

**Subject: NTCA Brownfield Housing Fund Programme - Newbiggin Hall****Report of: Director of Economic Growth****Portfolio: Housing and Land**

Report Summary

In July 2020, the North of Tyne Combined Authority (NTCA) was awarded a £23,853,618 share of the £400m Brownfield Housing Fund. NTCA and Local Authorities have worked closely to develop the pipeline of proposals for the Brownfield Housing Fund. The draft pipeline was considered by the Housing & Land Board and Investment Panel with a recommendation that the schemes that pass the initial gateway assessment are accepted onto the programme. Quick win projects that have made it past the gateway process and can spend in year 1 have been invited to prepare a full business case. Newbiggin Hall is one of those schemes.

The purpose of this report is to request the approval of the Newbiggin Hall project delivered as part of the Brownfield Housing Fund for a total value of £500,000.

On the 29th September 2020 NTCA Cabinet considered a report on the North of Tyne Brownfield Housing Fund Programme and authorised the Interim Head of Paid Service - in consultation with the Investment Panel, the Mayor and the Portfolio Holder to consider and approve relevant business case applications for the North of Tyne Brownfield Housing Programme. Cabinet also authorised the Interim Head of Paid Service to finalise the conditions for funding awards and authorise the Interim Monitoring Officer to complete the necessary documentation relating to the awards.

Recommendations

The Interim Head of Paid Service is recommended to

- i. approve £500,000 for the Newbiggin Hall scheme, subject to the funding conditions set out in paragraph 1.8

1. Background Information, Proposals and Timetable for Implementation

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| Proposal Name | Newbiggin Hall |
| Lead Organisation | Newcastle City Council |
| Delivery Areas | Newcastle |
| Timescales | December 2020 start with housing starting on site Aug 21 |
| Project Value | £6,085,000 |
| Grant / Loan amount requested | £500,000 |
| NTCA Budget Implications: | This forms part of the £24m NTCA Brownfield Housing Fund |

- 1.1 In July 2020, the NTCA was awarded a £23,853,618 share of the £400m Brownfield Housing Fund. The funding is intended to support the development of at least 1,500 new homes on brownfield sites across the North of Tyne area. The aim of the fund is to remediate and revitalise brownfield sites across the area for the provision of new homes. The fund can be used on sites with demonstrable market failure, with a benefit cost ratio floor of 1.
- 1.2 NTCA and Local Authorities have worked closely to develop the pipeline of proposals for the Brownfield Housing Fund as part of a compressed process to develop and agree a programme by March 21. The draft pipeline was considered by the Housing & Land Board and Investment Panel in October and the updated pipeline will be considered by the Housing & Land Board and Investment Panel in November. Quick wins projects that have made it past an initial gateway process and can spend in year 1 have been invited to prepare a full business case.
- 1.3 The Newbiggin Hall scheme includes the demolition and clearance of the existing neighbourhood centre at Newbiggin Hall, along with ground remediation works to enable the construction of 43 dwellings along with associated access, infrastructure and landscaping. The housing scheme will be delivered by the Council and will seek to deliver a range of affordable housing options including shared ownership and rent to buy homes.
- 1.4 A master plan / Developer Guidance Note for the area was produced and approved by Newcastle City Council's Cabinet in March 2016. At that time, Gentoo were appointed to deliver the development. Planning permission was subsequently granted in 2018. However, changes to remediation standards required by the Coal Authority led to increased costs for remediation on the site. This uplift in costs caused the developer, Gentoo, to step away due to viability issues and Newcastle City Council agreed to terminate their development agreement with Gentoo.
- 1.5 Newcastle City Council now seeks to deliver the residential scheme, with some changes:
- Mixed affordable tenure
 - Modern Methods of Construction (MMC) preferred Build type
 - Enhanced energy efficiency and performance (EPC / SAP ratings)
- 1.6 The scheme will complete the Newbiggin Hall neighbourhood centre development and all the associated landscaping. The scheme will improve public realm and ensure local residents, particularly those living in Trevelyan Court and the new Karbon Homes units, have suitable pedestrian connections for access to the retail and the new doctor's surgery. Providing affordable homeownership options in the area will play a vital role in achieving a wider economic and social mix in Newbiggin Hall as was envisaged in the masterplan. The scheme will enable the delivery of 43 housing units.
- 1.7 A full external green book appraisal has been undertaken which found that the scheme has a clear strategic rationale and aligns with the strategic ambitions of the North of Tyne Combined Authority and reflects the Brownfield Housing Fund criteria set out by MHCLG. The scheme meets the minimum Benefit Cost Ratio of 1. The full business case and appraisal confirms that the investment of

