



Delegated Decision Report

9 February 2023

Subject: NTCA Brownfield Housing Fund Programme – The Esplanade, Whitley Bay

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. A further extension to the Brownfield Housing Fund was announced in the Levelling Up White Paper in February 2022. NTCA was 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 and an updated pipeline was endorsed as part of the Brownfield Housing Fund Delivery plan in July 2022. Schemes which pass the initial gateway process have been added to the pipeline and invited to prepare a full business case. The Esplanade, Whitley Bay is one of those schemes.

On the 29th September 2020 NTCA Cabinet considered a report on the North of Tyne Brownfield Housing Fund Programme and authorised the Chief Executive (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 Chief Executive (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.

The purpose of this report is to request the approval of the Esplanade, Whitley Bay project delivered as part of the Brownfield Housing Fund for a total value of £384,000.

Recommendations

The Chief Executive (Head of Paid Service) is recommended to

- i. approve £384,000 for the Esplanade, subject to the funding conditions set out in paragraph 1.6

1. Background Information, Proposals and Timetable for Implementation

Proposal Name	The Esplanade, Whitley Bay
Lead Organisation	Fordinghall Limited
Delivery Areas	Whitley Bay, North Tyneside
Timescales	Funded works to begin in March 2023 Funded works to complete August 2023 Homes to start on site in September 2023 Homes to complete in September 2024
Project Value	£2,232,313
Grant / Loan amount requested	£384,000
NTCA Budget Implications:	This forms part of the £31.8m 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. A further extension to the Brownfield Housing Fund was announced in the Levelling Up White Paper in February 2022. NTCA was awarded an additional £7,976,893 share, bringing the total amount of Brownfield Housing Funding awarded to £31,830,511. 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 and an updated pipeline was endorsed as part of the Brownfield Housing Fund Delivery plan in July 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 The site is the former Trinity United Reform church at The Esplanade Whitley Bay, which fell into disuse and was badly damaged in a fire in 2017. The site has been derelict for some time. The proposal will unlock 12 private rented homes (2 & 3 bed properties) at market rents. The scheme proposes no affordable housing but will help to satisfy an unmet need for quality, private rental homes in Whitley Bay, as identified in North Tyneside's Strategic Housing Market Assessment. Without BHF funding, the scheme is commercially unviable and would not be delivered.
- 1.4 BHF funding is required to address cost / value gap due to site remediation and abnormal construction costs, as set out in the schemes submitted development appraisal. BHF funding will be used to pay for eligible works comprising of: general site clearance, removal of relic foundations and obstructions, drainage connection and attenuation, roads and footpath, new services, reinstatement work to existing highway after service connections, contingency for ground conditions and contractor overheads and profit.
- 1.5 A full external green book appraisal has been undertaken which found that the scheme has a strategic rationale and demonstrates a level of alignment between the schemes strategic objectives and those of the Combined Authority and the local needs assessment, and the case for change. It also reflects the Brownfield Housing Fund criteria set out by DLUHC. The appraisal noted that the scale of the

economic contribution to the North of Tyne economy will make a positive impact. The scheme meets the minimum Benefit Cost Ratio of 1 and the full business case and appraisal confirms that the investment of £384,000 will unlock the development of 12 (2 & 3 bed) private rented homes at market rents. The grant recipient, Fordinghall Limited, have a track record of development of similar schemes in the north east and market analysis demonstrates a demand for private rented homes in North Tyneside.

1.6 The Esplanade scheme was approved for Brownfield Housing Funding of up to £384,000 by Investment Panel in December 2022 subject to the following conditions:

- Applicant to provide copies of signed building contracts to evidence risk around price, return and cost of finance are resolved.
- Applicant to provide more detailed programme information following appointment of the supply chain.
- Prior to payment of any claim by NTCA, the applicant must provide evidence that planning permission is secured for the scheme prior to any funding being awarded.
- Prior to payment of any claim by NTCA, the applicant must provide confirmation of Lloyds Bank finance, secured to fund the development and evidence risk around finance is resolved.

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 signed building contracts, detailed programme information following appointment of the supply chain, evidence of planning permission and confirmation of secured finance.

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 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 market rent homes where there is identified need and demand.

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 principle of a housing scheme in this location will be consulted on as part of the planning process, on submission of a planning application.

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 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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13. 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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