

<b>Report of:</b>	Councillor Ashley Waters - Executive Member for Regeneration Kevin Parkes - Executive Director for Growth and Place
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<b>Submitted to:</b>	Executive - 17 March 2020
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<b>Subject:</b>	Providing Future Homes For Middlesbrough
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**Summary**

<b>Proposed decision(s)</b>
<p>It is recommended that Executive approves:</p> <ul style="list-style-type: none"> <li>a) a new approach to the provision of new housing developments, balancing an increased urban living offer on brownfield land, with more sensitive development of existing allocated sites;</li> <li>b) that the Middlesbrough Local Plan Review will be progressed to the preferred options by summer 2020;</li> <li>c) that there will extensive community engagement on the principles of development for all major allocated housing sites; and,</li> <li>d) commencing the process to bring forward urban living sites in the town centre, including the sites identified in paragraph 25.</li> </ul>

<b>Report for:</b>	<b>Key decision:</b>	<b>Confidential:</b>	<b>Is the report urgent?<sup>1</sup></b>
Decision	Yes	N/A	Non urgent

<b>Contribution to delivery of the 2018-22 Strategic Plan</b>		
<b>Business Imperatives</b>	<b>Physical Regeneration</b>	<b>Social Regeneration</b>
Bringing forward sites for development supports the Council’s Housing Growth Programme and is critical to underpin the Medium Term Financial Plan in respect of delivery of capital receipts	Bringing forward sites for development will bring currently surplus, vacant and underutilised Council held assets into more positive future uses – creating new communities	The development of housing will contribute towards Middlesbrough’s Housing Growth Programme and increase the quantity and quality of homes available to residents.

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and council tax receipts / New Homes Bonus. This income is essential to deliver other services.	and high quality places. Quality housing is needed to meet the needs of a modern workforce and for the future residents of Middlesbrough.	New housing is needed to address the requirements of a changing, growing and evolving population.
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<b>Ward(s) affected</b>
The proposals affect several wards.

### **What is the purpose of this report?**

1. To seek Executive approval for the approach to bringing forward the sites and premises needed for housing development in the town, and the commencement of work to bring forward additional urban living sites in and around the town centre.

### **Why does this report require a Member decision?**

2. The proposal affects multiple wards.

### **Report Background**

3. Middlesbrough needs significant new housing development over the next decade. Nationally the need for more housing is increasing, as people are living longer, marrying later, and more families are breaking down - leading to fewer people on average living in each dwelling. Additionally, many residents aspire for a new home for a variety of lifestyle reasons. This puts pressure on housing markets, as new developments are required to satisfy the demands of an increasingly aspirational population.
4. The population in Middlesbrough has however started to grow in recent years, as the number of new developments has increased, and the wider housing offer has started to improve. Despite this modest growth (still well below other areas), the housing offer remains relatively weak, and lacks key types of products – particularly around urban or town centre living, that would allow the area to keep pace with national demographic trends.
5. The development of new housing is also a key component of the Council being able to set a sustainable budget, as the capital receipts from housing sites, along with the subsequent council tax and new homes bonus are vital elements of the Medium Term Financial Plan. Ensuring the right mix of housing is being developed is therefore vital to continuing levels of service delivery for people in the town.
6. New housing can also act as a catalyst for wider regeneration, supporting town centres, reusing brownfield land, and revitalising communities.
7. This report sets out the approach to be taken around housing following a commitment to review (and subsequently withdraw) the proposed 2020 Local Plan, and consideration of issues raised by the existing 2014 Local Plan - specifically around the development of housing in the south of the town.