£500,000 will unlock the development of 43 dwellings. Costs have been estimated based on the previous work carried out by Gentoo. Cost contingencies have been included and cost risks will be mitigated through use of Modern Methods of Construction and a competitive tendering process. A procurement plan has been provided which sets out the contractual arrangements, timescales for delivery and risk allocation. Confidence is demonstrated through the previous experience of the Council's team in delivering similar housing projects, while the fact that planning permissions are in place is positive in terms of deliverability.

- 1.8 NTCA Investment Panel considered the proposal on the 24th November and recommended to the Interim Head of Paid Service that funding of £500,000 is agreed subject to the following conditions
 - i. Newcastle City Council to obtain and provide independent State Aid advice from a qualified solicitor confirming the most appropriate compliant State Aid route.

2. Potential Impact on Objectives

- 2.1 This project relates to supporting economic activities which are highlighted in the Devolution Deal, the Economic Vision and in support of the six design principles for housing agreed by Cabinet in the Delegated Decision report of April 2020. The award of this funding helps us to meet our stated ambitions to increase the supply of new homes in the North of Tyne.

3. Key Risks

- 3.1 The risks associated with this application have been mitigated through funding conditions. These include receipt of a full, detailed cost plan and receipt of the State Aid adjudication associated with this development.

4. Financial and Other Resources Implications

- 4.1 The Brownfield Housing Funding allocation for the NTCA is capital funding and is allocated over five years till the 31 March 2025, at which point all of the funding must be defrayed. All funding associated with this scheme is expected to be claimed by 31 March 2021. Resources are available in the NTCA budget to cover the proposed expenditure.

5. Legal Implications

- 5.1 The comments of the Interim Monitoring Officer are included in the report.

6. Equalities Implications

- 6.1 NTCA is committed to driving equality and diversity in housing. The measures contained within this paper will help the NTCA meet its duties under the Equality Act 2010, particularly around advancing equality of opportunity for those with protected characteristics, particularly with regard to socio-economic background.

7. Inclusive Economy Implications

- 7.1 The project sets out a range of interventions that will grow the economy of the North of Tyne in an inclusive manner providing opportunities for community growth as well as supporting the wider inclusive economy work of the combined authority by providing high quality homes in a range of type and tenure. This scheme will deliver a range of affordable housing options including shared ownership and rent to buy homes.

8. Climate Change Implications

- 8.1 The Combined Authority is committed to exploring a range of methods –from modern methods of construction through to greater use of local suppliers – to reduce the carbon impact of new housing.

This scheme is utilising modern methods of consultation and delivering enhanced energy efficiency and performance.

9. Consultation and Engagement

9.1 Newcastle City Council have undertaken extensive community consultation as part of the development of the scheme.

10. Appendices

10.1 None

11. Background Papers

11.1 NTCA Cabinet Paper 29th September 2020, Brownfield Housing Fund
<https://www.northoftyne-ca.gov.uk/wp-content/uploads/2020/09/20200929-Cabinet-Agenda-Pack.pdf>

12. Contact Officers

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11. Sign-off

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| 1) Mayor and Portfolio holder Yes | 2) Director/SMT Yes | 3) Chief Finance Officer: Yes | 4) Monitoring Officer: Yes | 5) Head of Paid Service: Yes |
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