

Meeting: Housing Sub-Committee

Date: 22 March 2021

Title: Progress Update on the Affordable Homes Programme

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Service: Environment, Housing & Leisure

Wards affected: All

1. Purpose of Report

To provide the Housing Sub-Committee with details of changes to the Affordable Homes Programme and provide an update on delivery of affordable homes in 2020/21 and plans for 2021/22.

2. Recommendations

- To note the progress to date and anticipated delivery going forward.

3. Details

The Mayor and Cabinet clearly stated their policy intention in the Our North Tyneside Plan that the Authority will deliver “more quality affordable homes.” At its meeting on 14 October 2013, Cabinet confirmed its commitment to delivering 3,000 affordable homes over the next 10 years.

The programme has been a significant success to date with 1,650 affordable homes expected to have been delivered by the end of 2020/21 including over 500 homes directly delivered by the Authority. Delivery in the first 7 years of the Affordable Homes Programme (AHP) is more than double the number of affordable homes delivered in the 10-years prior to the AHP commencing and includes new council homes, specialist accommodation and returning empty properties back as affordable homes.

Building on this success and considering the external challenges including the global pandemic, in January 2021, Cabinet approved a report ‘*Supporting the Ambition for the Borough through Housing Growth*’. This plan provides an extension to the Affordable Homes Programme to align delivery to the Local Plan in 2032. The revised plan increases the delivery target from 3,000 to 4,000 new homes. The Cabinet also approved an ambitious 10-year delivery plan for the Council that will see a further 350 new affordable homes directly delivered or Empty Homes brought back into use and circa £50.000m worth of investment.

The Authority will continue to work in a strategic and enabling capacity with Homes England, Registered Providers (RPs) and developers to meet a range of housing needs including the needs of vulnerable groups.

4. Affordable Homes Programme 2020/21

In 2020/21, 90 new affordable homes will have been delivered. This figure is significantly lower than originally planned and due to the significant delays to delivery caused by the first lockdown in April 2020. A full breakdown of the overall delivery programme is given in Appendix 2.

4.1 Council Housing

The Council directly delivered 12 affordable homes in 2020/21 with 9 new build homes delivered at the site of the former Bawtry Court and 3 new build homes at Edwin Grove.

Cabinet approved a new ten-year delivery programme in January 2021 that is attached as Appendix 1. The 10-year plan aims to invest circa £50.000m and deliver around 350 new affordable homes by 2031.

Feasibility studies will be conducted on all potential new sites and they will be subject to planning approval. Early consultation with ward members has been undertaken and further consultation with members and residents will form an integral part of bringing these site forward.

4.2 Working with Registered/Care Providers

The Authority continues to work in partnership with Registered Providers to provide affordable homes. The delays associated with the covid lockdown hampered delivery this year and therefore no affordable homes were delivered by RPs in North Tyneside. Although work has started on the site of the former Miners Welfare Club in Dudley, where Bernicia are constructing 11 new affordable homes.

Planning was also granted in the financial year for Bernicia to begin developing 32 affordable homes at Castle Square in Backworth.

Planning permission has been granted at Oswin Road, Forest Hall for two residential buildings comprising a total of 16 supported living apartments. The site will be developed by Mersten Limited for clients with mental health issues.

Work is ongoing on 32 specialist homes on land north west of Brierdene Way in Backworth. 28 extra care apartments will be provided specialising in clients with dementia and 4 bungalows for clients with autism. Work is also proceeding on 64 extra care apartments on Stanton Road, Cullercoats.

4.3 Private Developers

Delivering affordable housing through planning obligations is central to meeting the need for affordable housing in the Borough. Section 106 Town and Country Planning Act 1991 Agreements (S106 agreements) are used by the Authority to secure 25% affordable housing on most relevant sites (developments with 11 or more units).

At the time of writing we are forecasting that 50 new affordable homes will be delivered through S106 agreements in 2020/21. Despite the issues in relation to Covid, the market for housing remains strong across North Tyneside and the delivery of affordable homes should increase once the strategic sites at Murton and Killingworth commence development.