## Future Ambition for Housing Growth

8. The recent planning strategy for the release of new housing sites has largely been based on concentrating new development where levels of commercial interest were highest, and the allocated land supply was more commercially desirable. This has meant that much of the town's new housing has been built on the southern edges. Although this approach addresses some of the weaknesses in Middlesbrough's housing offer, it doesn't address the rising demand nationally for urban living. In the past decade there has been a significant shift from previously development land to greenfield sites. The continuation of the recent planning strategy will put more pressure on identifying further new greenfield sites in the south of the town unless a new approach is adopted.
9. However, Middlesbrough is one of the last major urban areas in England that does not have a modern urban living offer, including high quality, desirable apartments. If a significant amount of new housing can be provided in central Middlesbrough then it will result in reducing pressure for the release of greenfield sites at the south of the town – allowing better protection for existing green spaces. Additionally, new housing in and around the town centre forms part of a wider strategy for supporting the high street and will help bring life, vitality and vibrancy.
10. The current offer for people wishing to live in the centre of Middlesbrough is severely limited, and does not fulfil the needs of more aspirational (predominantly young) people, who prefer to live near to their place of work, cultural and leisure opportunities, bars, restaurants and transport hubs. This lack of an urban living offer is leading to graduates, young professionals and key workers moving out of Middlesbrough and either commuting in, or finding alternative employment in other places. It also detracts from the ability to attract inward investment. The national and global trends around young people gravitating towards living in urban centres need to be reflected in a more balanced housing offer locally. It is therefore proposed that provision will be made for an additional 2,000 dwellings to be built in central Middlesbrough with a target of 4,000 additional people living in the town centre – which would also support the area's overall economic vibrancy.
11. Providing for urban living sites in addition to those sites allocated for housing in the statutorily adopted 2014 Local Plan should provide sufficient housing to meet required levels of growth, and meet existing MTFP targets. As outlined above the more housing that can be provided on inner urban sites will consequently reduce the need to identify further greenfield sites in the south of the town in the Local Plan Review.
12. The new approach to developing future housing in Middlesbrough is therefore based on a new set of objectives:
  - a) providing new housing, wherever possible, on brownfield land;
  - b) supporting new homes being developed in the town centre area;
  - c) supporting regeneration schemes in areas such as Grove Hill, Newport and Middlehaven;
  - d) providing quality homes that improve living standards;
  - e) providing sustainable homes that minimise their impact upon the environment;
  - f) providing homes that meet local need, based on thorough community engagement;

- g) continuing modest population growth to support the wider aspirations of the Town;
- h) reducing the reliance on greenfield or edge of town sites, beyond existing allocations;
- i) making provision for the infrastructure needed to support housing; and,
- j) providing a balanced portfolio of homes that reflects the town's needs and aspirations.

### **Achieving Longer Term Balance**

- 13. The next iteration of the Local Plan will be developed in line with the above objectives, to achieve a more proactive balance and reduce the pressure to allocate further sites in the south of the town – alongside measures to better protect green space. The preferred options for the Review of the Local Plan is intended to be presented to Executive in summer 2020 with a public inquiry and adoption in 2021.
- 14. As the Council owns many of the sites allocated in the 2014 Local Plan at the south of the town, and many of the sites with potential for urban living product in the centre, the Council has some control over how and when they are brought forward to achieve an appropriate balance.

### **Quality**

- 15. There is a need / demand to improve the quality of new developments in the town. This would include a greater emphasis on green spaces being a core part of new developments, with opportunities for country parks, nature trails and extensive tree planting, alongside the exploration of new eco housing trends. Developments will provide for public transport provision, cycling and walking. Developments will also be required to make contributions to supporting local community facilities and services, such as schools. The development sites should reflect neighbourhoods that will provide valued homes for future generations in the town. The securing of such improvements will be achieved by the preparation of master plans or development briefs for sites, based on extensive community engagement.

### **Community Engagement**

- 16. Developments in the south of the town are necessary to meet the towns housing needs. However, the sites in this area can be very sensitive, and needs to be brought forward through community engagement.
- 17. The sites allocated within the approved 2014 Local Plan will be brought forward in a way which involves major opportunities for residents to be actively engaged in the future design of sites at an early stage and also ensuring a greater emphasis can be put on place making and delivering quality schemes. This will include engagement with local representative organisations, parish councils, and interest groups such as the Middlesbrough Alternative Planning Partnership.
- 18. Extensive community involvement will also be a feature of the process to develop the next iteration of the Local Plan during 2020 and 2021.

