Tees Valley unlimited

Agenda

TEES VALLEY LIVING BOARD

Special Meeting to be held in the Boardroom, Cavendish House, Teesdale, Thornaby at 5.00pm on Thursday 18th November 2010

1	CHAIR'S WELCOME AND REPORT BACK FORM PATHFINDER CHAIRS MEETING WITH CLG	Verbal	Angela Lockwood
2	APOLOGIES FOR ABSENCE		
3	CONFLICTS OF INTEREST		
4	NOTES OF MEETING 16th SEPTEMBER 2010	Attached	
5	MATTERS ARISING		
6	THE TEES VALLEY HOUSING INVESTMENT IMPACT AND ASPIRATIONS STUDY – FINAL REPORT	Attached	Arc4 /NLP
7	COMPREHENSIVE SPENDING REVIEW – IMPLICATIONS FOR THE TEES VALLEY HOUSING AGENDA	Attached	HCA/Jim Johnsone

8	TEES VALLEY ECONOMIC REGENERATION AND INVESTMENT PLAN / REGIONAL GROWTH FUND BID PROGRESS	Verbal Report	Chris Duffill, Shared Intelligence
9	TEES VALLEY LIVING EXIT STRATEGY	Verbal Report	Les Southerton Jim Johnsone
10	ANY OTHER BUSINESS		
11	DATE OF NEXT MEETING – 13TH JANUARY 2011		

CONFLICT OF INTEREST PROCEDURES

Introduction

1. Tees Valley Unlimited (TVU) Board Members should act impartially and should not use their position on TVU to further their personal or private interests. It is therefore good practice to have, and One NorthEast requires, TVU to have a set of clear procedures for dealing with any conflicts of interest, which may occur during business, whether at the Leadership Board, the Executive or the Sub Boards.

2. The purpose of this note is to advise TVU Board Members what is meant by a "conflict of interest" and to set out procedures for dealing with such conflicts if they occur.

3. Board Members, who are also elected members or co-opted members of one of the Tees Valley Local Authorities, will have signed an undertaking to adhere to a Model Code of Conduct, issued under section 50 of the Local Government Act 2000, and adopted by their authority. Within that Code are requirements relating to the declaration and registration of personal non-prejudicial and personal/prejudicial interests. Local Authority members should have regard to all the requirements of the Model Code when representing their authority on TVU Boards.

Definition

4. A conflict may be defined as an interest in any TVU business which relates to or is likely to affect the financial, commercial, professional or personal interests of an individual member, their relatives, close associates, employer, any firm in which they are a partner, any company of which they area Directors, or the organisation they are representing on TVU.

5. An example of a conflict of interest could be a business representative influencing a decision that will be of financial benefit to that members business or another business that they have an interest in.

6. The responsibility for declaring an interest and for withdrawal from the meeting room and not improperly influencing a decision on a partnership matter rests with the individual Board Members.

Basic Principles

7. In conducting its business, TVU requires all partner organisations, and their representatives, to act in the overall interests of TVU and its schemes.

8. Partners should accept a collective responsibility for the effective delivery of the funding programmes, which over-rides any individual interests (corporate or personal).

9. Partners should declare an interest when involved with partnership business and act at all times in good faith, in the best interest of the schemes and the local area.

Procedures

10. In conducting TVU business, the following procedures will be applied:

    (i) A standing item, regarding conflicts of interest, will be included on each agenda at the start of TVU meetings. All members should declare the existence and nature of any interests at this point. Details of the declaration will be recorded in the Board's minutes. If members arrive part way through a meeting they should declare any interest at the start of the relevant item or as soon as it becomes apparent that they have an interest;

    (ii) TVU will maintain a register of such declared interests, detailing the nature and extent of such an interest;

    (iii) Where a conflict of interest occurs, the Board member should withdraw from the meeting room whilst the relevant business is being considered / determined and, must not vote of otherwise improperly influence decisions on that business;

    (iv) In respect of collective decisions, such as partnership quarterly grant claims or the approval of annual delivery plans, partnership members should consider the issues in respect of the *other* elements of the schemes and not their own projects or interests. *In practice, this means that within the context of an overall scheme decision, members should vet each other's claim or submission.*

In the case of Local Authority Board Members they should consider whether they have a personal non-prejudicial or personal/prejudicial interest in any matter, as defined in the Model Code of Conduct for Local Authority Members. Where a member has a prejudicial interest in a matter they should leave the meeting room and must take no part in the discussion or voting on the business concerned.

If partnership members require further advice on conflicts of interest, they should contact **Linda Edworthy, Senior Assistant Director (Corporate Support) at the Tees Valley Joint Strategy Unit (01642) 264908**.

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Notes of Meeting

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TEES VALLEY LIVING BOARD

Meeting held at Cavendish House, Thornaby at 5.00pm on Thursday, 16th September 2010

ATTENDEES

Angela Lockwood (AL)	Endeavour Housing Association	Chair
Alison Thain (AT)	Tees Valley Housing/Fabrick	
Cllr Lynn Pallister (LP)	Redcar & Cleveland Council	
Cllr David Budd (DB)	Middlesbrough Council	
Stuart Drummond (SD)	Hartlepool Council	

OBSERVERS

Anne Mulroy (AM)	Homes & Communities Agency
Ian Wardle (IW)	Redcar & Cleveland Council
Diana Pearce (DP)	Government Office North East
Sharon Thomas (ST)	Middlesbrough Council
Pauline Mitchell (PM)	Darlington Council
Jane Edmends (JE)	Stockton Council
Damien Wilson (DW)	Hartlepool Council
Les Southerton (LS)	Tees Valley Unlimited
John Lowther (JL)	Tees Valley Unlimited
Jim Johnsone (JJ)	Tees Valley Living
Mike Mealing (MM)	Tees Valley Living
Jennine Robson (JR)	Tees Valley Living
Michael Canavan (MC)	Tees Valley Living
Richard Buckley (RB)	Tees Valley Unlimited

APOLOGIES

Jim Darlington	One NorthEast
Mark Leigh	Home Builders Federation
Julie Nixon	Stockton BC
Cllr Steve Nelson	Stockton Council
Cath Purdy	Housing Hartlepool

Action

1 CONFLICTS OF INTEREST

None.

2 NOTES OF THE MEETING HELD ON 15TH JULY 2010

The minutes of the meeting held on 15th July 2010 were agreed as a true record.

3 MATTERS ARISING

There were no matters arising.

4 THE TEES VALLEY HOUSING INVESTMENT IMPACT AND ASPIRATIONS STUDY

The Tees Valley Housing Investment Impact and Aspirations Study Executive Summary was circulated to the Board for comment.

The following comments were made:

- The study did not adequately address the progress that had been made with the South Bank Housing Renewal Strategy or the work that was being done on social and environmental issues in Grangetown.
- The area of Grove Hill should have been included within the study.
- Some recent changes to Gresham had not been referenced within the report.
- Some 'headlines' needed to be extracted from the report for the CSR review.
- The document needed to be presented in a more positive way.

It was noted that further discussion would be undertaken with the consultants to recast the draft report to taker concerns into account A revised study would be presented to the Board at a future meeting.

RESOLVED that the information be noted.

5 TEES VALLEY LOCAL INVESTMENT PLAN PROGRESS

The Board was given an update on the current position of the development of the Tees Valley Local Investment Plan.

There had been good progress and TVU were currently putting together an LIP Action Plan. Work was currently ongoing with the RSLs to look at private sector housing. It was expected that a draft of the Investment Plan would be circulated on 13th

Action

October.

RESOLVED that the information be noted.

