

ACTION PLAN FOR MARKET RECOVERY

Action Plan for BNG

Our activities for 2009-11 assume 100% allocation. We can deliver the agreed programme and outputs; the release of the 10% currently withheld will enable us to bring forward additional activity.

This Plan sets out our agreed actions for 2009-11 for Market Recovery. Our Priorities for Action are:-

- **Practical Affordable Housing Solutions** is BNG's innovative model to bring forward stalled housing developments and further phases of new build and refurbishment. The model shows how investing in intermediate market products such as Deposit Match and Rent to Purchase, alongside Homebuy Direct and the input of Developers and Lenders, can support the requirements of each development.

The initial programme, which is to be launched by the Junior Minister for Housing and Planning in June, we estimate could support up to 160 homes of intermediate tenure, delivering up to 225 units in total on priority developments within the BNG area.

We estimate the funding requirement for the first phase to be £2m, which is not part of the current programme and therefore would be funded by a combination of capital receipts and the additional 10% of programme remaining to be allocated.

- **Strategic Property Conversions** – considerable success has been achieved in small scale conversion works of existing ALMO stock and RSL property for outright sale. Further funding of up to £1.5m is necessary to extend this work for the rest of the programme and to apply 'Practical, Affordable Housing Solutions' to refurbished homes. Proposals will be invited from partners to take schemes forward.
- **Site Investigation** works need to be stepped up during the next 2 years to bring forward more sites ready for development. Additional funding required £0.5m. Total £4.7m. Use of £1.15m of capital receipts already generated through BNG activity reduces this figure to £3.55m for 2009-11.

All of these priority initiatives can be increased when the opportunity for further sites and development come forward.

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Key Actions

- The Business Plan 2008-11
 - New indicators – outputs agreed with CLG Jun 08
 - Deed of Variation – agree revised outputs Jun 09

- Growth and Renewal – The Opportunity
 - Programme of Development agreed Dec 08
 - Delivery of Growth and CIF projects 2009-11

- Working in Partnership 2009-10
 - 1NG Economic Masterplan agreed Jul 09
 - Programme of Research for Residential Futures to be agreed and implemented during 2009-11 Jul 09
 - Joint working with Tyne and Wear Growth Points established, continuing during 2009-11 Jan 09

- Investing for the Future
 - Scotswood – developer appointed & investment plan in place 2009
 - Walker Riverside new Business Plan May 09
 - Gateshead Joint Venture Partner identified Jul 10

- Modelling the Future – Innovative Solutions for a Changing Market
 - Reviewing Priority Areas Strategic Reviews Report to Board May 09
 - Review of Programme for 2009-11 to Board May 09
 - Practical, Affordable Housing Solutions launch by Minister Jun 09
 - Implementation begins Sept 09
 - Modelling Future Markets Initial Completion Sept 09

- Maintaining Design Quality, Sustainability Standards and Programme Impact
 - Value in Design completed Mar 09
 - Implementation of Recommendations and Extension of Research Jul 09
 - Evaluating Cumulative Impact Study Completed Mar 10
 - Strategic Urban Design CABA 2009-10

- Supporting Residents through change
 - Continuing work 2009-10
 - 2010-11

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Key Actions

▪ The Business Plan 2008/11

Our ambitions for place making and sustainable communities, with associated tenure change and population increase, remain the same. We have been able to adjust the programme and renegotiate our targets for 2008-09 to ensure that we stay on track in a changing market and progress 'unfinished business'.

In our original business plan for the 2008-11 period BNG had planned to deliver a wide range of activity in 2008-09;

- 210 new homes built
- 720 refurbishments to existing homes
- 125 property acquisitions and a further 230 demolitions to create new development sites.

Very early on in the year it was clear that we would be unable to build this number of new homes because of the impact of the global economic downturn on developers within our region. We responded by revising our output targets:-

- Increasing the number of homes to be refurbished by 25%
- Increasing property acquisitions by 12%
- Increasing demolitions by 74%
- Continuing our activity to secure long term development partners to deliver significant housing development in the West End of Newcastle and across Gateshead
- Accelerating site development activity so that when the development market returns BNG is able to offer sites for immediate start.

Revised Output Indicators

Jun 08

The partnership has delivered all these output targets.

Jul 08

The Deeds of Variation for 2009-10 and 2010-11 are to be agreed, further adjustments will be necessary in both programme and outputs to accommodate 'Practical, Affordable Housing Solutions', the BNG plan to address economic downturn.

