BC
Peter Jackson (PJ)	Hartlepool BC
Julie Nixon (JN)	Stockton BC
Kevin Parkes (KP)	Middlesbrough BC
Donald Urquhart (DU)	Homes & Communities Agency
Pauline Mitchell	Darlington BC
Jim Darlington (JD)	One NorthEast
Ian Hopley (IH)	Redcar & Cleveland BC
Jim Johnstone (JJ)	Tees Valley Living
Mike Mealing (MM)	Tees Valley Living
Jennine Robson (JR)	Tees Valley Living
John Lowther (JL)	Tees Valley Joint Strategy Unit
Sarah Johnson (SJ)	Stockton BC

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### APOLOGIES

Diana Pearce (DP)	Government Office North East
Alison Thain (AT)	Tees Valley Housing/Fabrick

**1 CHAIR'S WELCOME AND INTRODUCTIONS**

The Chairman, NE, welcomed Mark Leigh to his first TVL Board meeting.

**2 DECLARATIONS OF INTEREST**

Mr D Urquhart declared an interest due to being employed by the Homes and Communities Agency (HCA).

Mr N Etherington declared an interest due to being employed by Able UK.

RESOLVED that the information be noted.

**3 NOTES OF THE MEETING HELD ON 25<sup>TH</sup> MARCH 2009**

The minutes of the meeting held on 25<sup>th</sup> March 2009 were agreed as a true record.

**4 MATTERS ARISING**

The Director of TVJSU, JL, discussed the recent announcement that the Tees Valley had not been chosen as a City Region Forerunner. It was explained that after discussions with Government the decision was not related to the submission but to economic impact. It was considered that supporting Manchester and Leeds would have a greater impact on the economy of the North, than the Tees Valley and that's why they had been chosen. It was explained that TVJSU had held discussions with Hazel Blears and Treasury to express the disappointment over the decision.

The Director of TVL, JJ, informed the Board that in relation to the Tees Valley Growth Point Programme of Development and SBC's proposal that all GP capital expenditure be given out as loans, that it had been confirmed that financial regulations allowed this.

ML, Home Builders Federation, provided the Board with a summary of the different phases seen in the housing market since August 2007. The key points were as follows

- more encouraging signs in early 2009.
- HBF members reported that 2008 had seen heavily reduced sales, impacted by significant reduction in finance available for home purchase. No dramatic fall in prices has been seen however. The main concern came from the significant numbers of unsold units and part completed units.
- At the end of Q4, it is noted that 2008/09 sales rates are becoming steady, with improvement from autumn 2008 seen, however, sales are still constrained. Encouragingly, it is reported that there is an increase in buyer interest evident at

sales offices in the final Quarter of 2008/09. Developers indicated that one of the main constraints on the market is people being trapped in existing properties as a result of reduced equity levels and high deposits required by lenders (around 20%).

- It is noted that immediately prior to the onset of the economic downturn ('pre-slump'), there was an average of 0.8 - 1 sales per week seen, whereas now the average is around 0.4 – 0.5 sales per week. Developers admitted they are in 'survival' mode, reducing staffing levels and activity on-site but on a positive note developers are planning for recovery.
- Current emphasis is on cashflow generation. Starts are an all time low as developers focus on completion of existing standing stock with the intention of turning these into sales. In the current climate, developers are avoiding taking on new sites or phases and entering into negotiations with sub-contractors and suppliers to identify cost-savings.
- Developers are exploring opportunities to re-configure sites and re-negotiate planning permissions to maximise sales and likelihood of securing finance. This includes looking for opportunities to bring forward affordable housing to ease cash flow or re-negotiation of S106 agreements (originally negotiated when revenue was 10-15% higher).
- Government intervention has been welcomed but developers need to understand the conditions attached to cash injections. The HomeBuy initiative has seen mixed impact.

RESOLVED that the information be noted.

## **5 END OF Q4 REPORT FOR 2008/09 HMR PROGRAMME**

The Board was provided with an update on progress made on the Tees Valley Living assisted Housing Market Renewal schemes at the end of Quarter 4.

RESOLVED that the report be noted.

## **6 TEES VALLEY HOUSING MARKET RENEWAL FORWARD PROGRAMME 2009/11**

The Board considered a report that detailed the Homes and Communities Agency's (HCA) housing market renewal and SHIP Objective 1 grant allocation to Tees Valley for 2009-10; and provided background to the HMR schemes seeking funding for the final two years of the current 3-year HMR Programme. All schemes seeking funding were continuation projects.

The Board was reminded that they had deferred the report at their meeting on 25<sup>th</sup> March, to allow further consideration of the various components of HMR funding in Tees Valley and whether or not a

## Action

more appropriate distribution should be sought. Extensive discussion had now taken place, both at the Directors of Regeneration (DoRs) meeting on 8<sup>th</sup> April and between TVL and the Homes & Communities Agency (HCA). Furthermore it had been noted that the recently reported grants of £8m and £5m towards HMR projects in Stockton and Hartlepool respectively were the end product of lengthy discussions between the Borough Councils and the former English Partnerships.

DoRs had also noted that TVL's recently granted Pathfinder status determined that the future HMR programme would be scrutinised by the Audit Commission. The Audit Commission TVL Performance Review report from July 2008, recommended that a greater priority should be accorded to the HMR programme in the Gresham area of central Middlesbrough, as the programme's most challenging scheme. At their meeting on 8<sup>th</sup> April DoRs approved the inclusion of an additional recommendation to this report that authorised TVL to explore with HCA how the HMR programme for Gresham could be speeded up.

