

OVERVIEW AND SCRUTINY BOARD

27 MAY 2014

**UPDATE REPORT FROM
ECONOMIC REGENERATION AND SCRUTINY
PANEL - GRESHAM REGENERATION**

PURPOSE OF THE REPORT

1. To update the Overview and Scrutiny Board and Executive in respect of recommendations made by the Economic Regeneration and Transport Scrutiny Panel following its consideration of an update concerning the Gresham regeneration proposals.

RECOMMENDATIONS

2. The Economic Regeneration and Transport Scrutiny Panel's recommendations, for consideration by the Overview and Scrutiny Board and Executive, are as follows:
 - 1) That work is undertaken to ascertain whether development of a Neighbourhood Plan for Gresham could be beneficial, in particular whether this could assist in strengthening the content of the Local Development Framework. If it is determined that this would be beneficial, local residents should be assisted by the Council to prepare a Neighbourhood Plan.
 - 2) That, whether or not a Neighbourhood Plan for Gresham comes to fruition - and following removal of Phase 2b from the development proposals - a Master Plan is prepared by Middlesbrough Council to encourage and facilitate development of the area shown within the defined site boundary.

BACKGROUND

3. The issue of regeneration in Gresham was first considered by the Economic Regeneration and Transport Scrutiny Panel between July and October 2012. This followed the chronology of events that is summarised below.

4. In April 2005, the Council's Executive considered a report that indicated¹ that demand for the town's older terraced properties was declining and that, without appropriate intervention, the result for older housing areas in Middlesbrough could be housing market failure. The result can be a reduction in property values, an increase in the number of void properties and an increase in absentee landlords, who then have difficulty in attracting suitable tenants. The overall result is a deterioration in the fabric of properties, due to low maintenance and investment across all tenures, and an overall degradation of the local environment.
5. If it is not addressed at an early enough stage, a long-term decline can result. This can cause a collapse of the housing market, with hugely damaging impacts on residents, service providers, and the economy of an area. Associated with the failure of local housing markets is the collapse of the social and economic fabric and high levels of deprivation.
6. A further issue in 2005 related to the high proportion of private rented property in Middlesbrough - approximately 30% across the town's older housing areas in 2005. While many landlords were managing their properties well, a growth in the buy-to-let market had brought increasing numbers of absentee landlords and a transient population of often poorly behaved neighbours. The highest proportion of private rented properties was in the Gresham area. Anti-social behaviour, a poor environment, restricted housing choice and increasingly deteriorating properties were some of the effects that needed to be addressed.
7. As a result, in July 2005, The Executive approved a report that addressed the issues associated with the Gresham area and housing market failure. The report proposed that up to 1600 properties in Gresham and adjacent areas should be acquired, cleared and replaced by 750 new-build properties as part of the Council's Housing Market Renewal (HMR) Strategy. The HMR strategy was aimed at not just clearance but also, where appropriate, providing improvement/refurbishment of remaining properties. The aim was that a combination of refurbishment of remaining homes with a supply of attractive, new, high quality, mixed tenure homes would:
 - Bring supply and demand of older housing back into balance and restore investment confidence;
 - Stabilise and enhance property values of housing that was retained;
 - Give more people a choice of attractive new build homes, including both owner-occupied or social home-buy schemes;
 - Protect and enhance existing investment in the area by owners, residents, property agents and businesses;
 - Bring about a positive change in the image of the area;

¹ Middlesbrough's 2005 House Condition Survey estimated that 5560 private sector dwellings were of a non-decent standard and were, in the main, occupied by vulnerable residents

- Provide a better mix of socio-economic groups in the neighbourhoods; and,
 - Build more, well-designed, attractive homes using less land and thus combating sprawl and outward migration.
8. The project was planned for completion in three phases, with Phase 1 of the acquisition programme commencing in October 2006.
 9. In August 2010, following the general worsening economic position nationally and the new Coalition Government's Comprehensive Spending Review, Government funding required to complete the project was withdrawn. As a result, the Council agreed that the Gresham regeneration proposals would be scaled down and Phase 3 of the proposed clearance area was removed from the programme. This meant that around 700 properties would be acquired and demolished.