Jun 09

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▪ **Growth and Renewal – the Opportunity**

The use of the programmes of Renewal and Growth together will unlock future housing numbers whilst setting new homes within great places and ensuring they are well designed. In addition, by bringing together the combined resources of these programmes we have been able to achieve greater flexibility to respond to market conditions. The shift of the programme to preparing sites and projects to be ready for the upturn is greatly enhanced by the ability to invest not just in site assembly and groundwork but also by de-risking sites through advance infrastructure provision. A Programme of Development combined with Renewal has been agreed by the Partners and will be delivered during 2009-11.

Dec 08

Practical examples are:

Through efficiencies generated through the Land Assembly programme in Gateshead, we have accelerated site investigation works on key development sites such as Dixon Street, Kelvin Grove and Hyde Park.

In Newcastle, HMR programme efficiencies in 2008-09 have allowed BNG to accelerate investment in the Ouseburn Barrage – key infrastructure investment which will unlock the development of 201 new homes.

Infrastructure investment in both the Local Housing Company in Newcastle and the Joint Venture Partnership in Gateshead will ensure that when the upturn arrives development sites are ready to deliver.

Growth Fund Allocation £4.8m

Oct 08

CIF Allocation £930,000 (subject to successful Business Case).

Mar 09

▪ **Working in Partnership**

Across Gateshead and Newcastle

BNG is established as one of the sister companies working with 1NG and NGI within the overarching Strategic Partnership of Gateshead and Newcastle. Crucial in our preparations for economic upturn will be the Economic Masterplan being prepared by 1NG which will further develop our approach to Placemaking across NewcastleGateshead and root our plans to strong economic proposals for the future.

Jun 09

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Each local authority has established Senior Officer groups to monitor the economic downturn and develop responses in a holistic manner to issues that arise for the communities of Newcastle and Gateshead. BNG is represented on each of these groups and has a continuing role in advising on strategic solutions to our places for the future.

Tyne and Wear City Region

Working within the wider City Region context enables BNG to establish a strategic fit between NewcastleGateshead Growth Point activity and other Growth Points in the City Region. Joint working arrangements with the other Growth Points have now been established.

Jan 09

BNG has been involved in the Northern Way Residential Futures research and will be carrying out further research within BNG to build on this. We will also combine with others across Tyne and Wear to assist in strategic planning for future residential development to ensure that our places help to support future economic growth and benefit from planned economic development.

Jul 09

Robust working arrangements with the HCA regionally and nationally are vital to our ability to align programmes to achieve greatest benefit on Regeneration. BNG is recognised by the HCA in the North East 'as key to the future prosperity of Tyne and Wear City Region'. The Director attends national meetings of all Market Renewal Directors and with the Director of Investment, HCA. Regionally relationships have been established on all major projects as well as a regular joint meeting to review progress across key schemes.

Dec 09

▪ **'Investing' for the Future**

BNG successfully negotiated with CLG on an amendment to the Deed of Variation 2008-09 to allow the Partnership to use its funding as investment in new vehicles.

Oct 08

Scotswood

This move has allowed BNG to restructure its funding to the Local Housing Company in Scotswood as 'investment' aligned with HCA funding. This will result in further de-risking of sites and investment in infrastructure and site works to be brought forward in advance of development. At the end of the Competitive Dialogue process this major regeneration scheme of 60 hectares, 1,800 new homes, in the West End of Newcastle will have 'sites ready to go'. A risk and reward package will be negotiated with the developer, which will result in a longer term investment period; responding to the current downturn whilst ensuring a higher rate of return on a long term public sector investment.

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Gateshead Joint Venture Vehicle

Using a similar model Gateshead has grouped together 19 sites, a total of 72 hectares within the Growth and Renewal area, and are developing a Joint Venture arrangement to deliver 3,000 units of new housing. BNG investment will maximise long term public sector benefits by sharing risk and reward and bring forward the largest regeneration opportunity within the North of England.

Walker Riverside

In Walker, Newcastle City are currently reviewing the Partnership arrangements to achieve further security for the Business Plan using the experience of the innovative approaches to investment which are being developed across BNG. There is a major opportunity in Walker to further develop the significance of the 'Place' based approach to regeneration of the Partners by aligning with the investment priorities of the HCA – joint investment in new delivery vehicles is a major activity for BNG and HCA. A new Business Plan is to be agreed.

