

CABINET ITEM COVERING SHEET PROFORMA

**AGENDA ITEM**

**REPORT TO CABINET**

**9<sup>th</sup> FEBRUARY 2012**

**REPORT OF CORPORATE  
MANAGEMENT TEAM**

**CABINET DECISION / KEY DECISION**

***Housing & Community Safety – Lead Cabinet Member - Councillor S Nelson  
Regeneration & Transport – Lead Cabinet Member – Councillor M Smith***

**HOUSING REGENERATION SCHEME UPDATE – PARKFIELD/MILL LANE (PHASE 2) AND  
THE VICTORIA ESTATE**

1. Summary

This report updates Members on the successful outcome of the Councils funding bid for Housing Market Renewal Transition Fund resources for the 'Parkfield/Mill Lane (Phase 2) housing regeneration scheme and seeks approval for a number of critical next steps that will enable the successful progression of this project.

In addition Members are asked to note the work currently ongoing in relation to the future regeneration of the Victoria estate.

2. Recommendations

Cabinet are recommended to:

**Parkfield/Mill Lane Phase 2**

1. Approve the proposals for a phased site redevelopment.
2. In relation to the Compulsory Purchase Order (CPO), Members:
  - a. Agree that the acquisition of the necessary outstanding properties will facilitate the development/redevelopment or improvement of the land shown on the Plan at **Appendix A** and will contribute to the achievement of the promotion of the economic, social and environmental well-being of the area.
  - b. Approve the use of the Council's CPO powers under the Town and Country Planning Act 1990 (Section 226(1)(a)) and the Acquisition of Land Act 1981 to acquire all necessary interests in respect of the area indicated at **Appendix A**.
  - c. Approve the use of all actions necessary in accordance with the serving of Requisitions for Information, the making of the CPO, the representation of the Council in relation to any Inquiry, the confirmation of the CPO, the actions necessary following the confirmation of the CPO either by the authority or the Secretary of State and consequent orders or actions including the service of Notices

to Treat or the making of a General Vesting Declaration, and all other notices, orders or actions required to give effect to the authorisation to acquire the land compulsorily.

3. Approve the processing of (any necessary) Traffic Regulation Orders, Stopping Up Orders or other necessary orders, notices or other actions associated with the infrastructure and public realm improvements by the Director of Law and Democracy.

### **Victoria estate**

1. Agree that a development brief be drafted which reflects the conclusions of the masterplanning exercise and public consultation issues. Delegated authority to agree the development brief be given to the Corporate Director of Development and Neighbourhood Services in consultation with the Cabinet Member for Housing and Community Safety and Cabinet Member for Regeneration and Transport.
2. Agree that the scheme be finalised in accordance with the final development brief, to include all necessary acquisitions, demolitions, appointments of private developers and authority to enter into all necessary legal arrangements and other documents necessary to give effect to the development brief subject to appropriate funding being available in respect of each development phase, with amendments to be agreed by the Corporate Director of Development and Neighbourhood Services in consultation with the Cabinet Member for Housing and Community Safety and Cabinet Member for Regeneration and Transport.
3. Note that as part of the wider masterplanning exercise costs of regeneration to the Council will be approximately £3.3m overall, it is anticipated this will be covered by a future capital receipt.
4. Recognise 'in principle' the need to exercise Compulsory Purchase Powers to deliver this regeneration scheme and that officers be authorised in consultation with the schemes legal advisers to investigate further the cases for compulsory purchase and to formulate strategies for the potential use of a CPO (if required), with further details to be reported back to Cabinet in due course.

### **3. Reasons for recommendations/decisions (s)**

The interventions and next steps proposed will bring improvements to both the housing and quality of life for residents of the Parkfield/Mill Lane (Phase 2) area and the Victoria estate and contribute to the delivery of the Councils housing regeneration ambitions for the borough.