6 AUDIT COMMISSION PERFORMANCE REVIEW ACTION PLAN

The Board was presented with a report that set out the current position on the Audit Commission (AC) Performance Review Action plan as approved by the Board on 15th July 2010. It was noted that since the board meeting the Coalition Government had announced that the Audit Commission would be abolished in 2012.

The 2010 Performance Review would still proceed but on a much scaled down level. Some of the Performance Review recommendations would not therefore be assessed in this year's review.

It was informed that "Task and Finish" groups had been established to address the Action Plan components.

The Board agreed that the work should continue on the action plan. The work of the task and finish groups would be presented at the TVL Board meeting on 13th January 2011.

RESOLVED that the implementation of the Tees Valley Audit Commission Performance Review Action Plan continues.

7 TEES VALLEY UNLIMITED REVIEW

The Board was given an update on the Tees Valley Unlimited Review. Work had been carried out to look at the current funding arrangements for TVU and the changes in Government funding. It was noted that activities would be refocused around the LEP submission and that TVU were trying to establish with ONE how resources would taper. In terms of housing, discussions were ongoing in relation to resource allocations and also what work the Local Authorities would be taking on.

It was expected that TVU would be restructured by the end of March 2011. 2011/12 would be a transition year for TVU as resources declined.

Announcements on LEP's had originally been expected two weeks from the date of submission which was on 6th

Action

September but this was now expected the end of October 2010.

RESOLVED that the information be noted.

8 TEES VALLEY GROWTH POINT PROGRAMME OF DEVELOPMENT UPDATE

The Board considered a report that provided a summary of the grant expenditure and outputs achieved to date in implementing the Tees Valley Growth Point (GP) Programme of Development (PoD).

The report also gave details of the current situation with regards to 2010/11 GP Capital Funding and unallocated GP Revenue Funding.

The Board approved an extension to the Growth Point Managers contract to the end of March 2011.

RESOLVED that:-

1. The progress of both capital and revenue funded projects be noted. The unallocated revenue funding be noted and will be allocated following the outcome of the CSR.
2. The Growth Point Mangers contract be extended to end of March 2011.

9 TEES VALLEY HMR PROGRAMME 2010/11

The Board considered a report on the Tees Valley HMR Programme 2010/11.

It was noted that the HMR programme was almost at the 6 month stage of the 2010-11 financial year and the Board was provided with an update from each of the Tees Valley Local Authorities.

RESOLVED that the information be noted.

10 HMR REVENUE BUDGET 2009/11

The Board was presented with a report that summarised the current level of expenditure against the revenue budget for 2010-11 and identifies commitments for the remainder of the financial year.

The Board agreed that in light of reducing budgets the identified unspent reserve amount be rolled forward.

RESOLVED that the information be noted.

Action

11 ANY OTHER BUSINESS

There was a brief discussion on whether or not the Board needed to meet before its next scheduled meeting on 13th January 2011. It was agreed that a Board meeting should be called after the outcome of the Spending Review is known on 20th October, to discuss the implications for Tees Valley.

12 DATE OF NEXT MEETING

.The next meeting will be at **5pm on Thursday 18th November** 2010 at Cavendish House.

Agenda Item 6

Tees Valley unlimited

Report of:	Tees Valley Living
Report to:	Tees Valley Living Board
Date:	18th November 2010
Subject:	Housing Impact and Aspirations study – Final Report
Item for:	Decision

SUMMARY

In May 2010 Arc4 and Nathaniel Lichfield and Partners were appointed to undertake a “Study of the Impact of Recent Programmes within the wider context of Regeneration in Tees Valley”. The brief also required an assessment of the housing aspirations of the key target groups, necessary to enhance the sub-region’s future economic prospects.

The draft final report is attached for Board members scrutiny. A presentation of its main findings will be given by the consultants at the Board meeting. The report investigates in detail 11 Intervention Project Areas (IPAs) as a broad sample of housing regeneration activity across Tees Valley. The assessment of “adjacency and displacement” impact considers all schemes in receipt of HMR funding as required by the Audit Commission.

The final report is presented to the Tees Valley Living Board for approval.

1. INTRODUCTION

1.1. In May 2010 Arc4 and Nathaniel Lichfield and Partners were appointed to undertake a “Study of the Impact of Recent Programmes within the wider context of Regeneration in Tees Valley”. Due to the apparent time pressures involved in completing the first version of the Tees Valley Local Investment Plan by September 2010, the study brief also commissioned the consultants to undertake a quite separate requirement. This was to make an assessment of the housing aspirations of key target groups, whom it is desirable to attract and retain within Tees Valley to enhance the sub-region’s future economic prospects. The Homes and Communities Agency (HCA) are contributing half the costs of the “aspirations” section of the report.

2. FINAL REPORT

2.1. Interim versions of the report have been circulated for discussions with Council partners and a number of amendments have been requested. The report presented to the Board has been recast to reflect these requirements. It focuses on the many very positive aspects of HMR and housing investment in Tees Valley.

2.2., The draft final report is attached for Board members scrutiny. A presentation of its main findings will be given by the consultants at the Board meeting.

2.3. It is presented as three essentially separate parts, ie. the first part looking at “impact”, the second dealing with “aspirations” and the concluding part which looks at choices for the future.

2.4. The report does not attempt to make comparative assessment of major projects and does not rank them against progress made to date. The comparative approach was considered unnecessary and essentially involved comparing dissimilar projects.

2.5. The report investigates in detail 11 Intervention Project Areas (IPAs) these are listed to give a broad sample of housing regeneration activity across Tees Valley in the period 2004/10, in terms of geographical distribution type scale and tenure pattern. They are not intended to give a comprehensive account of every regeneration project which has been undertaken in Tees Valley over the same period. This approach was introduced partly due the to the apparent time pressures of the original September deadline identified in May. Since the inception of the project the whole context of regeneration has changed. The September deadline has been overtaken by events.

2.6 The assessment of “adjacency and displacement” impact does however consider every scheme which has received Housing Market Renewal funding. This was a specific requirement of the Audit Commission Performance Review of Tees Valley Living.

2.7. There will be short presentation of the main findings of the report given at the meeting by the consultants. The final report is presented to the Tees Valley Living Board for approval. Partners have requested that some “golden threads” are identified within the report that runs through all of its sections. These are regarded as a number of key themes which are

- Demolition has removed 0.8% of the Tees Valley stock 2004/10, there is still an extensive over supply of unpopular housing, in neighbourhoods with some very challenging levels of deprivation.
- that housing agenda has been constantly adapted suit changing external circumstances.
- Successful neighbourhood management is a key component with successful regeneration to date and is likely to become more important in future as the availability of resources will determine the prioritisation and phasing of outstanding commitments.
- Other components of successful regeneration also remain constant ie. Scale, visibility, the competitive pricing of “market” housing.

3. RECOMMENDATION

It is recommended that the attached report is approved for circulation to a wider audience.

Originator:	Jim Johnsone
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E-mail:	jim.johnsone@teesvalleyunlimited.gov.uk

A Study of the Impact of Recent Housing Programmes within the Wider Context of Regeneration in Tees Valley

Final Report for Tees Valley Living with HCA

November 2010

AFFORDABILITY RESEARCH COMMUNITIES

Nathaniel Lichfield and Partners

Planning Design Economics

TABLE OF CONTENTS

Study of the Impact of Recent Housing Programmes within the Wider Context of Regeneration in Tees Valley

Key Findings.

This research has assessed the impact of TVL housing market renewal interventions within the wider context of regeneration in Tees Valley. The key finding is that these **interventions have been remarkably successful**, and that Housing Market Renewal has a critical role in the economic renaissance of Tees Valley.

Some of the worst examples of **housing market failure in the region have been eradicated** and residents rehoused in decent neighbourhoods. Combined with Place Shaping interventions, a number of **major regeneration opportunities** are being opened up that will deliver economic growth in the Tees Valley. St Hilda's /Middlehaven is a good example.

