

Meeting:	BNG Board
Date:	21 <sup>st</sup> November 2008
Contact:	Anne Mulroy
Board Action:	For Discussion
Sensitivity:	Public

**Subject: Director's Report**

**Items covered in this report are:**

- RFA update
- HMI – the market and our Response
- PFI update
- Gateshead Newcastle Partnership
- Residents Panel
- Strategic Reviews
- Board Membership
- BNG Branding
- Homes and Communities Agency
- Credit Crunch update

**1. RFA Update**

The Government has requested Advice from the Regions on Funding up to 2018. This advice is expected by February 2009. The process of achieving this for the Housing and Regeneration component and feeding this into wider advice has begun. The North East Assembly has commissioned Arup to produce a response and the North East Housing Board Executive has considered a first draft of this response. BNG have so far been interviewed by Arup on their initial fact findings, attended a Special NEHB Executive which commented on the first draft and have passed forward information on the Growth Point and written comments on the first draft to the Arup team. A further draft will be discussed by a Special NEHB Executive in early December. BNG will be represented at that meeting.

This is an important process for BNG and it is important to demonstrate through the process the success to date and the scale of the challenge which remains up to 2018.

**2. HMI – The Housing Market and Our Response**

**House prices and sales**

The attached appendix on Housing Market key indicators uses two sources of

information to obtain to try to establish as timely house price/sale data as possible.

The Land Registry figures for Gateshead and Newcastle as a whole show that actual average selling prices have fallen significantly over the last year, and month; though not at the scale being quoted nationally (-4% for Gateshead and -3.5% for Newcastle compared -8% annual change and -1.5% and -1% respectively compared to a national -2.2% monthly change: average national prices are £168,814).

Moreover, the source for the October 2008 asking prices suggests a rapid change in the market with significantly lower prices than a year earlier.

Sales of homes are significantly down on a year ago with many homes taking more than half a year to sell. There don't appear to be any significant trends in terms of the selling capability or otherwise of homes in relation to type and size; though the highest priced properties and detached are experiencing significant decreases in value and hardly any sales at all.

Median asking prices are lower than mean prices; the former is better to understand trends but is not reported on the Land Registry site for actual selling prices. The asking price trend however suggests that there are more properties at lower values than before and that the mean is skewed by properties priced higher than their competitors, reflecting qualitative evidence that there has been a delay in owners being realistic in their asking prices.

### **What other work says**

Secondary evidence reports that renting a property is around 30% cheaper than purchasing at present on a monthly cost basis. Based on historic relationships between the cost of buying a home and renting one, it is considered that should the recent reduction in the Bank of England's basic interest rate be passed onto borrowers, or there be a further significant drop in house prices, it could bring the relative prices too close together to permit further house price reductions and the market may start to settle.

This slight correction is reflected in a report from the National Association of Estate Agents – though still an extremely challenging market, there is a re-emergence of first-time buyers, potentially as a response to the Government's decision on stamp duty in September, and the number of sales per agent rose for the first time since January 2008.

New build programmes are likely to be affected however, with the latest RICS report forecasting a 30% decline in new home builds compared to this year. BNG and local authority officers are working on a site by site basis with developers to try to keep major schemes on site and to reconsider the phasing and introduction of new housing product options. Research commissioned for The Co-operative Bank and Places for People nationally, has revealed that the average first-time buyer believed that they needed to have saved over £19,000 to buy a home; more than half were prepared to compromise on 'lifestyle' (more than double those surveyed a year earlier). 80%

however, will still not compromise on location and a garden and room size were also important (78% not compromising).

### **BNG research**

As well as the ongoing site/developer specific work, the research into 'Practical solutions to improving housing options and affordability' is about to move into stage 2. The workshop arranged to discuss the stage 1 findings and agree, with key stakeholders, what products and areas to consider in more detail, was very useful.

Several products including 'topping up' existing and introducing alternative forms of shared equity, rent to buy, minimal asset ownership and equity deposit/loan schemes have been highlighted as having some potential. Consideration will also be given to how existing estates can become more tenure-diverse and provide more mixed communities.

These will be considered in detail for Walker Riverside, Scotswood, Bensham and Felling (our focus areas) as part of the update to the strategic reviews by BNG's Advisory Group (see item in this report), and for the Cruddas Park project.

### **3. PFI Update**

Following discussions between NCC, YHN and Senior Officers from CLG, an Expression of Interest was submitted by NCC for Round 6 PFI to support the Regeneration of the Byker Estate.