#### **1. Members' Interests**

Members (including co-opted Members with voting rights) should consider whether they have a personal interest in the item as defined in the Council's code of conduct (**paragraph 8**) and, if so, declare the existence and nature of that interest in accordance with paragraph 9 of the code.

Where a Member regards him/herself as having a personal interest in the item, he/she must then consider whether that interest is one which a member of the public, with knowledge of the relevant facts, would reasonably regard as so significant that it is likely to prejudice the Member's judgement of the public interest (**paragraphs 10 and 11 of the code of conduct**).

A Member with a prejudicial interest in any matter must withdraw from the room where the meeting considering the business is being held -

- in a case where the Member is attending a meeting (including a meeting of a select committee) but only for the purpose of making representations, answering questions or giving evidence, provided the public are also allowed to attend the meeting for the same purpose whether under statutory right or otherwise, immediately after making representations, answering questions or giving evidence as the case may be;
- in any other case, whenever it becomes apparent that the business is being considered at the meeting;

and must not exercise executive functions in relation to the matter and not seek improperly to influence the decision about the matter (**paragraph 12 of the Code**).

**Further to the above, it should be noted that any Member attending a meeting of Cabinet, Select Committee etc; whether or not they are a Member of the Cabinet or Select Committee concerned, must declare any personal interest which they have in the business being considered at the meeting (unless the interest arises solely from the Member's membership of, or position of control or management on any other body to which the Member was appointed or nominated by the Council, or on any other body exercising functions of a public nature, when the interest only needs to be declared if and when the Member speaks on the matter), and if their interest is prejudicial, they must also leave the meeting room, subject to and in accordance with the provisions referred to above.**

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**SUMMARY**

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In addition Members are asked to note the work currently ongoing in relation to the future regeneration of the Victoria estate.

**RECOMMENDATIONS**

Cabinet are recommended to:

**Parkfield/Mill Lane Phase 2**

1. Approve the proposals for a phased site redevelopment.
2. In relation to the Compulsory Purchase Order (CPO), Members:
  - a. Agree that the acquisition of the necessary outstanding properties will facilitate the development/redevelopment or improvement of the land shown on the Plan at **Appendix A** and will contribute to the achievement of the promotion of the economic, social and environmental well-being of the area.
  - b. Approve the use of the Council's CPO powers under the Town and Country Planning Act 1990 (Section 226(1)(a)) and the Acquisition of Land Act 1981 to acquire all necessary interests in respect of the area indicated at **Appendix A**.
  - c. Approve the use of all actions necessary in accordance with the serving of Requisitions for Information, the making of the CPO, the representation of the Council in relation to any Inquiry, the confirmation of the CPO, the actions necessary following the confirmation of the CPO either by the authority or the Secretary of State and consequent orders or actions including the service of Notices to Treat or the making of a General Vesting Declaration, and all other notices, orders or actions required to give effect to the authorisation to acquire the land compulsorily.

3. Approve the processing of (any necessary) Traffic Regulation Orders, Stopping Up Orders or other necessary orders, notices or other actions associated with the infrastructure and public realm improvements by the Director of Law and Democracy.

### **Victoria estate**

1. Agree that a development brief be drafted which reflects the conclusions of the masterplanning exercise and public consultation issues. Delegated authority to agree the development brief be given to the Corporate Director of Development and Neighbourhood Services in consultation with the Cabinet Member for Housing and Community Safety and Cabinet Member for Regeneration and Transport.
2. Agree that the scheme be finalised in accordance with the final development brief, to include all necessary acquisitions, demolitions, appointments of private developers and authority to enter into all necessary legal arrangements and other documents necessary to give effect to the development brief subject to appropriate funding being available in respect of each development phase, with amendments to be agreed by the Corporate Director of Development and Neighbourhood Services in consultation with the Cabinet Member for Housing and Community Safety and Cabinet Member for Regeneration and Transport.
3. Note that as part of the wider masterplanning exercise costs of regeneration to the Council will be approximately £3.3m overall, it is anticipated this will be covered by a future capital receipt.
4. Recognise 'in principle' the need to exercise Compulsory Purchase Powers to deliver this regeneration scheme and that officers be authorised in consultation with the schemes legal advisers to investigate further the cases for compulsory purchase and to formulate strategies for the potential use of a CPO (if required), with further details to be reported back to Cabinet in due course.