Over the 6 year period 2004-2010, the **HMR programme** has:

- Cleared 2,260 obsolete houses
- Constructed 1,200 new homes
- Invested £138m within the wider £1b of public and £1.5b of private investment in housing across Tees Valley,
- Created over 1600 jobs

The potential to displace housing market problems to adjacent areas has been largely avoided by the use of **sound neighbourhood management** methods.

However, the work is far from finished and in some places the housing market remains fragile and **continued significant intervention** is essential:

- It is critical to find the funds to continue, especially in Hartlepool and other mid-stream intervention areas, otherwise previous investment and the economic renaissance of the area will be put at risk.
- Completing redevelopments that are already well advanced, e.g. Mandale, North Ormesby and West Lane, is also important.
- For some areas, for example Parkfield and Gresham, regeneration plans are being reviewed, particularly in the light of the current economic climate.
- Maintaining good neighbourhood management practices is essential during the delivery of long term regeneration e.g. South Bank, Grangetown.

This study has also identified the housing aspirations of particular household groups:

- **Family builders** look for 3 or 4 bedroom houses, detached or semi-detached. Neighbourhood considerations are important, although they were the most likely group to have moved to intervention/adjacent areas. They will compromise on location to get an affordable house of the right size.
- **Recently retired** households were least likely to want to move. Preferences were for two and three bedroom bungalows or apartments particularly as part of supported housing.
- For **recent graduates** affordability is a key consideration, and potentially interested in City Living. Private rented sector and intermediate tenure are important early on. Their later aspiration is for two and three bedroom semi-detached and detached properties.
- For the **Knowledge Economy Workers**, the quality of the environment and good transport links are critical. Due to higher household incomes, people will not compromise on quality or location. Detached houses are their preference.

Finding ways and means of **continuing delivery of Housing Market Renewal** and aspirational housing in this time of public funding austerity is critical. A number of mechanisms may be of interest to delivery partners in Tees Valley, including:

- **Special Purpose Vehicles** to capture the value of publicly owned land and property assets for the purpose of supporting housing market renewal;
- The **Community Infrastructure Levy** to capture value from viable privately owned land in order to secure funding for infrastructure development
- **Tax Increment Financing** to raise finance for HMR
- **Greenfield land release**, carefully managed, to facilitate Value Capture mechanisms and the development of higher value aspirational housing
- Attracting a more diverse range of households into HMR intervention areas may mean relinquishing higher capital receipts for land disposals in favour of a stricter **development brief** approach.
- **Design quality** is critical to attracting all types of households to live and remain in HMR areas; a more radical approach to ensuring design quality is needed.
- The **private rented sector** is likely to play a more significant role in the future, requiring stronger policies to encourage investment and good standards.
- **Higher end housing** is unlikely to be a major component of current HMR redevelopments, so it is important to ensure that the sorts of housing that will appeal to target groups, e.g. Senior Managers, Knowledge Economy Workers, etc are fully catered for within new developments elsewhere in Tees Valley.
- As HMR areas improve, it will be important to promote their **new image** positively so that a wide range of households will feel able to consider living there.

1. Introduction

1.1 Tees Valley Living (TVL) has commissioned arc[4], working in association with Nathaniel Litchfield Partners, to assess the impact of previous investment activity and to understand the requirements of identified target groups that will underpin the city region's economic prospects.

1.2 The detailed scoping for this study has been crystallized by recent comments from the Audit Commission regarding the impact of public and private resources committed to housing in the recent past. They rightly regard impact assessment as crucial evidence within the strategy/delivery/monitor cycle, particularly with regard to ensuring that growth and renewal activities are complementary in their effect.

1.3 The second driver is the need to underpin the emerging Local Investment Plan for the Tees Valley City Region with hard edged evidence that future interventions and private sector investment are exactly focussed on those things that will best help deliver economic prosperity in the sub region. Strengthening of the Tees Valley economy to secure growth and maximise resilience to future changing economic conditions is a key consideration for Tees Valley Councils in considering the future use of resources. At the heart of plans to revive the economy is the regeneration of critical parts of the urban area. Much of the regeneration proposed is dependent on an improvement of the housing offer and the sustainability of communities within the sub-region.

1.4 The study was therefore designed to demonstrate to Government, the Homes & Communities Agency and other external partners, the important role which housing investment plays in the overall regeneration of the city region, including economic change.

1.5 The brief for this study separates into three strands, the first two of which are particularly closely linked:

- Examine the total impact of housing investment in Tees Valley 2002-10,
- As a subset of the above, to compile information to assess the adjacency and displacement impact of the Housing Market Renewal expenditure in Tees Valley 2002-10 on neighbouring areas,
- Compile evidence to determine the requirements of the identified target groups which are necessary to enhance the city region's economic prospects.

1.6 It is clear that the economic impact of the current housing offer is a key consideration, and particularly the role being played by HMR intervention in improving the housing offer. The potential economic contribution of a good quality residential offer will enable Tees Valley to attract and retain more dynamic businesses and individuals, and to create complete new environments which will improve choice. This might be of particular relevance in relation to the identified target groups should the current offer be found to be restricted.

1.7 In order to keep within the timescale and budget for this commission, it was agreed at the inception stage to focus our study on 11 identified Intervention Project Areas (IPAs), as well as assembling the picture of wider housing investment across Tees Valley. The 11 IPAs were selected in order to provide a good spread of case studies taking account of the types of housing issues presenting and the location of the IPAs, and ensuring that the largest of the interventions were all included. Data was compiled from 2004 because of the difficulty of collecting investment data before then and identifying where it had been specifically used. There was particular interest in a number of key household groups: Recent Graduates, Knowledge Economy Workers and Family

Builders, to which a fourth, Recently Retired people, was added. These groups had been identified as important to attract and retain in Tees Valley.

1.8 We have undertaken 6 main areas of research. A summary of the work we have undertaken is set out in Appendix 2:

- Collecting data on investments and outputs for the period 2004-2010,
- Analysing local housing market performance data for the 11 IPAs and selected adjacent neighbourhoods,
- Interviews with key stakeholders, estate agents and house builders,
- Interviews with local people on the street,
- A survey of households recently moving into newly built homes in Tees Valley,
- Practitioner focus groups to examine preliminary findings, and focus group/survey of target groups to discuss housing aspirations.

1.9 During the course of this study, it became clear that there was insufficient local data available to help accurately identify the housing aspirations of three of the four target groups: Recent Graduates, Knowledge Economy Workers and Recently Retired people. We therefore supplemented available data with material from other HMR areas and by conducting additional direct research with focus groups and an on-line survey. In addition, we also found it helpful to undertake a more detailed review of economic ambitions for the City Region in order to better understand the impact of housing upon the Tees Valley economy.

1.10 This report summarises our main findings and is backed up by more detailed reports for the 11 IPAs as listed in Appendix 1. The report begins by examining the Economic Context within which HMR interventions are taking place and what contribution housing might be expected to make.

1.11 The report then splits into two main parts. In Part A, we look at the actual Impacts we have identified, both at a wider Tees Valley level and locally, together with the Adjacency and Displacement effects that have taken place. We then draw a number of conclusions from this part of the study.

1.12 In Part B, we review the housing Aspirations of the four target groups together with the Key Issues that now need to be dealt with. We suggest a number of Strategy Options that may be helpful in dealing with the identified Key Issues. Appendices include more detailed material including Aspirations and Impact Data.

1.13 This study was commissioned at a time when all regeneration agencies are facing the prospect of a tightening public sector fiscal regime, compounding the impact of scarce private sector finance for construction activity. The challenge, therefore, has been to evidence and articulate a narrative for future housing and regeneration investment.