## **Bringing Existing Allocated Sites Forward**

19. The sites in the adopted Local Plan, 2014, are predominantly owned by Middlesbrough Council, with the exception of the major site at Stainsby. Bringing all the allocated housing sites forward for development is critical to achieving the growth aspirations set out in the Plan, and is necessary for the delivery of the Council's existing MTFP. The Council therefore needs a clear strategy for how it can facilitate the bringing forward of housing land. As the Local Plan is a statutory document, failure to bring these allocated sites forward in a reasonable timescale would lead to them being declared undeliverable, taking away much of the Council's planning controls over undesirable developments on other, more sensitive sites. It could also result in house builders seeking to gain planning permission on other unallocated sites.
20. It often takes approximately three years to bring forward a housing site, and having a clear forward plan for bringing Council owned sites to market is vital in providing developers with sufficient certainty over land availability, and timing to achieve best value. Providing certainty for the market is critical for a number of reasons, including:
- a) housing developers need to plan their land acquisitions well in advance to match their future forecasts around sales demand;
  - b) officers committing to significant expenditure on preparatory work need to be clear that the investment will be returned through site sales in future years;
  - c) communities value certainty and clarity over future intentions within their area, and the opportunities to engage in shaping the future; and,
  - d) the Council needs to forecast the financial benefits of housing land disposals (through capital receipts received, and increased Council Tax and New Homes Bonus) on the Medium Term Financial Plan (MTFP), to ensure that future service delivery is affordable.
21. A recent event held for the development industry, set out the need to balance the release of more suburban sites with urban living opportunities in the town centre. The aspiration was well received, and interest in Middlesbrough's sites remains strong.
22. A map showing the sites allocated in the 2014 Local Plan is included as Appendix I.

## **Disposal Objectives**

23. In taking forward the Council owned land identified in the Local Plan 2014 for housing, there are a number of objectives the Council needs to balance. These include:
- a) securing genuine place making, in line with community aspirations;
  - b) achieving quality and maximising the potential for green spaces and environmental sustainability;
  - c) minimising the impact on the town's infrastructure;
  - d) delivering housing units quickly;
  - e) maximising the capital receipt achieved; and,
  - f) Maximising Council Tax.
24. Depending upon the site and the circumstances, the balance may shift more towards particular objectives, but all would remain relevant to each planning and disposal decision.

## Urban Living Sites

25. To complement the existing allocated sites, there is a need to bring forward specific proposals to grow the urban living offer. The sites identified below have the potential to accommodate this type of product and could accommodate a minimum of 1000 residential units. These are:
- a) Boho Towers (x2), part of the DigitalCity;
  - b) Middlehaven;
  - c) Shepherdson Way Car Park;
  - d) Buxton Street Car Park;
  - e) Gurney Street Car Park;
  - f) Wood Street Car Park (in conjunction with Network Rail);
  - g) Former Cleveland Scientific Institute Site, Corporation Road;
  - h) Gresham; and,
  - i) Centre Square.
26. The Council would seek to enable the development of these sites, including the potential, where appropriate, of securing of outline planning permission for the redevelopment, and pursue disposal. Potentially, the Middlesbrough Development Company may be able to facilitate the taking forward of some of these schemes.
27. Given the proximity to other opportunities in the town centre, some projects, such as the Boho Towers may end up forming part of a specific development arrangement alongside other buildings that supersedes the proposed disposal process. The order in which each one ends up being developed will be driven by other factors, such links to other town centre developments, the availability of new car parking provision etc.
28. The redevelopment of public car parks will be subject to ensuring that sufficient alternative parking provision is available for town centre businesses and users. There is also likely to be additional sites to be brought forward in the Boho / DigitalCity area; Centre Square and other locations in the town centre, which will be identified in the Local Plan Review or master plans.

### **What decision(s) are being asked for?**

29. It is recommended that Executive approves:
- a) a new approach to the provision of new housing developments, balancing an increased urban living offer on brownfield land, with more sensitive development of existing allocated sites;
  - b) that the Middlesbrough Local Plan Review will be progressed to the preferred options by summer 2020;
  - c) that there will be extensive community engagement on the principles of development for all major allocated housing sites; and,
  - d) commencing the process to bring forward urban living sites in the town centre, including the sites identified in paragraph 25.

## **Why is this being recommended?**

30. The Council owns a range of sites that are critical to the supply of land for housing development. This housing development is in turn critical for supporting economic growth in the town.
31. The sites allocated in the 2014 Local Plan need to be brought to market to avoid the Plan being compromised, and potentially challenged by developers if the Council are seen as constraining the overall land supply.
32. Each of the sites therefore need to be brought to the market in a way that achieves the optimum balance between the capital receipts secured, the timing of construction, the potential for green space, the impact on infrastructure, and the quality of place making.