Jul 09

▪ Modelling the Future – Innovative Solutions for a Changing Market

Practical, Affordable Housing Solutions

This research is progressing into its final stages. It has already:-

- identified the scope and scale of particular housing market segments, eg private renters, emerging households and their potential to find intermediate options useful in their housing careers;
- asked developers about their views of the housing market, different intermediate products and willingness to progress key BNG sites;
- carried out in-depth research with prospective purchasers in the current market which has produced some very specific feedback about products, which is informing our current work.

We have now collected scheme information and modelled specific sites. The modelling:

- assesses the projected costs to BNG/LAs
- provides an understanding of the affordability for purchasers
- considers the likely overall attractiveness of different options for product mix and, potentially, other forms of assistance to schemes.

We have modelled those schemes where we believe BNG can have an early impact by offering products and top ups. These include Boklok, Sunderland Road, Staithes, Hibernia Village and River's Gate. The second phase of modelling will consider options for Riverside Dene, Scotswood, Bensham and former Freight Depot site.

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There is potentially a great range of options to be considered for each scheme and not all will need additional support to that provided by Homes and Communities Agency and developer products. The circumstances/location of the site and the preferences of the developer are material factors, in addition we are factoring in new approaches to LA land payments and long term sharing of risk and rewards not based on grant but investment and potential return for BNG.

The scale and costs of intervention to BNG/LA partners is likely to be up to £2.0m for stage 1 sites, with more required for stage 2. This work is not part of the current programme 2008-11. The funding for this programme will be a combination of the additional 10% performance target from HCA and capital receipts already secured of £1.15m.

The local authority Treasurers have been involved in the work to inform discussions to take place with lenders. Meetings with lenders are arranged and we have some real examples of the kinds of products we wish them to support.

The Homes and Communities Agency are part of the Steering Group and have been involved in the interpretation of early modelling work and how we take schemes forward. Iain Wright will launch the research on 25 June. Implementation will take place in 2009-11.

Jun 09
2009-11

Modelling Future Markets in NewcastleGateshead

The first stage of this ground-breaking research for BNG was carried out by Professor Glen Bramley of Herriot Watt University in 2007. The research develops and adapts existing models of the housing market at both sub regional and ward level to provide forecasts of key market outcomes 2005-18.

The outcomes forecast include house prices, affordability, new building and demolitions, migration and household formation, vacant housing, changes in home ownership and poverty levels.

Importantly, the projected impact of different scenarios and levels of interventions (such as new build, demolition and environmental improvements) on these outcomes are demonstrated for NewcastleGateshead, other parts of Tyne and Wear and the North East.

This work is now being updated to take account of the severity of the market changes, refinement of the model and the establishment of 5 New Growth Points in the North East.

This work will produce initial findings in Spring 2009 with additional findings in Summer 2009.

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Reviewing our Priority Areas

It is essential for us to keep under review the plans for Places within BNG and to adapt them to the current market. This process of review, which was established in 2007 to inform the Business Plan for 2008-11, has been restarted. BNG Advisory Group, a sub-group to the Board, are currently challenging and examining the plans for East Gateshead, Bensham, Saltwell and Teams, Walker Riverside and Scotswood. The issues emerging for each area are being assessed; there are some important decisions to be made on the current strategic opportunities available in these areas and how the programme needs to shift to accommodate the severity of market change, whilst maintaining long term plans for our priorities to deliver sustainable, transformational change.

Mar 09

Investment decisions now need to be made on the basis of how they will support the long term plans; this may mean reductions in investment in some places and increases in others. The May Board of BNG will review the overall performance of the programme for 2008-09 and receive recommendations for the 2009-11 period by using the findings of these reviews and our research to closely target spend to achieve our outcomes.

May 09

Local Initiatives and Responses:

We have a number of local responses and initiatives which have come forward during the current downturn:-

- We have taken the opportunity to introduce affordable housing into developments that were previously planned for 100% owner occupation. The Staithes, where the HCA has facilitated the purchase of homes for intermediate rent is a good example. On this development we are also examining the potential for intermediate rent to shared ownership. Similarly, at Sunderland Road discussions are well advanced with an RSL partner to introduce homes for rent and Homebuy. In both cases the potential opportunity for a more mixed community has been taken.
- In both Local Authorities we are focussing on how to achieve mixed tenure across the existing stock at the same time as the ALMOs move into a developing role. There is an opportunity to plan for mixed communities across a wider area. In Newcastle we have carried out stock conversions on Your Homes Newcastle stock in New Mills, converting unpopular flats into homes for sale. We are also currently completing, with Home Group, the conversion of flats in James Street into houses for sale. These initiatives are relatively small scale at present but need to be expanded in our priority areas; a report will be presented to Board in July outlining further strategic conversion projects.