2. The Tees Valley Economy and Housing's Contribution

2.1 This section provides a summary of the economic context for the study, and what it means for the existing and future role of housing investment/programmes in the city region. In order to analyse the economic issues relevant to this commission, the study team has reviewed a number of key economic development strategy documents, including Tees Valley City Region Business Case (2006), Tees Valley Unlimited Economic and Regeneration Statement of Ambition (June 2010), and various national statistics, e.g. ASHE 2009.

Economic performance

2.2 The housing programmes and investment that have taken place over the last decade have done so in the context of the greatest economic growth in the city region since the 1970s. This includes:

- The continued development of the process industries, investment in the world's largest polyethylene plant, the expansion of biofuels, biotechnology and advanced engineering, particularly maritime engineering in Hartlepool,
- The growth of container traffic through Teesport and the establishment of national import centres at the port,
- The continued growth of the service sector throughout Tees Valley and in particular at Teesdale, Wynyard, Darlington and Middlesbrough,
- The regeneration of town centres, through schemes such as the Pedestrian Heart in Darlington and mima in Middlesbrough, together with the development of Middlehaven and the creation of a new digital/multi-media cluster at Boho,
- The provision of key infrastructure such as the commencement of Teesside University and Durham University, the construction of new colleges of further education, the creation of the Centre for Process Innovation and the work towards a transport network that meets future needs.

2.3 This restructuring of the economy with service sector growth allied to continuing strength in the process and logistics sectors, has helped to reduce out-migration. Net employment growth in the city region since 1995 has been heavily focussed on Darlington and Stockton. Whilst the city region employs proportionately more people in the high and medium high technology industry than nationally, it employs a significantly lower proportion in the knowledge based services.

2.4 With this economic restructuring continuing it may be legitimate to envisage the city-region moving nearer to national economic growth rates, rather than being stuck with the historic trend. However there are still major issues to be addressed such as low added-value, higher than average unemployment / low activity rates, skill levels and low business start-up rates / low self-employment. Poor educational attainment linked to low aspirations is a major problem in some of the urban areas of the conurbation, and five decades of urban flight have left very challenging concentrations of deprivation around main town centres.

The economy going forward

2.5 The service sector is likely to continue to be a focus for the area's growth in the future. However, going forward, manufacturing and heavy industry will continue to play an important role in the growth and development of the city region. This sector is capital intensive with low job densities, but can be supported and enabled by the city region's plentiful supply of land and good transport infrastructure with capacity. It often requires major investment which generates significant indirect investment and employment.

2.6 The development of the knowledge economy in the city region certainly has the potential to play a much greater role in the area's development and growth. However there has been limited success so far. That success has mainly been in niche areas of the knowledge economy largely connected with the advanced manufacturing sector and R&D. Continuing supporting this sector is crucial.

2.7 The city region's potential is therefore likely to be connected with utilising existing assets, rather than significant new sector development.

Economic Strategy and Ambition

2.8 The recently produced (June 2010) Tees Valley Unlimited Economic and Regeneration Statement of Ambition sets out two clear economic ambitions for the City Region:

- Drive the Transition to the High Value Low Carbon Economy – through a focus on renewable energy, new technologies, biological feedstocks and the reduction of the carbon footprint of existing industries.
- Create a More Diversified and Inclusive Economy – through developing key sectors; growing the service and retail sectors; improved environment; an attractive housing offer; increased employability and skills; a fit for purpose transport network; and an improved broadband network.

2.9 As well as seeking to continue general service sector growth, the specific targeted areas for growth will be chemical/petrochemical, engineering, new energy and digital media. These will support a range of jobs and skill levels, but will increasingly require higher skill levels and generate higher incomes (such as: Managers and senior officials; Professional occupations; Associate, professional & technical occupations whose average earnings are currently around £26,200 to £36,400 as well as personal services occupations whose earnings average around £13,400)[1].

2.10 The skill shortages will need to be met by a combination of local skills development and in migration. The skilled people who will be needed to work in these new jobs, whether local or migrant workers, will want and need appropriate housing that meets their requirements and aspirations.

2.11 An important and often overlooked part of the economy is home workers. Nationally home working has grown significantly in recent years. According to the Labour Force Survey, home workers (those who work mainly in their own home, or in a different place using the home as a base for their main job) in the UK at the end of 2009 represented 13% of all workers in the UK. This is a growth of 20% on those recorded in 2005 and a 61% rise in the 13 years since 1997. The highest proportions of home workers are in their 30s and 40s where 29.4% and 24.5% of the workforce in each of these categories respectively are classed as home workers.

2.12 The majority of home workers are employed in industries such as construction (20%), professional and insurance activities (12%), health and social work (7%), information and communication (7%), wholesale, retail and motor repair, and manufacturing (7%). The highest proportion of home workers are employed in skilled trades occupations. Other occupation groups with a notably high proportion of home workers include managers and senior officials, associate professional and technical professions.

[1] Source: ASHE, National Statistics, 2010

2.13 There are around 117,000 home workers in the North East, which represents an increase of 42%, (over 34,500 additional home workers) since 2001, well above the increase nationally, which was 18% of the same period. However, the North East still has a comparatively low proportion of its workforce involved in home working – 10% compared with 15% in the South East and South West.

2.14 The growing importance of home working, especially for knowledge based industries and as bases for skilled trades, should be taken into account in future housing investment and programmes.

2.15 Ongoing reduction of out-migration will be dependent on a combination of sustaining economic growth and being able to respond to households' housing choices. Continuing improvement to Tees Valley as "place" to live is crucial. Schools, environment, accessibility and safety need a continuing focus.

The Contribution of Housing

2.16 The role that housing plays in supporting economic growth is defined in the Tees Valley Case Study for the Northern Way[2] as:

"The potential economic contribution of good quality residential offer is seen principally as being in enabling Tees Valley to attract and retain more dynamic businesses and individuals and to create complete new environments which will improve choice".

2.17 The case study recognised that the city region faces substantial challenges of highly concentred low demand and void housing stock especially in the urban cores. Its comparative assessment of the residential housing offer at that time included:

- Stock typical for widely dispersed conurbation with an attractive and sought after hinterland, but little urban living / apartment provision,
- Broad tenure mix at the city region level, and pockets with high proportions of social housing most acutely in Middlesbrough,
- Average stock quality level is reasonable, and private sector housing energy efficiency is on a par with the regional average and better than the national average,
- Access to owner occupation in the Tees Valley city region is among the easiest in country, and this is a positive feature of the city region's wider offer.

2.18 The assessment quoted the HMA remarks that "aspirations for faster economic growth have implications for housing provision but are not dependent on it", and concluded that the residential offer in Tees Valley is generally sound but has weaknesses in relation to dealing with concentrations of poor quality housing where there is limited tenure/stock choice and demand is weak. It also suggested there may be shortages of apartment accommodation which might be particularly suited to younger, knowledge economy workers and recent graduates. This report tests that thesis.

2.19 In these regards, Housing Market Renewal interventions have a critical role to play in dealing with market failure and re-providing housing directed towards target groups that are crucial in the economic renaissance of Tees Valley. In addition, HMR has an equally critical role in repairing the image of areas of market failure, of removing barriers to economic development and in making neighbourhoods popular and pleasant places to live. In parallel with Housing Market Renewal, Tees Valley needs to ensure a greater supply of housing (by type and location) which will genuinely be attractive to the mid and upper income household groups which will drive forward economic growth.