### **DETAIL**

#### ***PARKFIELD/MILL LANE (PHASE 2) HOUSING REGENERATION SCHEME***

##### Outcome of the Housing Market Renewal (HMR) Transition Fund

1. As Members will recall, the Parkfield/Mill Lane (Phase 2) regeneration scheme commenced in 2006. The scheme was recently thrown into jeopardy with the unexpected cessation of HMR funding programme. In direct response to lobbying from Local Authorities with HMR schemes within their localities Grant Shapps, the Minister for Housing and Local Government announced the HMR Transition Fund. The HMR Transition Fund was intended to help residents trapped in the worst housing conditions where regeneration schemes were stalled as a direct result of the sudden cessation of HMR funding. The Tees Valley was named as one of only six priority areas able to bid for HMR Transition Fund. In July 2011 Cabinet endorsed (Cabinet Decision Record D110078) the Councils application for HMR Transition Funding.
2. The Council has recently been advised that it has been successful in securing the full £1.52m sought from the HMR Transition Fund and on this basis we are now in position to move the project forward.

## **Key next steps to ensure the successful progression of the Parkfield/Mill Lane (Phase 2) project**

### **(a) Improvements to properties no longer proposed for demolition (in 'Extended Area B')**

3. As Members may recall, the criteria for HMR Transition funding was very prescriptive i.e. bid guidance would not allow funding to be sought on blocks/streets where 50% of homes are occupied. Whilst our funding bid would enable the acquisition of the remaining 34 properties and to complete the necessary demolition of 103 properties, we could not seek funding for 80 properties within the area known as 'Extended Area B' (as they did not fit the bid criteria). In order to enable a structured exit strategy members acknowledged that if these properties were not to be demolished then there was a need for investment and supported a programme of external property improvements (a Facelift scheme). Immediately following the July Cabinet, all residents within 'Extended Area B' were contacted and informed that they would no longer be part of the demolition programme.
4. As reported to Cabinet in November 2011 (CAB 76/11) the Council has recently secured a partnership with CES for a Community Energy Savings Programme (CESP) scheme for 600 properties within the Parkfield area and subsequently the 'GoWarm Parkfield' scheme has been launched. As the range of measures (available free to householders) via the 'GoWarm Parkfield' scheme are much more extensive than a Facelift scheme in isolation could deliver (for example improvements include external wall insulation, new central heating systems or boiler replacements and loft insulation or draft proofing) Cabinet supported the use of the funding initially identified for a Facelift scheme to be transferred to the 'GoWarm Parkfield' project to fund any necessary remedial works not covered by the scheme. At the time of writing this report all 80 properties within 'Extended Area B' have been visited by the GoWarm team, the area has been prioritised for the first tranche of investment works and property improvement works commenced the week of the 16.1.12.

### **(b) Masterplanning**

5. In partnership with the Homes and Communities Agency (HCA) DTZ (working alongside Gillespies and Arup) were appointed to undertake site masterplanning. Whilst previous masterplanning exercises have been undertaken (back in 2005 and 2007) it was appropriate to revisit these studies given the significant changes that have taken place in housing market conditions over the last few years and other changes that have occurred at a local level, for example the location of the Aldi store on the Yarm Lane frontage. The masterplanning exercise included; site and market appraisals (i.e. assessment of the site, any constraints and market conditions), an analysis of options, preparation of a draft masterplan, consultation and then finalisation of the masterplan. The purpose of the masterplanning exercise was to prepare a framework for the future development of the site that will be used to inform a development brief, which in turn will be used to procure a development partner/s for the longer-term re-development of the site.
6. In conclusion the exercise highlighted that whilst the Council's regeneration objectives for the site are challenging (due to the prevailing economic climate), there are opportunities to implement a phased development programme in the short/medium term, which will create the right conditions for private sector led development in the longer term. However for this to be viable the Council will be required to fund public realm improvements, in essence investing in the short term to establish the right conditions for future private sector investment. A copy of the masterplan has been placed in the Members library.