4.4 North Tyneside Trading Company

In October 2013, Cabinet acknowledged that there were gaps in the Affordable Homes Delivery Programme and that the Authority needed to act to create capacity and capability to fill those gaps. It was also recognised that new creative models for the development of affordable homes were emerging in response to the difficult market and that these should be investigated and tested to explore whether they would be applicable in North Tyneside. This Committee played a key role in option appraisal of this.

Cabinet agreed in March 2015 to the establishment of a wholly owned subsidiary of the North Tyneside Trading Company, North Tyneside Trading Company (Development) Limited, to deliver affordable homes within existing resources.

To increase the pace of delivery, the Company, now trading as Aurora Affordable Homes, has since pursued an acquisition strategy buying homes from the open market across the borough. This has been very successful with the Company purchasing 23 homes in 2020/21, bringing the total number of homes owned or in the legal process to be purchased to 68.

4.5 Empty Homes

In 2020/21, 3 long-term empty properties were brought back into use as affordable homes. Work has also begun at Charlotte Street, Wallsend to bring 11 problematic empty properties back in to use.

This year the Authority has also purchased long-term problematic properties, at Seymour Street and Waterville Road, North Shields with work underway to make improvements to the outward appearance of the properties and to make them safe.

A further 5 empty homes are currently with the Authority's Legal Services who are working with the property owner's solicitors in relation to a securing these for affordable use.

The Empty Homes Programme will continue to target the properties which have the greatest impact on communities within North Tyneside and which support vulnerable housing markets. The aim is to recycle as much of the capital investment in our schemes as possible to allow sustainable on-going support for empty homes work.

5. Challenges to Delivery

5.1 Private Housebuilders

The Authority successfully directly delivers homes and works in a strategic capacity to bring forward homes through partners including Registered Providers. The largest volume of homes within the programme are delivered by private developers who are subject to ever changing market conditions. The decision on when to bring forward large site is not within the Authority's direct control and initial assumptions of when the strategic sites at the Murton Gap and Killingworth Moor have had to be reprofiled with the planning application not coming forward as quickly as expected. Therefore, aligning the Affordable Homes Programme to the Local Plan will allow for greater certainty of delivery numbers by developers.

5.2 Impact of Covid19

The unprecedented global pandemic led to construction work halting across the country due to the national lockdown. This has caused delays to delivery due to ongoing social distancing requirements on construction sites and problems throughout the supply chain.

Whilst the construction sector has shown considerable resilience to the situation and the housing market has rebounded due to pent up demand, it is likely that the economic volatility, high unemployment and continued uncertainty will make it difficult to accurately predict delivery in the short-term.

Whilst the industry remains cautiously optimistic regarding the recovery of the sector, the alignment of the AHP with the Local Plan will provide greater flexibility to ensure greater numbers of affordable homes can be delivered as defined within the Local Plan.

5.3 Government Policy

National housing policy changes frequently and can affect the delivery of affordable homes. During the first 6-years of the programme, the availability of grant funding for affordable homes has fluctuated making it harder for Registered Providers to accelerate build programmes.

The current White Paper '*Planning for the Future*' identifies several major changes to the planning system including the replacement of S106. It is not yet clear what effect this would have to the delivery of affordable homes in the future and further analysis will be required should the law change.

6. Background Information

The following documents have been used in the compilation of this report and may be inspected at the offices of the author.

- (1) [Cabinet Paper January 25 2021 ITEM title: "Supporting the Ambition for North Tyneside through Housing Growth"](#)
- (2) [Appendix 4 January 25 2021 ITEM title: "A 10-year Affordable Homes Delivery Plan for North Tyneside Council"](#)
- (3) [Planning for the Future – White Paper August 2020](#)
- (4) [Cabinet Paper May 28 2019 ITEM title: "Delivering the Affordable Homes Programme"](#)
- (5) [Cabinet Paper April 9 2018 ITEM title: "Delivering the Affordable Homes Programme"](#)
- (6) [Cabinet Paper March 13 2017 ITEM title: "Delivering the Affordable Homes Programme"](#)
- (7) [Cabinet Paper September 14 2015 ITEM title: "Delivering Affordable Homes - Update" ../..../Business Devpt/Affordable Homes/BOARDS and Cabinet/Cabinet/October 2013/7k Delivering Affordable Homes FINAL.doc](#)