[2] The Northern Way: Quality of Place – The North's Residential Offer, Tees Valley Case Study August 2006, Llewelyn Davies Yeang

Part A: Impact Study

3. The Wider Tees Valley Impacts

Scale of Investment

3.1 The scale of public housing investment across Tees Valley in the 6 years from 2004 to 2010 is impressive, totalling more than £1 billion, as shown in Table 1 below. Note that full data for 2010 is not yet available from CLG, so some £20m of LA expenditure is not included.

3.2 In addition, there has been an even larger volume of investment in housing by private housebuilders. In a piece of research for the former North Eastern Assembly covering the single year 2007-08, it was estimated that private developer investment in Tees Valley totalled some £263m on top of the £189m of public housing investment. Clearly harnessing and encouraging private sector investment will be fundamental in maximising the market, environmental and employment benefits of housing in the coming years.

Table 1: Total Public Housing Investment in Tees Valley, 2004-2010.

£000	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	6 Year Totals
HMRF*	£0	£0	£5,435	£12,685	£13,826	£10,465	**£42,411**
SHIP*	£14,277	£14,277	£16,175	£12,267	£9,252	£9,252	**£75,500**
EP	£0	£10,000	£0	£0	£0	£0	**£10,000**
NAHP	£12,137	£17,915	£11,112	£11,046	£20,313	£24,313	**£96,836**
DH Progs LA/ALMO*	£39,385	£27,133	£32,792	£26,326	£18,120	£0	**£143,756**
DH Progs RSL	£37,165	£59,443	£57,169	£55,232	£53,958	£53,000	**£315,967**
Other LA excl * above	£43,072	£51,455	£55,287	£60,826	£58,291	£19,717	**£288,648**
RSL Private leverage	£12,137	£17,915	£11,112	£11,046	£20,313	£24,313	**£96,836**
	£158,173	**£198,138**	**£189,082**	**£189,428**	**£194,073**	**£141,060**	**£1,069,954**

3.3 The distribution of total public investment between local authorities is shown in Table 2 below.

Table 2: Distribution of Total Public Housing Investment

Dlngtn	Hpool	Mbro	Redcar	Stcktn	Total
£129,840	£205,761	£283,140	£182,198	£269,014	**£1,069,954**
12%	19%	26%	17%	25%	**100%**

3.4 Focussing down on the investment that contributed to Housing Market Renewal (HMR) supported by Tees Valley Living, Table 3 shows that this was about £138m or 12.9% of total public housing investment. Note that Housing Market Renewal Funding did not come on stream until 2006, and that part of Single Housing Investment Pot (SHIP1) allocated by the Regional Housing Board was dedicated to HMR work.

Table 3: Total Public HMR Investment in Tees Valley, 2004-2010.

£000	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	6 Year Totals
HMRF	£0	£0	£5,435	£12,685	£13,826	£10,465	£42,411
SHIP 1	£4,950	£4,050	£8,099	£4,772	£5,099	£5,098	£32,067
EP	£0	£10,000	£0	£0	£0	£0	£10,000
NAHP	£6,951	£11,508	£6,783	£5,466	£10,737	£12,195	£53,639
Total	**£11,901**	**£25,558**	**£20,317**	**£22,923**	**£29,661**	**£27,757**	**£138,117**

3.5 The average acquisition cost of properties in 2009-10 was £42,058, slightly lower than previous years. Audit Commission data suggests that this is commensurate with other HMR Pathfinder costs, and TVL is currently undertaking a more detailed Value for Money study.

Impact on Economy and Jobs

3.6 This scale of investment has a real impact on the City Region economy in several ways. It prepares the ground for economic development initiatives, it creates jobs through the construction process, and it encourages people to come to and stay in Tees Valley. This is partly about improving the housing offer i.e. the quality, range and location of housing, but it is also about contributing to "Place Shaping", i.e. making neighbourhoods and settlements good places to live.

3.7 We have come across several examples where HMR intervention is creating the opportunity for longer term regeneration initiatives. In Thornaby, the success of the Mandale intervention is credited with giving developers the confidence to go ahead with a more thorough going regeneration of Thornaby District Centre than would otherwise have taken place. Clearance of housing at St Hilda's has removed a crime hot-spot and improved the image of an area which is critical to both the renaissance of Middlesbrough Town Centre and the Middlehaven regeneration scheme. Already several prestigious new non-housing developments have been completed in St Hilda's. It seems inconceivable they would have taken place without the investment in, and masterplan for, major place change in the surrounding area. And lastly, HMR intervention at Grangetown and South Bank in Redcar & Cleveland will contribute to the overall delivery of the Greater Eston Masterplan.

3.8 In terms of creating jobs, TVL has supported £138m of HMR investment over the period 2004-2010 or £23m each year which has equated to approximately 0.14% of total annual economic output[3] for Tees Valley and Durham. Assuming that all of this funding has been used to finance the development of housing stock, then it is possible to estimate the number of construction jobs in the area supported by TVL interventions.

3.9 The Department for Business, Innovation and Skills estimates that the construction industry has a cost per job figure of £110,660, or approximately 9 jobs per £1m investment. Applying this to an assumed value of construction activity in the order of £138m would indicate that the level of housing investment in Tees Valley could be expected to have supported approximately 1,248 jobs in the construction industry employment for the year in which the investment was made (job-years).

3.10 This investment also supports many indirect jobs (i.e. in the supply chain) and induced jobs (i.e. supported by construction workers expenditure in the local community). It is

[3] ONS data shows that Gross Value Added (GVA) - a commonly used measure of economic performance - equalled £16,056m across Tees Valley and Durham in 2007.

estimated[4] that this may total approximately 10 jobs per £1m invested, suggesting that a further 1,380 jobs may have been supported by TVL investment.

3.11 These rules of thumb can be applied to all housing investment which totalled £452m (including private developer investment) in Tees Valley during 2007-08[5], i.e. around 2.8% of GVA. This suggests that the total housing construction programme supported over 8,500 jobs of all types that year. Assuming the same level of private investment in each of the 6 years 2004-2010, and adding in Public Investment totalling £1,070m, we can see that around 8,385 jobs would have been supported in each year, or 50,000 in total across the period, as set out in Table 4 below.

Table 4: Estimate of Construction Related Jobs Created

	For 6 Years 2004-10			
	HMR	All Public	Private	Total
Estimated Investment (£m)	£138	£1,070	£1,578	£2,648
Direct Jobs @ 9 per £1m	1,242	9,630	14,202	23,832
Indirect & Induced Jobs @ 10 per £1m	1,380	10,700	15,780	26,480
Total Construction Related Jobs	2,622	20,330	29,982	50,312

3.12 In a City Region keen to encourage new employment opportunities, this is a real achievement. However, the further questions to ask are whether the local communities involved in regeneration were able to access these jobs, and whether this job creation effect could have been enhanced for their benefit?

3.13 We have not found much hard data to help us answer these questions; however we have found a number of instances of good practice which are identified in the detailed IPA reports. For example:

- at Trinity Court and Trinity Square in Hartlepool, Yuill Homes;
- at Mandale in Stockton, a local apprenticeship scheme is in operation, although it has provided only a limited number of apprenticeship opportunities for local people on account of the slowdown of building through the recession;
- at Firthmoor in Darlington, the SRB funded programme included the “Firthmoor into Work” initiative, as well as facilities providing new jobs such as a children’s nursery.

3.14 Overall, we have concluded from limited information that perhaps more emphasis could have been put on enhancing job and training opportunities for local people, and we feel that in future investment, this should become a norm.

