

**STOCKTON-ON-TEES BOROUGH COUNCIL**

**CABINET RECOMMENDATIONS**

**PROFORMA**

Cabinet Meeting .....29th November 2012

1. Title of Item/Report

Parkfield Regeneration Scheme

2. Record of the Decision

Consideration was given to a report on the proposals that would deliver a full site residential redevelopment for the Parkfield/Mill Lane (Phase 2) area.

Cabinet approval was sought for a number of critical next steps that would enable the successful delivery of a sustainable residential development which would deliver much needed affordable housing, the Councils housing regeneration ambitions for the Parkfield/Mill Lane (Phase 2) area and support its broader vision for a vibrant Stockton town centre.

The Parkfield/Mill Lane (phase 2) area, located between Yarm Lane and Dovecot Street was identified as an area of “housing market failure” a number of years ago and since 2006 a programme of property acquisition and demolition had been ongoing. Significant progress had been made in acquiring properties by voluntary agreement with 195 of the 204 private properties acquired by the Council.

Following the sudden cessation of Housing Market Renewal Funding, Cabinet agreed (July 2011) to remove 80 properties from a future phase of demolition. These 80 properties were prioritised for improvement works and subsequently had benefited from investment via the ‘Go-Warm’ Community Energy Savings Programme.

Earlier in the year (February 2012) a report was presented to Cabinet which explained that the Council in partnership with the Homes and Communities Agency (HCA) had commissioned DTZ (working alongside Gillespie’s and Arup) to undertake site master planning. The purpose of this exercise was to identify how best to bring forward this site for development in the future and included; an assessment of the site, a review of any constraints, market conditions and soft market testing with house builders. In summary, this exercise concluded that the site was challenging (mainly due to prevailing economic conditions), but there

were opportunities to implement a phased development programme which would create the right market conditions for private sector led development in the longer term. However for this to be a viable option, the report concluded that the Council should invest in public realm, greening and infrastructure improvements i.e. to make the site more attract in the longer term for a potential partner. Cabinet subsequently approved £970k for this purpose.

With regard to the proposals for the redevelopment of the site the Council had recently been approached by two separate parties seeking to redevelop either all or part of the site:-

#### Approach 1

As reported previously to Cabinet, Fabrick (a partnership of Tees Valley and Erimus Housing) secured £500k from the HCA to facilitate the delivery of 20 new build homes on the Parkfield site. Fabrick had a strong track record of working in Partnership with the council and had delivered a number of new housing schemes across the Borough in recent years. In addition, they had also acted as lead development partner in a number of regeneration schemes in other neighbouring authorities.

The Council had been in discussions with Fabrick to bring forward an alternative development proposal. In summary; with the £500k secured from the HCA, grant support from the Council to a maximum of £910k and utilising their own resources and borrowing capacity Fabrick had proposed a fully funded, full site development for the Parkfield site. This development would see in the region of 118 new build properties; 84 houses, 12 apartments and 22 bungalows. Fabrick proposed to take the lead developer role and would not rely on any further investment from the private sector or the appointment of a private house builder to sell properties.

It was anticipated that this development would take in the region of 3 years to build out and complete. Members were asked to note that this timescale was dependant on the Council's ability to acquire remaining properties and may be affected should a Compulsory Purchase Order prove necessary.

Given the market conditions, lack of mortgage availability etc. it was anticipated that the majority of properties built would initially be made available for rent (both market rent and affordable rent). With a small number being available for sale (potentially via intermediate home ownership options such as equity share or rent to buy). However as market conditions and confidence in the area improves it was Fabrick's intention to 'flex' tenures (i.e. as/when a rented property become vacant a

decision would then be made to either rent again or sell either on an outright or affordable home ownership basis). Members noted that this 'flexibility' in tenure was not proposed for all properties on the site, for example those units identified as 'affordable rented' (such as those funded via the HCA) would remain as affordable units in perpetuity. This flexible approach was supported by the Housing Service as it would promote a mixed-tenure, sustainable development.

In summary a scheme of this nature would:-

- a. Deliver in excess of £9 million to the local economy;
- b. Deliver a fully funded, 3 year proposal for the site which include a mix of house types developed to address local housing need (including accommodation for elderly and vulnerable residents);
- c. Deliver a quality housing scheme which has achieved secured by design status, with all properties achieving HCA design standards and Code Level 3;
- d. Incorporate a green wedge/pocket park and high quality landscaping in accordance with the masterplan (which was a priority for local residents);
- e. Offer guaranteed training and apprenticeship opportunities (as Fabrick would commit to a 3 year build project);
- f. Increase the number of people living within this area of the Borough, thereby supporting the wider regeneration of Stockton town centre;
- g. Promote affordable homeownership options for those wanting to purchase a property but struggling to do so due to lack of mortgage availability etc; and
- h. Deliver the Councils housing regeneration ambitions for the Parkfield/Mill Lane (phase 2) area without requiring any further additional investment by the Council (i.e. Fabrick would be responsible for carrying out all necessary infrastructure works and greening improvements required within this development).