The HCA have also been requested to comment on the current level of flexibility with regard to "eligible expenditure" under HMR funding which forbids some funding regimes being used to acquire commercial frontages, which the Local Authority has identified as being essential to secure the successful regeneration of the area. Such restrictions seem out of keeping with the rhetoric of the "place-making agenda". The Regional HCA considered this matter on Thursday 23<sup>rd</sup> April and had confirmed that HMR could be used to purchase commercial frontage if it could be proven that it was value for money and also that it was essential to the success of the project.

The Board was informed that the HCA had announced that for 2009-10, the HMR Partnerships had been awarded 90% of the funding announced in February 2008 and were given details of the implications for Tees Valley's housing market renewal programme during 2009-10. It was noted that there was provision to pursue the remaining 10% of the 2008 notional allocations. The Board was informed that the criteria for applying for the 10% was still awaited.

The Board was given details of the projects within the Housing Market Renewal Areas of Major Intervention that would benefit from funding during 2009-10, with an indication as to how future investment would be committed to maintain the pace on continuing projects.

DU suggested that the Chair and JJ may want to meet with the HCA to discuss the process and the way in which they wanted the pathfinder to evolve.

It was requested that the word 'extra' be replaced with the word 'additional' in recommendation 6.

RESOLVED that:-

1. The Board considers the report and confirms its continuing support to the housing market renewal projects identified within the Central Hartlepool, Central Middlesbrough, South Bank and Central Stockton Areas of Major Intervention as the basis for the allocation of housing market renewal funding during 2009-10.
2. Further discussions take place between the Borough Councils to agree the allocations for Housing Market Renewal funding for 2010-11 to ensure that all parties are satisfied with their allocation for 2010-11. These proposals should be put to the October meeting of the TVL Board for agreement at the latest.
3. The Board resolves to work with partners in making the case for the 10% of grant currently withheld from the Housing Market Renewal Fund.
4. That the Board supports the use of housing market renewal funding for the acquisition of commercial property on Yarm Lane, Stockton.
5. That, under the terms of the Tees Valley Multi Area Agreement, the Board authorises an approach to the Homes and Communities Agency in relation to advancing 10% of the funding for 2010-11 into the 2009-10 financial year.
6. Through the Single Conversation process, the TVL team works with the Borough Councils and the Homes & Communities Agency to identify additional resources to speed up the acquisition process in HMR areas. In light of the Audit Commission recommendations, particular emphasis should be placed on identifying whether further Homes and Communities Agency resources could be made available towards accelerating the programme in the Gresham area of central Middlesbrough.

**7 TEES VALLEY GROWTH POINT PROGRAMME OF DEVELOPMENT 2009/11 PROGRESS UPDATE**

The Board considered a report relating to the Tees Valley Growth Point Programme of Development 2009/11.

Tees Valley had been awarded the sum of £6.2m for expenditure in 2009/11 to promote "growth" in housing development within the five Boroughs, over the period to March 2017. The Board was given details of the compulsory projects specified in the award of the grant. The remainder of the grant was to be allocated to promote housing development and increase output. It was noted that no further external approvals were required by CLG, HCA or GONE.

The Board was reminded that they had approved the Tees Valley Growth Point Programme of Development on 25<sup>th</sup> March. Progress will be reported to the Board at their quarterly meetings. The Board

was provided with an account of progress to date against the approved Year 1 projects. The Board was informed of the intention to appoint a full time programme manager. It was noted that due to the re-organisation of TVL being 'on hold' this was preventing the recruitment of an extra member of staff in the short term. It was considered that the secondment of a council officer to the post for 6 months was a potential solution.

RESOLVED that:-

1. The PoD progress be noted.
2. The temporary (6 month) secondment of a Council Officer to act as Growth Point Programme Officer be approved.

## **8 FORWARD HOUSE BUILDING PROGRAMME**

Consideration was given to a report on projecting and monitoring the future delivery of new housing in the Tees Valley.

It was explained that Tees Valley Living and Tees Valley Joint Strategy Unit were working with the five Councils to develop a more comprehensive and consistent set of data on housing delivery (past and future) for the Tees Valley Sub-region. A key element was the development of market-tested housing trajectories to inform the Tees Valley Forward House Building Programme.

There was potential for Tees Valley Living/Joint Strategy Unit to co-ordinate the collation of market intelligence from house builders on a regular basis to provide consistency and comparability of data and reduce the burden on developers through duplicated requests for data.

It was noted that the project was currently underway and further progress reports would be presented to the Board as the project developed.

RESOLVED that the report be noted.

## **9 ANY OTHER BUSINESS**

DU informed the Board that a meeting of the Credit Crunch Task Force would be taking place the week after. DU and JJ would feed back on how the HCA had responded.

The issue of private landlords was raised and it was suggested that the private rented sector could be looked at across the Tees Valley.

It was informed that the Directors of Regeneration would be meeting with Pat Ritchie (HCA) to discuss the principles of the single conversation and resources from the HCA.

RESOLVED that the information be noted.

**10 DATES OF FUTURE MEETINGS**

Thursday 16<sup>th</sup> July 2009

Thursday 8<sup>th</sup> October 2009

Thursday 21<sup>st</sup> January 2010

Thursday 22<sup>nd</sup> April 2010

Thursday 15<sup>th</sup> July 2010