Place Shaping Impacts

3.15 Place Shaping[6] is “the creative use of powers and influence to promote the general well-being of a community and its citizens”. As a concept, it is relatively new and only became commonly used to describe regeneration activity from around 2006. Housing is only one of many activities that contribute to Place Shaping, including for example, improving

[4] Research by Mackay Consultant for Homes for Scotland in 2007 suggested that every £1m of housing construction spend, 10 jobs in suppliers and local communities (indirect and induced jobs) are supported. This research also estimated that 11 direct construction jobs were supported by £1m of investment, a little higher than the BIS rule of thumb.
[5] Research for the former North East Regional Assembly.
[6] Lyons Inquiry into Local Government – Final Report, March 2007.

educational attainment, creating new jobs, helping people to access jobs through skills training and transport arrangements, greening the neighbourhood, community development, and so on.

3.16 The principles of Place Shaping are reflected to varying degrees in all the IPAs examined. To some extent, this reflects the scale of the intervention, e.g. Central Hartlepool where relatively small sites limit Place Shaping activity, but in adjacent areas, much can and is being done to widen the scope of activity. North Ormesby is one of the best examples of Place Shaping from the 11 IPAs, having won awards in this regard.

Place Shaping in North Ormesby, Middlesbrough

In 2001, following local consultation, Middlesbrough Council decided to demolish the failing Trinity Crescent Estate as part of a wider scheme to regenerate the North Ormesby area. Now considered a model of Place Shaping good practice, the scheme included:

- construction of the new Trinity Community Centre attached to the Parish Church costing £800,000 and completed in 2003,
- a new Sure Start neighbourhood nursery,
- the £11 million Medical Village, providing accommodation for 5 local doctors' practices and associated dispensary and other facilities,
- key improvements to the public square and local shopping area to raise perceptions and confidence amongst the local community and investors,
- in the surrounding pre 1919 terraced stock the Council has undertaken a private sector improvement scheme,
- the area is supported by a neighbourhood management framework,
- Haslam Homes was appointed in August 2005 as the preferred developer for approximately 106 homes for rent and sale, and 40 dwellings for rent through Tees Valley Housing Group, now Fabrick,
- In October 2005 Planning permission was granted for Middlesbrough's first extra care scheme.

In 2009, North Ormesby won "The Outstanding Achievement in Housing" award at the UK Housing Awards.

3.17 The evidence from the Street Survey (see Table 5 below) shows that in all 4 of the IPAs tested, people's perception of place has improved as a result of HMR intervention.

3.18 In some IPAs, however, ambitions to improve Place have not progressed sufficiently far for results to be clearly visible to an external audience. In St Hilda's, much of the area is now cleared, an ambitious vision is in place, and good signs of real Place Shaping are emerging on the edge of the area as new developments such as the Police HQ, BoHo and MyPlace become operational. For other areas, e.g. South Bank, vital interventions have been about keeping the community stabilised and continuing to remove surplus properties until the wider Place Shaping proposals of Greater Eston gather pace.

Housing Impacts

3.19 Over the 6 years 2004-10, TVL has supported the clearance of some 2,260 properties, the building of 1,200 new homes more than half of which were affordable, and the improvement of over 330 private sector homes. Given that this is a sub-region containing 294,000[7] homes, demolition for example affected less than 0.8% of properties. It is therefore hard to distinguish the impact that this activity has had at a sub-regional level on top of the much larger market forces at work.

3.20 For example, over this period, median house prices increased from £85,950, peaking in 2007 at £120,000, an increase of 39.6%. Prices have subsequently fallen back and in May 2010, the average price across Tees Valley was around £107,000. Average vacancy levels have fallen from 4.1% of dwelling stock in 2004 to 3.7% in 2010, with the total number of vacant dwellings falling by around 750 during this period. Note, however, that in some localities clusters of vacant properties persist. Since TVL supported 2,260 demolitions, vacancies would have been considerably higher without their interventions. Around 9,150 new homes have been built[8], 13% of which were in TVL supported renewal areas.

3.21 Whilst TVL's impact on the wider housing market is difficult to separate out from other housing market forces, at a local level there is real evidence of significant market improvement. This is set out in subsequent sections, and is reflected in the findings of the Street Interviews which demonstrate overwhelmingly that people thought these renewal areas had improved and residents were highly satisfied with them now – see Table 5 below.

3.22 The street interviews were conducted on a Saturday morning in places near to the intervention areas in order to find out at firsthand what local people thought about the work that had been undertaken in their area. An average of 36 interviews was conducted for each of the areas. Three quarters of interviewees lived in the intervention areas.

Table 5: Street Interview Results

Intervention Project Area	"Better" or "Much Better" than before.	"Satisfied" or "Very Satisfied" with the n'hood as a place to live.	People were pleased with:
Mandale, Stockton	77%	87%	Improved parks, reduced crime
North Ormesby, Middlesbrough	79%	82%	Appearance & sense of pride; some criticised eclectic design
Firthmoor	97%	89%	Quieter, less anti-social behaviour, better housing & facilities
Headway & Trinity, Hartlepool	77%	77%	Quieter, appearance, less trouble and sense of pride

[7] Housing Strategy Statistical Appendix 2009 records 294,123 dwellings across the Tees Valley
[8] ODPM Planning Data Table 253 Housebuilding Completions

3.23 The impact on the local housing market in these more advanced IPAs in terms of delivery has been considerable. The new housing has helped to diversify markets previously dominated by poor quality private terraced stock and social rented housing.

3.24 Some questions have been raised through this study in terms of how well the new housing products developed will meet aspirations and address issues of urban flight and the ability to attract second time buyers into local markets. However, the scale of intervention delivered in some of the IPAs, suggest there are prospects of achieving this in the longer term as new communities are established and perceptions are changed.

4. Local Impacts

Overview

4.1 The research brief required a study of the impacts of 11 Intervention Project Areas (IPAs) which is the large majority of IPAs supported by TVL. Table 7 lists these IPAs and includes a summary of our impact assessment which covered:

- How they are improving sustainability, including creating mixed communities,
- Their "Place Shaping" impact, whether they are improving the image and attractiveness of the area,
- Have there been any displacement effects, i.e. the potential for problems to be merely moved on to neighbouring areas?
- Are there any positive adjacency effects, i.e. the potential impact that new development may have on the desirability of neighbouring areas?
- What are the overall prospects for improvement?

4.2 Impact Assessment reports for each IPA are provided as Supporting Documents. The data underpinning our analysis is summarised in Appendix 4. It should be noted that this assessment is being carried out after 6 years of a 15 year programme and is therefore at a relatively early stage.

4.3 Total public housing investment in the 11 IPAs is £163m, and over 2260 homes have been cleared and 1200 built. Funding and outputs are summarised in Table 6 below.

Table 6: Funding and Outputs for 11 Intervention Project Areas.

FUNDING (£000)	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	Total
HMR (CLG/HCA)	£0	£0	£4,877	£13,583	£10,946	£7,898	£37,304
SHP[9]	£4,880	£4,403	£9,316	£6,266	£4,077	£4,392	£33,334
Other Public Total	£10,060	£15,895	£9,357	£10,228	£10,820	£8,081	£64,441
of which LA	£2,267	£2,486	£3,209	£4,427	£4,506	£2,311	£19,206
NAHP	£5,543	£3,409	£4,148	£3,001	£5,941	£6,038	£28,080
Other	£2,250	£10,000	£2,000	£2,800	£373	£392	£17,815
RSL Private Leverage	£5,543	£3,409	£4,148	£3,001	£5,941	£6,038	£28,080
Total HMR	**£20,483**	**£23,707**	**£27,698**	**£33,078**	**£31,784**	**£26,409**	**£163,159**
OUTPUTS (Units)							
Acquired	84	37	127	169	289	247	953
Demolished*	75	215	496	1,011	213	254	2,264
Relocations	0	0	0	0	40	15	55
Affdble Hsg (Starts)	99	108	76	82	152	173	690
All New Build* Cmplns	133	136	222	366	167	182	1,206
Private improved*	546	547	608	919	0	217	3,303
TOTAL* DEALT WITH	754	898	1,402	2,378	532	826	7,463

[9] Data in this table have been collected from LA/TVL sources at an IPA level. They do not fully reconcile with data on SHIP 1 in Table 3 for a number of reasons e.g. the distinction between SHIP objectives may not have been rigorously observed at IPA level, or accurately apportioned between phases.