Members noted that this site was challenging. In addition to the challenges, 'rent levels' in the area would be relatively low (thereby restricting potential rental income levels), a high pressure gas main runs through the site which was cost prohibitive to re-route and as a consequence the layout of the site was limited. Therefore without the grant support from the Council, Fabrick would be unable to proceed with this comprehensive redevelopment proposal. On this basis Cabinet were

asked to support the re-direction of a maximum of £910k from the £970k previously identified for public realm, greening and infrastructure works to be paid to Fabrick as a grant. This grant would be targeted at the delivery of affordable housing units on this site. To ensure the Council was appropriately protected the allocation of this grant funding would be time limited and subject to planning approval being granted.

Officers from across Finance, Land and Property and Housing had been provided by Fabrick with the financial feasibility details of the project. In addition, Fabrick had offered to go 'open book' prior to the grant funding being awarded.

The disposal of land to facilitate this development would be undertaken on a non-restricted market value basis. However Members were asked to note that given current market conditions, a non-restricted market value was likely to be negligible.

With regard to the next steps for the next steps / timescales for the Fabrick proposal:-

Fabrick were working to finalise a final site planning and want to commence work on site as quickly as possible. On this basis they were aiming to:-

Wk commencing 10.12.12 - Hold a pre-planning community consultation event

Early January 2013 - Submit planning application

Early June 2013 - Start on site

With regard to approach 2:-

Interest in redeveloping a small area of the site had been made by an alternative party; this party owned a number of properties on the site which the Council had yet to acquire. This approach was relatively new and as such the full details were not available.

Members noted that this alternative proposal was being considered as should it; prove viable, offer better value than the Fabrick proposal alone, be incorporated within the Fabrick development proposal and did not impact on the Fabrick development timetable then it may negate the need for future Compulsory Purchase Order (CPO) action. Should the Council need to secure a CPO this would inevitably be costly and impact on the development timetable for the full site redevelopment. On this basis Cabinet were asked to authorise the Corporate Director of Development

and Neighbourhood Services in consultation with the Cabinet Member for Housing and Community Safety to incorporate "Approach 2" within the site redevelopment proposal should the issues noted above be suitably addressed.

Members were reminded that the HCA had previously supported the regeneration of the Swainby Road and Parkfield regeneration schemes via the allocation of funding. This funding allocation was linked to a Funding Agreement which placed a number of 'obligations' on the Council in relation to both sites. In order to deliver one/or both of the proposals received it would be necessary to agree a variation to the Funding Agreement.

An initial scoping conversation had taken place with the HCA who had indicated that they were 'supportive' of the proposal detailed within the body of the report. Members were therefore asked to authorise the Corporate Director of Development and Neighbourhood Services and Head of Legal Services, in consultation with the Cabinet Member for Housing and Community Safety, to negotiate and agree with the HCA those changes to the Funding Agreement necessary to enable site redevelopment to progress.

Local residents were in attendance at the meeting and spoke certain aspects of the proposed development. It was noted the scheme would be subject to planning approval that the residents could input into and that there would be an open day where residents would be able to make comment.

RESOLVED that:-

1. The approaches made by two separate parties regarding redevelopment proposals for the Parkfield/Mill Lane site be noted.
2. The re-direction of a maximum of £910k from the £970k resource allocation previously approved by Cabinet (in February 2012) for site public realm, greening and infrastructure works to Fabrick in order for their development proposal to proceed be supported. This funding will be allocated in the form of a grant to be targeted at the provision of affordable housing provision on this site.
3. The Corporate Director of Development and Neighbourhood Services and Head of Legal Services be authorised, in consultation with the Cabinet Member for Housing and Community Safety to agree the detailed conditions under which the grant to Fabrick will be provided.
4. The timetable of next steps be noted and that subject to planning

approval Fabrick aim to commence building works with effect from early June 2013.

5. The Corporate Director of Development and Neighbourhood Services be authorised in consultation with the Cabinet Member for Housing and Community Safety to incorporate “Approach 2” (the small redevelopment proposal) within the full site redevelopment proposal, if it provides better value than the Fabrick proposal alone and does not impact on the Fabrick development timetable.

6. It be noted that the Council is tied into a “Funding Agreement: in relation to acquisition and demolition of properties in the Parkfield and Swainby Road areas of Stockton-on Tees” with the Homes and Communities Agency (HCA). In order for redevelopment proposals (as outlined paragraphs 4 – 14 of the report) to progress, Cabinet support an approach to the HCA to revise this Funding Agreement and that approval to agree all necessary revisions be delegated to the Corporate Director of Development and Neighbourhood Services and the Head of Legal Services, in consultation with the Cabinet Member for Housing and Community Safety.

7. Subject to agreement with the HCA the disposal of land will be undertaken on an un-restricted market value basis.

3. Reasons for the Decision

The interventions and next steps detailed within this report will bring forward the Councils housing regeneration ambitions for the Parkfield/Mill Lane (Phase 2) area; deliver much needed affordable housing in the Borough and support the Councils vision for a vibrant and sustainable Stockton town centre.

4. Alternative Options Considered and Rejected

None

5. Declared (Cabinet Member) Conflicts of Interest

Councillor Nelson declared a personal interest in respect of this item as he was a member of Tristar Board.

6. Details of any Dispensations

7. Date and Time by which Call In must be executed

Proper Officer  
03 April 2012