ECONOMIC REGENERATION AND SCRUTINY PANEL'S 2012 FINDINGS

10. In view of the changes to the funding regime, and the original regeneration scheme proposals, the Economic Regeneration and Transport Scrutiny Panel's 2012 agreed terms of reference sought to clarify the position, investigate progress and determine how the scheme was being taken forward.
11. The panel's findings were contained in the final report that was considered and approved by The Executive on 12 February 2013. The report's recommendations, and associated service response, are shown in the Action Plan attached at **Appendix 1**. The scrutiny panel's recommendations related to:
 1. Continuing with efforts to progress the Gresham regeneration scheme as swiftly as possible - through adopting a flexible approach to development and working with any interested developers to refurbish and bring back into use properties in the former Phase 3 area.
 2. Exploring the possibility of letting properties in Council ownership in Phases 2A and 2B of the scheme on a short-term basis.
 3. Involving local ward councillors in supporting residents affected by compulsory purchase orders.
 4. The Council supporting local residents in developing a Neighbourhood Plan if such a proposal was put forward by the residents.
 5. Updating the Economic Regeneration and Transport Scrutiny Panel on an annual basis in respect of progress made.

UPDATED POSITION - APRIL 2014

12. In accordance with Recommendation 5 of the Economic Regeneration and Transport Scrutiny Panel's 2012 final report (as outlined above), an update on progress made in implementing the scrutiny panel's earlier recommendations was presented to the panel's 24 April 2013 meeting, as follows:

Scrutiny Panel 2012 Recommendation: Continuing with efforts to progress the Gresham regeneration scheme.

13. The scrutiny panel was informed of progress made in respect of the above recommendation from 2012. Property acquisitions are progressing well. 116 properties have been acquired since the start of the scrutiny panel's investigation and the removal of Phase 2b from the clearance programme will enable the site assembly process to be completed earlier than anticipated. It is hoped that improving market conditions may generate developer interest in the site, although it is acknowledged that, to date, little interest has been expressed.
14. More specifically, in terms of acquisitions and demolitions, it was explained as follows:
 - Phase 1- 319 of the required 418 properties have now been acquired, with 215 demolished.
 - Phase 2a - 159 of 210 properties have been acquired.
 - Phase 2b - 17 properties have been acquired under exceptional circumstances.
 - A further phase of demolition will commence in June 2014.
15. In addition to the acquisitions and demolitions, complementary activity has also been ongoing, including receipt of Homes and Communities Agency (HCA) funding to bring 110 properties back into use; agreement has been reached in principle to exchange nine Council-owned properties in Phase 3 for ten Endeavour Housing properties in Phase 2a; grant assistance of £480k has been provided to owner occupiers in Phase 3; over 1300 properties have benefited from an £8m investment in energy efficiency measures; and nine units of affordable housing have been provided for local people in partnership with the Community Land Trust.
16. Further detail was provided in respect of Phase 2b of the regeneration scheme. It was explained that it was originally envisaged that the majority of the funding required for Phase 2b (estimated at £14.5m) would come from the sale of the Hemlington Grange site for residential development. However, due to prevailing economic conditions, it had been ascertained that it was likely that the funding would be received in instalments over a 15 year development programme. As a result, in February 2014, and in order to give certainty to local residents, The Executive had agreed to remove Phase 2b from the regeneration programme.
17. The panel heard that (as at late April 2014), there are 24 properties still to be acquired in Phase 1 and 51 properties in Phase 2a. Removal of Phase 2b will enable the Council to progress plans to use a Compulsory Purchase Order (CPO) to acquire the remaining properties in Phases 1 and 2a. The panel notes that the Council's Legal Services have advised that the greatest chance of success in terms of a CPO will be if a comprehensive master plan is produced for the area. The process can take up to 18 months if any objections are received. The panel was also advised that the removal of Phase 2b provides a defined boundary for the site and would facilitate the easier development of a master plan.
18. Following approval of Phase 2b from the clearance programme, The Executive approved financial assistance packages, as follows:

- Grants of up to £6,000 for owner-occupiers to carry out home improvements.
- Grants of up to £3,000 for landlords (which must be matched from their own resources).
- A £400k programme of environmental improvements to open space in the area, including footpath repairs and new street lighting.
- Grants of up to £10,000 for businesses.
- A wider £160k programme of assistance for businesses which have continued to operate in the wider Gresham area while their customer base has declined.