Table 7: Summary of Impacts

Intervention Project Area	Nature of HMR Interventions	Progress	Outcomes to Date	The Future
Darlington				
Firthmoor	SRB led redevelopment of 336 house on wider LA estate; development of 505 new homes for sale & SO	Complete	Successful transformation from problematic estate to mixed tenure popular hsg with significant resident involvement	No further HMR intervention needed.
Hartlepool				
Headway (Chester Rd)	Acquisition & clearance of 280 older terraced hsg; redevelopment of 170 homes for sale and affordable hsg	Ph 1 of 4 complete; Ph2 in progress	Successful replacement of obsolete hsg with new popular hsg; good impact on image of central Hartlepool. Surrounding terraced hsg remains fragile as there has been displacement and over-supply of lowest-price terraced housing.	The need for long-term market restructuring remains the central issue, and until a balance is restored displacement effects are likely to recreate the problem elsewhere and erode the hard won achievements to date.
Trinity Square and Trinity Court (previously known as the Hart Lane/Mildred St and Mayfair St sites)	Acquisition & clearance of 347 older terraced hsg; redevelopment of 156 homes for sale and affordable hsg	Trinity Sq complete; Trinity Ct in progress	Successful replacement of obsolete hsg with new popular hsg; good impact on image of central Hartlepool. Surrounding terraced hsg remains fragile as there has been displacement and over-supply of lowest-price terraced housing.	The need for long-term market restructuring remains the central issue, and until a balance is restored displacement effects are likely to recreate the problem elsewhere and erode the hard won achievements to date.

Intervention Project Area	Nature of HMR Interventions	Progress	Outcomes to Date	The Future
Middlesbrough				
Gresham	770 older hsg to be acquired & replaced with 285 new homes; remainder of stock to be retained/improved	404 acqd ready for demolition	Residents relocated from private rented properties in the worst streets in Middlesbrough into better accommodation; market stabilising, but conditions in the medium term make economics difficult. .	The vision for the area is for a mixed use development connected to the town centre, University and Linthorpe Rd. Regeneration plans are being developed through a review process involving HCA, community and other partners; continued significant intervention is essential, and cross funding from Hemlington being considered.
North Ormesby	Clearance of 274 LA system built h'ses, development of 186 new mixed tenure homes; part of wider area regen.	New hsg nearing completion	Successful Place Shaping scheme combining hsg and non-hsg regen with resident involvement; has contributed to wider regen across M'bro	Longer term sustainability depends on completing the new housing and other improvements, as well as on regen across M'bro town centre and Middlehaven.
St Hilda's	Clearance of crime afflicted hsg and site assembly prior to Middlehaven Ph3 regen scheme	All but a few remaining h'ses cleared	Clearance all but completed, successfully removing crime hot-spot; some new non-hsg development already completed.	Clearance of remaining houses to be completed; management of site needed pending regeneration linked to Middlehaven.
West Lane	Clearance of 250 older terraced h'ses, and redevelopment of 140 mixed tenure homes	Ph1 complete; Ph2 half completed	Successful small scale HMR scheme with impact from new private housing helping support wider interventions.	For the future, it is important that the scheme is completed to plan.

Intervention Project Area	Nature of HMR Interventions	Progress	Outcomes to Date	The Future
Redcar & Cleveland				
Grangetown	Older hsg renewal & social hsg estate brought up to DH; formerly SRB, now part of Gtr Eston Regen	Older hsg cleared, social hsg decent.	Area stabilised following clearance of older housing and improvement of social hsg.	Important to maintain strong neighbourhood management; regeneration plans are yet to be decided and depend on successfully delivering the Gtr Eston Masterplan.
South Bank	Older hsg renewal; formerly SRB, now part of Gtr Eston Regen	500 older houses cleared	Much older hsg has been removed helping stabilise the area and improve life for the resilient local community.	Neighbourhood Management has helped to sustain the existing community and remains important into the future. Regeneration plans are in place, and development of Eco-Village anticipated, also further clearance may be needed; timing is uncertain presently and depends on Gtr Eston Masterplan.
Stockton				
Mandale	Phased clearance of 578 LA obsolete h'ses on a deprived estate; replacement with 900 new mixed tenure homes	Approx half completed	Successful regeneration which has improved life on the estate and more widely in Thornaby	Into the future, this intervention needs to be completed with the same high standards of tenancy management that characterised the first phases.
Parkfield Ph1 (Nursery Gardens)	Acquisition & clearance of 200 older terraced hsg; redevelopment of 114 homes for sale and affordable hsg; Part of wider Parkfield redevelopment	54 new homes completed; site mothballed	Older hsg removed, but new housing unable to be delivered to extent anticipated due to falling house prices which distorted the developer's value / cost assumptions.	The scale, timing, price and mix of the new housing on Ph1 will need to be rethought to complete delivery; consideration will also need to be given to the long term viability and VFM of delivering the regeneration proposals at Phase2 given changed market and funding circumstances.

Darlington

Firthmoor Estate

4.4 Firthmoor estate is situated in the south east corner of Darlington. There were over 1,450 houses built in the 1950's and 1960's providing homes for a population of 4,022. Over 80% of the houses on the estate prior to the start of the demolition programme were council owned with a void rate of nearly 16%. There were a number of severe underlying social and economic problems affecting the estate which needed to be addressed through co-ordinated action.

4.5 A major programme of demolition was completed in March 2001, reducing the stock by over 350 dwellings. An SRB 6 programme helped to begin tackle some of the underlying socio-economic issues between 2000 and 2006, and redevelopment for new housing began in 2003, with around 500 homes being completed by 2010. In addition a new primary school and community facilities including an all weather, floodlit pitch have also been provided, and the local authority has undertaken a major £4.6m programme of modernisation on its retained stock in the area.

4.6 The original rehousing and demolitions were funded by the Council and they retained a full capital receipt on disposal of the three development sites. The value of the private housing was estimated to be in excess of £14m at the time of the SRB bid. The SRB 6 programme running from 2000 to 2006 was critical to helping regenerate Firthmoor. £3.11m was awarded and matched by £4m from other sources. Another key element of the regeneration was the new primary school completed in 2003, and funded with over £2m from the DfEE.

4.7 Stakeholders regard this initiative as having been very successful in removing obsolete houses and providing a development of new homes that are popular and desirable. Local estate agents say that the image has improved significantly with new residents, many from the army, bringing new wealth into the estate which provides stability and robust house prices.

4.8 From a street survey of local people, 97% of respondents thought that the area was "much better" or "better" than before, and 89% were "satisfied" or "very satisfied" with the neighbourhood as a place to live.

4.9 Nine out of 13 indicators of local sustainability have moved in a positive direction over the period 2006 – 2010, including burglaries, anti-social behaviour, educational achievement and long term vacancies. The Audit Commission's CPA assessment in 2005 concluded: *"The SRB funded regeneration of Firthmoor has completely transformed the area".*

Hartlepool

Headway and Trinity

4.10 **Headway** was formerly an area of poor quality terraced properties located to the north of Hartlepool town centre. In total 280 properties, including 12 commercial properties have been demolished and are being replaced with 170 new homes with a mix of owner-occupation and intermediate tenure. The site was assembled 2003-2008 with funds from SHIP, HMRF, EP, HBC, NRF, WNF and the recycled land receipt for the site. £12 million pounds in total was used for site assembly and scheme delivery. Phase 1 of the new development is now completed with Phase 2 out of 4 underway.

