



Subject: NTCA Brownfield Housing Fund Programme – Scotswood The Rise Phases 3, 5 and 5A
Report of: Principal Housing and Infrastructure Manager

Portfolio: Housing, Land and Development

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. An extension to Brownfield Housing Fund was subsequently announced in the February 2022 Levelling Up White Paper. NTCA has been awarded an additional £7,976,893 share, bringing the total amount of Brownfield Housing Funding awarded to £31,830,511.

NTCA and Local Authorities have worked closely to develop the pipeline of proposals for the Brownfield Housing Fund which was endorsed by the Housing & Land Board and Investment Panel in Autumn 2020. Updates to the pipeline were considered in April 2021 and March 2022. Schemes which pass the initial gateway process have been added to the pipeline and invited to prepare a full business case. Scotswood The Rise Phases 3, 5 and 5A is one of those schemes.

On 29th September 2020 NTCA Cabinet considered a report on the North of Tyne Brownfield Housing Fund Programme and authorised the 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 Head of Paid Service to finalise the conditions for funding awards and authorise the Monitoring Officer to complete the necessary documentation relating to the awards.

The purpose of this report is to request the approval of the Scotswood The Rise Phases 3,5 and 5A project delivered as part of the Brownfield Housing Fund for a total value of £4,643,770.

Recommendations

The Interim Head of Paid Service is recommended to

- i. approve £4,643,770 for Scotswood The Rise Phases 3, 5 and 5A subject to the funding conditions set out in paragraph 1.6

1. Background Information, Proposals and Timetable for Implementation

Proposal Name	Scotswood The Rise Phases 3, 5 and 5A
Lead Organisation	New Tyne West Development Company
Delivery Areas	Scotswood, Newcastle upon Tyne
Timescales	Phase 3 – Start on site May 2023 Homes completed March 2026 Phase 5 – Start on site May 2022 Homes completed Jan 2024 Phase 5A – Start on site Oct 2022 Homes completed Sept 2024
Project Value	£50,777,981
Grant / Loan amount requested	£4,643,770
NTCA Budget Implications:	This forms part of the £31.8m Brownfield Housing Fund

- 1.1 NTCA has been awarded a £31,830,511 share of the Brownfield Housing Fund. The funding is intended to support the development of at least 2000 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 which was endorsed by the Housing & Land Board and Investment Panel in Autumn 2020. An updated pipeline was considered in April 2021 and March 2022. Schemes which pass the initial gateway process have been added to the pipeline and invited to prepare a full business case. NTCA in collaboration with the Local Authorities will manage the Brownfield Housing Fund programme till 2025, updating the delivery plan annually.
- 1.3 This development site is The Rise, Scotswood, Newcastle upon Tyne. NTCA awarded £2,948,000 in BHF funding to Newcastle City Council in November 2020 for an earlier phase of The Rise development; Phase 2B. This funding was for retaining walls, highways and pedestrian works and a SUDS pond. This scheme is currently making good progress; the majority of the funded works have been undertaken and housing units have commenced on site.
- 1.4 This proposal relates to later phases of the development: Phases 3, 5 and 5A which would result in 231 new residential units. These phases have a viability gap which has arisen due to the infrastructure required to address the sites topography, to improve access to and within the development as well as the cost of materials which has risen at a greater rate than sales values. Without BHF funding, the development is unviable and would not be delivered.
- 1.4 BHF funding is sought for Phases 3, 5 and 5A required to address the cost / value gap as set out in the schemes submitted development appraisal. BHF funding will be used to pay for eligible works comprising of retaining walls and highways works.
- 1.5 A full external green book appraisal has been undertaken which found that the scheme has a clear strategic rationale, aligns with the strategic ambitions of the North of Tyne Combined Authority and reflects the Brownfield Housing Fund criteria set out by DLUHC. The scheme meets the minimum Benefit Cost Ratio of 1 and the full business case and appraisal confirms that the investment of £4,643,770 will unlock the development of 231 homes. The grant recipient, New Tyne West

Development Company, have a strong track record of development, including earlier phases of The Rise.

1.6 NTCA Investment Panel considered the proposal in July 2022 and recommended to the Head of Paid Service that funding of £4,643,770 is agreed subject to the following conditions as set out in the appraisal:

- Prior to payment of any claim by NTCA, the applicant must provide evidence that full planning permission for the scheme has been secured
- Independent Subsidy Control advice to confirmed by a suitably qualified lawyer acting on behalf of NTCA
- The applicant is to bear any cost over runs in relation to development costs. Should costs be lower than expected, the full grant will not be given.
- Should the development achieve a higher Gross Development Value, 50% of the value achieved above an agreed figure should be repaid by the applicant.

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 Subsidy Control 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. Resources are available to cover the proposed expenditure.

5. Legal Implications

5.1 The comments of the 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.

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.

9. Consultation and Engagement

9.1 The scheme was consulted on as part of the planning application process.

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>

11.2 NTCA Delegated Decision 18th June 2021, Brownfield Housing Fund Programme Pipeline
<https://www.northoftyne-ca.gov.uk/wp-content/uploads/2021/06/REPORT-5.pdf>

11.3 NTCA Delegated Decision 7th July 2022, Brownfield Housing Fund Programme Pipeline
<https://www.northoftyne-ca.gov.uk/wp-content/uploads/2022/07/REPORT.pdf>

12. Contact Officers

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11. Sign-off

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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