Mar 09

Apr 08

Jul 09

Jul 09

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- **Maintaining Design Quality, Sustainability Standards and Programme Impact**

Value in Design

This research shows how Pathfinders and other organisations can add value to their residential projects.

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The research provides an understanding of what design features provide value in social, environmental and economic terms to all stakeholders engaged in development. The study comprised a review of current design standards and guidance, primary research with residents across six schemes in the North East and two schemes in East Lancashire, as well as with six developers. Views were sought on a range of design issues relating to the home and the public realm which fed into the recommendations for delivering good design and achieving social, economic and environmental value in residential developments.

The importance of ensuring that good masterplanning, design excellence and long term sustainability in building new homes is even more important in the current economic climate where inevitably there is a push to reduce quality and not invest adequately in public realm. This research demonstrates how this can be avoided and contributes to the Partnership's wish to improve the Quality of Places in BNG as part of the long term vision.

Evaluating the Cumulative Impact of the BNG Programme

Work has started on refining our evaluation framework to better demonstrate the cumulative impact and additionality brought about by HMR investment. The study will be used by BNG and its partners in its decision-making processes and to demonstrate the impact the programme is having on delivering sustainable communities. It will build on the sound evidence provided by the vitality indices, housing market analysis and local evaluation and increase our understanding of what works to guide the programme in the future.

Mar 10

Strategic Urban Design CABE

CABE has been running the Strategic Urban Design project since November 2007. The outcome of this will be the development of methodologies that can be applied across England, developing strategic urban design visions and frameworks and, in general, considering issues of spatial development and placemaking at the scale of sub regions or functional urban regions.

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BNG attended the eighth and final CABE StrUD Think Tank in London in February where the broad principles of how to progress this new and innovative approach to design in 2009 were discussed. BNG participated in this dialogue given our ongoing involvement with CABE on this issue and our links with the Northern Way Residential Futures work.

BNG will continue to work with CABE as the StrUD approach is further refined and will work with regional partners to establish how this can be embedded in our activities.

2009-10

▪ **Supporting Residents**

Supporting residents in existing areas of change becomes even more important in the present market. Selective Licensing was introduced into Sunderland Road in Gateshead in September 2007 following a detailed study of the private rented sector in the area which ascertained ownership, property condition, levels of complaints and anti-social behaviour. Under the scheme, Gateshead's Private Rented Sector team check information provided by the landlords relating to whether they are 'fit and proper' persons and also verifies their ability to manage properties. The scheme has been a great success. To date more than 200 licences have been issued, and of those properties where works were carried out to bring them up to the accreditation standard, landlords have on average spent over £2,000 per property on improvements. Both agents and landlords have generally shown more commitment to the area, improving properties, being more proactive with difficult tenants and participating in training events held by the Private Rented Sector Team to improve management skills. Landlords have been quicker to respond to issues relating to anti-social behaviour arising from their tenants, understanding that this may affect their status as a licence holder. A small number of landlords who haven't applied for a licence, are being pursued for non compliance, and three landlords have been prosecuted for operating without a licence, one for £5,000 plus costs. Selective licensing is now being progressed by Newcastle City Council in two of BNG areas; Cowgate and High Cross.

Community involvement is integral to the success of the BNG programme, giving residents a stake in the regeneration of their neighbourhoods. An example of this is a design capacity building course which has equipped Gateshead residents with the practical skills and knowledge to enable them to plan improvements to their own community. In Newcastle, there have been innovative techniques employed to engage residents in Area Action Plans in Walker and Scotswood. In Walker, a month of workshops and site visits took place around the Heart of Walker, giving residents the opportunity to have their say on the services and facilities they wanted for their new town centre.

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And in Scotswood, away-day workshops, a consultation bus, an area-specific regeneration nativity play and an exhibition of housing designs are just some of the ways in which local residents have been engaged around the Scotswood Area Action Plan and Expo Masterplan.

During the inevitable delays we will need to continue to keep communities on board, communicate what is going on and continue to work with them to plan for the future.

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