19. In terms of Council-owned properties in Phase 2b, the Council has acquired 17 properties included in the phase, where the owners were able to demonstrate exceptional circumstances - for example ill health or a requirement to relocate because of employment. The Council has several options for the properties concerned:

- Home swaps - The properties could be offered to owners in Phases 1 and 2a in exchange for their homes.
- Affordable Rent - The properties could be refurbished and let at an affordable rent in partnership with a Registered Housing Provider.
- Open Market Sale - The properties could be advertised and sold on the open market.

Scrutiny Panel 2012 Recommendation: Exploring the possibility of letting properties in Council ownership on a short-term basis.

20. The scrutiny panel was informed that, following the above recommendation that was made by the panel in 2012, an evaluation exercise was undertaken to explore this possibility.

21. As a result, it had been ascertained that the estimated refurbishment costs would exceed anticipated rental income in the short-term. It would therefore not be feasible to proceed with such rentals.

22. It was explained, however, that the authority does now have the option to refurbish and lease 17 properties in Phase 2b that are to be retained.

Scrutiny Panel 2012 Recommendation: Involving local ward councillors in supporting residents affected by compulsory purchase orders (CPOs).

23. Following the above recommendation that was made by the panel in 2012, and as has been indicated earlier in this report, the compulsory purchase process has yet to commence. However, if and when the use of a CPO becomes necessary, local councillors will be informed and involved.

Scrutiny Panel 2012 Recommendation: The Council to support local residents in developing a Neighbourhood Plan, if such a proposal was put forward by the residents.

24. The scrutiny panel was informed that, following the above recommendation that was made by the panel in 2012, no proposals have been put forward for a Neighbourhood Plan for Gresham. Members were reminded that such plans were introduced by the Localism Act 2011 to allow local communities to shape new development by coming together to prepare a Neighbourhood Plan.

25. The development of a Neighbourhood Plan can be taken forward by two types of body - town and parish councils or 'neighbourhood forums'. Neighbourhood forums are community groups that are designated to take forward neighbourhood planning in areas without parishes. In the case of Gresham, a Neighbourhood Plan would therefore need to be put forward by the local community, with no such proposals having been put forward to date. In the meantime, the Council is working positively with the Community Land Trust.

PROPOSED ACTION

26. The Economic Regeneration and Transport Scrutiny Panel notes the updated position in respect of the regeneration proposals for Gresham. Having received the update, the panel wishes to highlight the following points:

- While acknowledging that any proposal to develop a Neighbourhood Plan would be required to come forward from local residents, it is considered that a more pro-active approach from Middlesbrough Council would be beneficial to strengthen the process and enable local residents to take ownership of/become involved in improvement proposals. The scrutiny panel considers that the development of a Neighbourhood Plan, which is required to add to/build on the Local Development Framework, could be beneficial for an area such as Gresham.
- Nine years after the original proposals were agreed, there is still no firm timescale for completion of the Gresham regeneration scheme. No master plan exists for development of the site, although removal of Phase 2b provides a defined boundary for the site and would facilitate the easier development of such a plan. The scrutiny panel considers that producing a master plan for the site could act as a positive way forward and encourage developer interest.

27. Having considered the updated position, and having highlighted the points shown above, the Economic Regeneration and Transport Scrutiny Panel considers that The Executive should be made aware of the issues raised and requested to consider additional recommendations from the panel in respect of the regeneration of Gresham.

BACKGROUND AND REFERENCE MATERIAL

28. The following sources were consulted or referred to in preparing this report:

- Final report of the Economic Regeneration and Transport Scrutiny Panel - Gresham Regeneration - October 2012.
- Minutes of the Economic Regeneration and Transport Scrutiny Panel meeting held on 24 April 2013.

COUNCILLOR PETER SHARROCKS

CHAIR OF ECONOMIC REGENERATION AND SCRUTINY PANEL

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