- (8) [Cabinet Paper March 9 2015 ITEM title: "Delivering Affordable Homes - Update"../../../../Business Devpt/Affordable Homes/BOARDS and Cabinet/Cabinet/October 2013/7k Delivering Affordable Homes FINAL.doc](#)
- (9) [Cabinet Paper March 10 2014 ITEM title: "Delivering Affordable Homes - Update"](#)
- (10) [Cabinet Paper October 14 2013 ITEM title: "Delivering Affordable Homes"](#)
- (11) [Cabinet Paper February 10 2014 ITEM Title: Empty Homes "Lease to Let Scheme"](#)
- (12) [Core Strategy Preferred Options 2010](#)
- (13) [Local Plan 2015-2030](#)

Appendix 1 – Sites included within the new ten-year HRA plan

Scheme	Scheme Description	Potential No. of affordable homes	Programmed Construction Phase	Budget Estimate (£m)
Former Bawtry Court, Battle Hill Ward	Work is underway to provide a mix of affordable homes on the former Bawtry Care homes site in Battle Hill	9	Work started in February 2020	£1.325m
Edwin Grove, Howdon Ward	Work is underway to provide three new general needs homes on a former children's home in the Howdon ward	3	Work started in May 2020	£0.459m
The Cedars, Collingwood Ward	Work is underway to build 12 new affordable homes on the site of the former care home at the Cedars in Collingwood Ward	12	Work started in June 2020	£1.792
Charlotte Street, Wallsend Ward	The regeneration of Charlotte Street will see several long-term empty homes brought back into use as affordable	11	Work started in January 2021	£0.750m
Garage Site, Falmouth Road - Collingwood Ward	It is proposed that a small brownfield garage site is used The proposal is to use the HUSK MMC solution to build new bungalows	8-9	May 2021	£1.203m
Benton Lane - Longbenton Ward	Mid-sized site to provide new 2,3, and 4 bed affordable homes	26-34	Feb 2022	£3.900m
Various Garage Sites - Battle Hill	6 small brownfield garage sites across Battle Hill The proposal is to use the HUSK MMC solution to build new bungalows	8-10	Oct 2022	£1.389
Wellfield Avenue Refurbishment, St Mary's Ward	Based on a successful compulsory purchase of a long-term empty care home that was causing blight, these will be converted into general needs homes	2	Oct 2022	£0.214m
Murton West – Collingwood Ward	Council owned land within the wider strategic site at Murton Gap will be used to build a new fully affordable council community. The scheme will include a mixture of bungalows and 2,3 & 4 bed affordable homes	120	Oct 2023	£16.800m
Charlton Court, Monkseaton South	Charlton Court sheltered scheme was not included within the NT Living project. The plan is to demolish and rebuild the scheme to provide a new 40 bed sheltered scheme and 14 new Council owned, affordable apartments. This development would be contained within the footprint of the existing site	54 new homes – (net gain of 13 affordable homes)	Aug 2024	£4.359m
Annitsford Farm, Weetslade Ward	This site has already been approved for development but to date has not been taken forward due to constraints. The plan is to design a new 100% owned Council community that considers the noise issues from the airport that is currently constraining the site	100	Aug 2026	£14.000m

Appendix 2 – Indicative Affordable Homes Delivery Programme 2014-2032

Projected delivery of affordable homes to 2032

Delivery Method	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	Total
Council Housing	110	171	201	12	26	22	12	23	22	59	17	17	30	33	36	18	18	14	841
Registered / Care Providers	87	18	52	112	10	23	0	11	115	118	19	10*	10*	10*	10*	10*	10*	10*	635
Private Developers	55	41	77	146	197	114	50	108	150	175	175	175	150	140	140	140	140	139	2312
Aurora Homes	0	0	13	9	13	13	22	30	0	0	0	0	0	0	0	0	0	0	100
Empty Homes	13	8	4	1	4	8	6	8	6	6	6	6	6	6	6	6	6	6	112
Total	265	238	347	280	250	180	90	180	312	388	253	235	212	190	193	175	174	170	4000
Cumulative Total	265	503	850	1130	1380	1560	1650	1830	2123	2481	2698	2906	3102	3291	3483	3657	3831	4000	4000

* This figure is an estimate based on past delivery of RP's sourcing their own land. The figure will be amended if, and when, firm sites come forward.