After examination of a number of options, PFI was chosen as the only option which would produce the large scale investment needed on this Listed estate. Following the recent Regional Consultation Event from HACA, Sir Bob Kerslake, Chief Executive of the HCA, visited the Byker Estate to see first hand the scale and complexity of the project and the potential for PFI to deliver a solution. An announcement on the outcome of the bidding round is expected at the end of February 2009.

### **4. Gateshead Newcastle Partnership**

The working arrangements between the sister companies of BNG, the CDC and NGI continue to develop. The Director had an introductory meeting with Jim McIntyre, Chief Executive of the CDC, in November and agreed that the collaboration on the Economic Masterplan would be an initial priority for BNG and the shared agenda of Place between the two organisations would be developed. A tour of some of the BNG areas is planned for the New Year.

## 5. **Residents Panel**

In order to ensure diversity in the membership of the BNG Residents' Panel, an advertising campaign has been undertaken to attract applicants from across the BNG area. Posters and leaflets have been distributed in key locations, such as Benwell Neighbourhood Management office and Walker Riverside Information Centre. In addition, an application form was included in the last BNG newsletter *GreatPlaces*, and an online form has been made available on the website. The campaign is already bearing fruit, with applications being regularly sent into BNG.

Looking towards the next stage of the recruitment process, BNG is working with Social Regeneration Consultants on the assessment and appointment of members, and the logistics of establishing the Panel. The assessment process will take place at the end of January, with the first meeting scheduled for end February/early March. Once established, the Residents' Panel will provide a forum for commenting on strategic issues and will feed into the Board.

## 6. **Strategic Reviews**

The BNG Advisory Group will start to update the strategic reviews of our different places on 2 December 2008. The first four will be Walker Riverside, Scotswood Benwell, Bensham and Teams and East Gateshead (focussing on Felling) as they are key areas for renewal and the Growth Point Programme of Development submission. They are also agreed priority areas for the research being piloted on Housing Options and Affordability.

The reviews will focus on:

- Updating/checking progress on the renewal reviews
- Infrastructure challenges/funding sources etc from growth point submission
- What housing options identified by the research officers working in the local authorities/ delivery partners believe would be useful to bring forward housing development in their patches
- This will include checking progress and approaches to business planning / masterplanning, planning across wider areas, work to take plans forward eg. On green infrastructure/district centres, the assembly of complementary funding for delivery, major risks and mitigation.

The reviews will be carried out by the core Advisory Group, as well as Jim Darlington, Brian Peel and Steve Gawthorpe. Phil Joyce and Harvey Emms, David Leeder and Stuart Timmiss have been asked to present/respond to questions from the Group supported by relevant officers, including development partners where in place.

## 7. **Board Membership**

Charlie Hughes replaces Kehri Ellis as the Newcastle Partnership nominated Board Member. He is Kehri's job share co Director of the Newcastle Partnership and formerly Chief Executive of Endeavour Housing Association operating in Tees Valley. Charlie has agreed to join the Board's Advisory Group. The Chair sent Kehri a note of the Board's thanks for her work with BNG.

## 8. **BNG Branding**

With BNG now extending its remit to include growth, it is timely to update the logo, which, in its current format, is perceived as being harsh in design and lacking warmth. However as the current brand is recognisable, we are not seeking to rebrand, rather evolve the current logo through the use of different colours and softer shapes. The name and strapline will remain exactly the same.

It is hoped that the possible design of the updated logo will be available for the Board to comment on at the meeting. Subject to the Board approval, the updated logo will be rolled out across BNG communication materials - such as the newsletter, intranet, stationery - at the end of January 2009. Brand guidelines will be produced which will outline how the updated logo should be used.

## 9. **Homes and Communities Agency**

A Regional Consultation Event was held in the Baltic, Gateshead, by HCA on 30 October. The Event was well attended by the majority of key stakeholders across the region and was useful in understanding the progress being made towards the establishment of the Agency in December. The Director, together with Sheila Johnston and David Slater, had a meeting with Sir Bob Kerslake - Chief Executive, and Pat Ritchie - Regional Director of the HCA, prior to the Consultation Event. We were able to put forward the BNG Partnership as an example of successful cross boundary working and delivery of a major programme. We also outlined the future priorities, the link to Growth Programme and the scale of the challenge which still remains in the urban core of Newcastle Gateshead.

In addition, an initial meeting and tour of the BNG area has been held with Pat Ritchie, the newly appointed Regional Director of the HCA, to show how some of the local issues and impact of the credit crunch on BNG.

The Pathfinder Chairs' met with Sir Bob Kerslake on 13 November and will meet with Iain Wright MP on 20 November – an update will be given at Board.

10. **Credit Crunch**  
A verbal update will be made at the meeting.