#### **An overview of the masterplan phasing proposal**

7. The illustrations attached at **Appendix B** set out the indicative masterplan for the site. It is important to note that the purpose of the masterplan is to guide the development and delivery of the site; it is not a prescriptive blue print and therefore enables flexibility in the way and phasing that the site can be delivered. In summary:

Phase 1:

- Temporary greening of the full (cleared) site
- Permanent community green space (area between Aldi and the Medical Centre)
- Tree planting (which will allow trees to mature and create a greater impact once development takes place)
- Implementation of part of the proposed road network to allow access to existing housing/commercial units and to define future development plots.
- Improvements to the retained properties ('Extended Area B')
- Completion of site acquisition and clearance.

Phase 2:

- Development of the northern end of the site
- Implementation of the proposed green infrastructure (central green space) and the green route linking Dovecot Street to Yarm Lane.

Phase 3:

- Development of the south eastern corner of the site.

Phase 4:

- Development of the remaining part of the site (and 'knit' new housing with the existing terraced housing).

Consultation

8. Consultation was undertaken at a variety of levels. Views were sought from a range of internal colleagues (including planning, technical services and countryside and green spaces) on the technical aspects of the draft masterplan and from local residents through a formal community consultation session (where the proposals were on display). Local residents were generally very supportive of the proposal, however they did stress the need for the proposal to move forward quickly. All views have informed the final masterplan and a planning application will be made to secure outline planning approval for the scheme final proposal.

Mixed tenure housing – provision of affordable housing

9. In order to facilitate an element of affordable housing on the site, Tees Valley Housing has been appointed as the Councils partner. Tees Valley made a bid for resources to the HCA and were able to secure £500k of Affordable Homes Programme resources which will facilitate the delivery of 20 new build homes for affordable rent on the site. Discussions are currently ongoing with Tees Valley to determine the best location for these dwellings and the programme for delivery.

10. Clearly this is welcome news as not only will it kick start the broader site redevelopment but will also reduce the need to carry out environmental improvements to the full site.

The costs of delivery of the proposals detailed in the masterplan

11. As part of the masterplan exercise DTZ provided some indicative costings for the necessary public realm/environmental improvements, car parking, roads and footway improvements. Including contingency costs this amounted to £970k – there is scope for this to be reduced via securing vfm from the procurement process and by reducing the need to carry out improvements to the full site (due to the development of the new build housing by Tees Valley).

**(c) Compulsory Purchase Order**

12. Over recent months continued progress has been made in acquiring properties in the area, for example a further 19 properties have been acquired since July 2011 and active negotiations are ongoing with a further 7 property owners. That said there are a small number of property owners who are either unwilling to enter into property negotiations or where agreement cannot be reached. Whilst all attempts at negotiation will continue, in

order to ensure that the scheme proceeds the Council must be prepared, if required, to use its Compulsory Purchase Order (CPO) powers.

13. On this basis Cabinet are asked to approve the use of the Council's CPO powers under the Town and Country Planning Act 1990 (Section 226(1)(a)) and the Acquisition of Land Act 1981 in order to acquire all necessary interests (in line with the plan attached at **Appendix B**) and approve the use of all actions and orders etc. that may be necessary to deliver the CPO.
14. Whilst no firm timescales (at this stage) can be given to the CPO process, it is anticipated that the likely time from Cabinet approving the use of CPO powers to gaining vacant possession of remaining property interests within the area is likely to be in the order of 12/18 months, however timescales are variable and will be impacted by a number of factors (i.e. if any objections are received/the need for a Public Inquiry etc).
15. In order to secure a CPO it is vital that we are able to demonstrate that the scheme is deliverable financially. The information contained within paragraph 22 demonstrates on current estimates that the scheme is deliverable.