## **Other potential decisions and why these have not been recommended**

33. There are significant implications of any options that involve the Council not taking forward housing sites and not disposing of these sites for housing development. The overall integrity of the 2014 Local Plan and the MTFP depends upon the land supply identified within it being made available and developed. The Council would be open to significant challenge from the housebuilding industry if options were pursued that reduced this supply significantly.
34. There are a limited number of ways that sites can be disposed of, ranging from a simple upfront sale, through to the formation of joint ventures with developers. The preferred method of disposal would normally be an open market sale through a formal tender process, once the site has an outline planning permission in place, and an appropriate masterplan or design guide directing what happens on the site. There are however many reasons why different routes are required, including size of site, likely infrastructure requirements and neighbouring ownerships.

## **Impact(s) of recommended decision(s)**

### ***Legal***

35. The Council will follow the relevant legal processes when disposing of sites, the nature of which will depend on the presence of any existing designations (such as allotments or public open space).
36. The process of disposing of sites requires significant input from Legal Services and Procurement, as the process is inherently contractual in nature and the Council needs to achieve Best Consideration in respect of any asset disposal.
37. The disposal process has various steps within it that tie in with Council governance processes (such as the use of Asset Disposal Business Cases), and these will be observed accordingly.

### ***Financial***

38. The sale of land for housing has a number of financial implications for the Council. These include:

### **Capital Receipts**

39. The capital receipts secured from the disposal of Council owned sites are used to fund the Council's Capital Programme, and the critical investments within it. The timing of the capital receipts secured is critical to the timing of the Council's proposed capital investments, as the cost of borrowing to 'smooth' the profile to match can be very costly.

### **Council Tax and New Homes Bonus**

40. The Council's Medium Term Financial Plan is dependent upon the income achieved through the growth in Council Tax and New Homes Bonus that is secured from each housing site. This is based on an estimate of completions, which in turn is based on a forensic analysis of the deliverability of each housing site and its propensity to see housing completions.
41. This income funds a significant proportion of the Council's revenue spending, and the recent growth in housing numbers across the town has ultimately enabled key services to be protected. Further housing growth would continue to protect key services, as the financial pressures the Council is facing escalate. Although New Homes Bonus is now being reviewed by the Government, it has been, and will remain for a short while, an additional source of revenue support for key services.

### **Site Infrastructure**

42. The costs of bringing sites to market can be significant, with the costs of planning applications and implementing site infrastructure stretching into seven figure amounts at times. Although these costs are usually an investment in 'de-risking' the sites and increasing the capital value of them, they can be significant and need to be programmed carefully to avoid exposing the Council to unaffordable capital cash flow issues. This will sometimes factor into the decision making process around *when* and *how* to dispose of a site.

### **Policy Framework**

43. The decision will not amend the Council's policy framework. The proposals are fully aligned with the current adopted Local Plan.
44. The proposals are also aligned to the Medium Term Financial Plan as the proposed housing developments would generate capital receipts, and ongoing income from Council Tax.

### **Equality and Diversity**

45. The proposed approach would not have any implications for equality and diversity.

### **Risk**

46. The following high level risks identified in the Strategic and Directorate Risk Registers, will be reduced as a consequence of the market intervention enabled by the recommended decisions:
- O1-005 - If poor economic growth occurs, then this will reduce public and private sector investment in the town, including town centre retail, housing development and business.



- O1-045 - If delivery of the new housing programme does not meet the projected targets then this can have a negative impact on the assumptions within the MTFP.

47. The buoyancy of the overall housing market has a significant effect on the receipts achieved, and the timing of future Council Tax income coming on stream. The balance between the need to maximise value, and secure receipts while market conditions remain good, forms a key part of the decision around the nature and timing of disposals, and a key factor in reducing the overall risk to the Council's financial management.

48. The report provides the framework by which future housing growth will be taken forward allowing the housing targets for the town to be met thus meeting the assumptions made in the MTFP.

### **Actions to be taken to implement the decision(s)**

49. The Regeneration Department will commence a programme of community engagement on each of the allocated housing sites in order to prepare the master plan / development brief for their future development / disposal.

50. Subject to Executive approval, work will commence on the development of individual Asset Disposal Business Cases for allocated housing sites, with each one requiring Executive approval to progress. Preparatory work for urban living sites will also commence, with each site returning for Executive consideration when ready.

### **Appendices**

51. Appendix I - 2014 Local Plan (Allocated Sites).

### **Background papers**

52. Middlesbrough Local Plan 2014: <https://www.middlesbrough.gov.uk/planning-and-housing/planning/planning-policy/housing-local-plan>