## **VICTORIA**

### Background

16. Members will recall that as part of the stock transfer option appraisal process the Council working in conjunction with Tristar Homes Limited reviewed the sustainability of all the housing stock. At that time it was identified that two estates (Swainby Road and Victoria) were not sustainable in the long-term and more radical regeneration plans were required.
17. As it was not practical to decant two estates in such close proximity at the same time (due to competing demand for the same properties) the decanting of residents on the Swainby Road estate commenced first (and is now part complete). It was anticipated that the decanting of the Victoria estate would follow (anticipated to commence in 2013).
18. The Council's commitment to the regeneration of the Victoria estate was detailed in the 'Offer Document' (which was issued to all tenants before the tenant stock transfer ballot) and in the formal Transfer Agreement signed by the Council and Tristar Homes of the date of transfer. As part of this agreement Tristar Homes retained the practical and financial responsibility of moving their tenants, while the council retained this responsibility for leaseholders. Once the Victoria estate is cleared Tristar will maintain a 20% interest with the remaining element returning to the Council (at nil value).

### Next steps

19. In partnership with Vela Homes, DTZ have recently been commissioned to undertake a detailed masterplanning exercise for the Victoria estate. This exercise, like that for Parkfield will assist us completing a detailed financial appraisal and in preparing a framework for the future development of the site. We would then use the framework to draft a development brief in order to procure a development partner/s thereby enabling the longer-term re-development of the site. Unlike Parkfield this exercise is only at an early stage.
20. Once both the master planning exercise and financial appraisal are complete a further report will be brought back to Cabinet. In the interim, Cabinet are asked to note that a cost of regenerating the Victoria estate to the Council is estimated at £3.3m (i.e. to fund the decanting of leaseholders and all associated scheme costs).



21. Whilst the decanting of tenants and leaseholders is not due to commence until 2013 both the Housing Service and Tristar Homes are receiving queries from residents living on the estate. In order to address these concerns we intend to agree a decant strategy and phasing plan with Tristar Homes, which can then be shared with local residents.

## **FINANCIAL IMPLICATIONS**

### 22. Parkfield:

- The overall costs of the scheme will now be £5.5m and this will be funded through the HMR Transition bid funding, capital receipts from within the Housing Regeneration Programme and the Council's VAT Shelter in line with previous Cabinet Reports. This will be incorporated into the Council's Capital Programme as part of the medium term financial plan.

### 23. Victoria:

- The Council's contribution to the scheme is expected to be £3.3m and land value is anticipated to cover these costs. Cash flow implications in terms of progressing the scheme in advance of land receipt will be covered through a combination of VAT shelter receipts and surplus developer receipts.

## **LEGAL IMPLICATIONS**

### Parkfield:

24. The Council will continue to try to acquire the remaining properties by agreement, however as detailed within the report if agreement cannot be reached a Compulsory Purchase Order (CPO) may become necessary to achieve the required outcome.
25. The making of a CPO will need to be confirmed by the Secretary of State. If objections are received the Secretary of State will make arrangements for a Public Inquiry to be held to consider the objections before the Secretary of State decides whether to confirm the Order.
26. In arriving at a decision to make a CPO and thereby depriving a person of their interest in, and in most cases, occupation of property the Council should be satisfied that there is clear evidence that the public benefit will outweigh the private loss. In this case, the public benefits of the scheme lie in the regeneration of the area including the provision of new, modern homes and the provision of improved public realm.

### Victoria:

27. Whilst there are no specific legal implications at this stage, Members are asked to note that there may be a need in the future to exercise CPO powers to deliver the scheme and that this is recognised in principle.

## **RISK ASSESSMENT**

28. The Parkfield/Mill Lane (phase 2) regeneration project is categorised as medium to high risk, the Victoria regeneration project is at this time low to medium risk. Existing management systems and daily routine activities are in place for both projects. These are sufficient to control and reduce the majority of risks. A risk register for each project has been developed and will be monitored and reviewed on an ongoing basis and reported to the Housing Project Board.

## **SUSTAINABLE COMMUNITY STRATEGY IMPLICATIONS**

29. The proposals within the report are in accordance with the Sustainable Community Plan Key Themes of Economic Regeneration and Transport, Environment and Housing and Stronger Communities.

## **EQUALITIES IMPACT ASSESSMENT**

30. With regard to the Parkfield/Mill Lane (phase 2) regeneration scheme, this is an update of earlier reports where Equalities Impact Assessments have previously been undertaken.
31. At this stage an Equality Impact Assessment has not been undertaken for the Victoria regeneration project. Once Cabinet approval has been secured it is proposed to undertake a joint assessment with Tristar Homes to ensure that our collective proposals for decanting tenants and leaseholders do not directly prejudice against any of the six equality groups.

## **CONSULTATION INCLUDING WARD/COUNCILLORS**

32. For both regeneration projects the Ward Councillors and Cabinet Members are provided with ongoing briefings to ensure they are kept up to date with the progress and informed of any key (or arising) issues etc.
33. A community consultation session was undertaken in November which enabled all local residents in the Parkfield/Mill Lane (Phase 2) regeneration area to view and comment on the master plan proposals.
34. As both schemes continue we will ensure timely and ongoing communication with local residents.

## **Corporate Director of Development & Neighbourhood Services**

**Contact Officer: Julie Nixon**

**Telephone No. 01642 527072**

**E-mail Address: [Julie.nixon@stockton.gov.uk](mailto:Julie.nixon@stockton.gov.uk)**

### Background Papers

Housing Regeneration Scheme Update Report to Cabinet 14<sup>th</sup> July 2011

Housing Regeneration Report to Cabinet 2<sup>nd</sup> September 2010

Parkfield Swainby Road Cabinet Report 14<sup>th</sup> January 2010

Hardwick Redevelopment Cabinet Report 15<sup>th</sup> March 2007

Housing Futures: Transfer of Housing Stock to Tristar Homes (Final report) 18<sup>th</sup> November 2010

### Education Related

No

### Ward(s) and Ward Councillors:

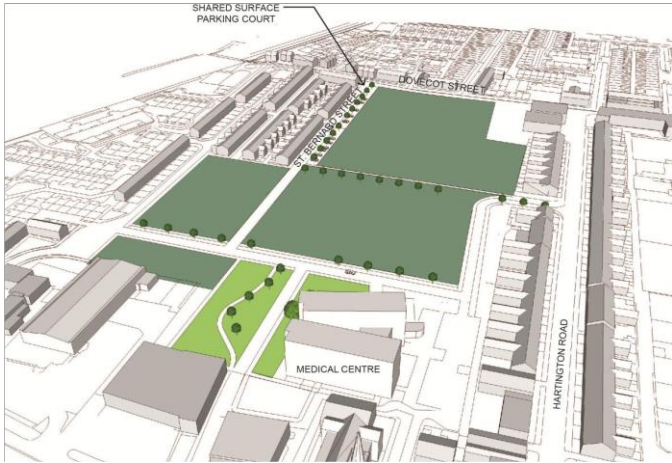
Stockton Town Centre – Cllr Coleman & Cllr Kirton

### Property

As detailed within the body of the report

**Appendix B**  
Parkfield (Phase 2) Indicative Masterplan:  
The 'phasing' proposal

Phase 1



Phase 2



Phase 3



Phase 4