4.11 **Trinity** is located in west central Hartlepool, within the area identified as part of the New Deal for Communities (NDC) area in Hartlepool. There are two sites: Trinity

Square has been completed and fully occupied, and Trinity Court is about one third complete as at summer 2010. 347 properties have been acquired and demolished, being replaced by 156 new properties built by Yuill's. The properties were initially for outright sale but because of the housing market downturn intermediate tenure options were introduced including first-time buyer and other shared equity products. The sites were assembled in 2004-2008 using funding from Hartlepool Revival (NDC), Hartlepool Borough Council capital funding and Tees Valley Living HMR - £13 million pounds in total was used for site assembly and scheme delivery.

4.12 The housing being demolished on both Intervention Project Areas was poor quality two bedroom, back of pavement terraces which suffered from the symptoms of low demand and the general oversupply of poor quality terraced housing which dominates the housing landscape of north central Hartlepool.

4.13 Other initiatives and investment which will support the regeneration of the wider area include:

- Improvements to the open space (Cemetery) facing Headway through £100k Big Lottery funding
- £150m Building Schools for the Future and primary school investment into local schools anticipated but is subject to funding review.
- Improvements to play facilities delivered through £60k S106 funding
- private sector housing grants have been directed into the areas surrounding intervention areas to assist in the protection of the HMR investment, selective licensing is in place in adjacent areas, and a revamped Empty Homes strategy has been launched

4.14 Support for the local community is focused through Neighbourhood Management and has had some success in conjunction with NDC in tackling ASB and criminality. Neighbourhood wardens and now PCSOs are deployed.

4.15 Headway and Trinity are seen as notable successes in clearing three concentrated areas of surplus and obsolete housing. The new housing is popular and sought after, and work has continued throughout the recession with only limited reprogramming. Those households returning to the area are very satisfied with their new housing. From a street survey of local people, 77% of respondents thought that the area was "much better" or "better" than before, and 77% were "satisfied" or "very satisfied" with the neighbourhood as a place to live.

4.16 For the Trinity sites, seven out of 13 indicators of local sustainability have moved in a positive direction over the period 2006 – 2010, including house prices, burglaries, anti-social behaviour, and physical environment. The indicators for Headway are less positive, and for example, ASB has deteriorated. In terms of the level of long term voids, these remain stubbornly high. After clearing 627 properties, there still remain 652 long-term voids concentrated in the older poor-quality terraces. The need for long-term market restructuring remains the central issue, and until a balance is restored displacement effects are likely to just push the problem around and erode the hard won achievements to date.

4.17 We have concluded that the Housing Market Renewal interventions at Headway and Trinity have successfully replaced surplus and obsolete housing with popular new homes offering an improved choice of accommodation in Central Hartlepool. The interventions have had a positive impact on how people view the area, leading to some instances of wider private investment taking place.

4.18 However, the housing market in surrounding areas of older terraced properties remains fragile, and there is a significant risk of further destabilisation from the behaviour of private landlords. These issues must be addressed as this threatens the overall sustainability of the areas.

4.19 We expect that continuing intervention will be necessary in order to maintain a balance between supply and demand, and there will need to be a continuing effort to support the community through these changes, particularly to prevent Anti-Social Behaviour and criminality and to change external perceptions. There is also a need to maintain strong strategic leadership in delivering effective change in these neighbourhoods.

Middlesbrough

Gresham

4.20 Gresham is the most recent of Middlesbrough's HMR interventions within this study, and although the least advanced, nevertheless significant progress has been made to date.

4.21 The IPA is located within central Middlesbrough, south west of the town centre. The area comprises a network of densely-packed streets of terraced housing affected by socio-economic problems, a high concentration of private rented properties (up to 50% in some areas), properties which fail the Decent Homes standard, long-term vacant properties, crime and anti-social behaviour and a high turnover of occupants.

4.22 The area has been the subject of a range of studies in recent years aimed at kick-starting the regeneration of the area in order to address the particular socio-economic problems which are concentrated there. In 2009 Middlesbrough Council commenced working alongside the Homes and Communities Agency (HCA) to undertake a review of the strategy for the area.

4.23 The emerging Place Shaping proposals have led to consultations on revised plans halving the number of demolitions in the area to approximately 770, with around 285 new dwellings to be constructed on the cleared land as part of a wider mixed-use development with strong links to the town's commercial centre via a frontage on Borough Road, to the University and to Linthorpe Road. To date, implementation has seen the acquisition by negotiation of approx 404 properties, together with back-alley gating, improvements to commercial properties, an intensive neighbourhood management approach and selective landlord licensing. Funding to date has come from HMR, SHP and Middlesbrough BC, and totals some £30m over the last 6 years.

4.24 The impact of the scheme to date has been to relocate residents from private rented properties located within the worst streets in Middlesbrough into better accommodation elsewhere with a significant improvement in quality of life. It is too early to draw firm conclusions on wider impacts as MBC is still in the first phase of acquisitions. In the Ph 1 area, ASB, crime, etc has now largely disappeared as properties are almost all empty. Elsewhere, however, the area is still troubled by ASB, crime and the churn of private renters, and there is little sense of community now. Overall, crime and anti-social behaviour is down 26%[10], with the selective landlord licensing scheme playing a crucial role in this.

4.25 The central area of Gresham is still fairly settled with less churn. Front and back-alley improvement packages have been successful where there is a more settled community with a community champion, bringing people together, reinforcing respect and possibly strengthening house prices.

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[10] MBC data.

4.26 Stakeholder views have been on the whole positive. They consider that the investment to date has been used efficiently and that the process of developing plans in close conjunction with the local community has resulted in the establishment of a consolidated strategy which achieves a suitable balance between the preferred action of the Council and that of the local community, and has therefore achieved a level of 'buy-in' which would otherwise not have been possible.

4.27 Escalating property values (from £10k to £62k) have reduced outputs and extended timescales, creating uncertainty for local residents. The impacts of the economic downturn and, in particular, the reduced funds available for the project have undermined the viability of the intervention. Middlesbrough Council has therefore taken practical steps to revise the strategy for Gresham to take account of such issues.

4.28 The conclusion is that Ph 1 acquisition is successful in its own terms, and although there are some displacement effects, these are being managed. Gresham is thought to be no worse than it has been in the recent past. A more coherent strategy for the future taking account of current economic realities as well as Gresham's potential in being located close to the town centre is being developed. Continued significant intervention is essential, and mechanisms for capturing value from LA land at Hemlington are being developed in order to accelerate development at Gresham.

North Ormesby

4.29 North Ormesby is located to the north east and close to Middlesbrough town centre. The project was conceived as part of a coordinated series of initiatives aimed at reviving North Ormesby's commercial, social and housing offer. The redevelopment of obsolete housing on Trinity Crescent was one element of a Place Shaping scheme that was voted the "Best Regeneration Project in England" in 2009.

4.30 Community engagement and masterplanning began in 2002, and has evolved with continual input from residents, intending to present the best opportunity to existing residents to remain in the area, while at the same time diversifying the offer to enable in-migrating households to access urban area dwellings of the type to which they aspire.

4.31 Intervention involved demolition of 274 low demand, system built houses at Trinity Crescent, and construction of some 186 new homes for mixed tenure and incomes, including provision for vulnerable and special needs groups. Intermediate housing products have been made available to the current owner-occupiers to enable them to remain owners on the redeveloped site. Almost £13m of housing capital funding has been deployed in this intervention, together with an estimated £5m of investment by the housebuilder.

4.32 Place Shaping has also involved a new Sure Start centre and Medical Village, and will be complemented by key improvements to the public square and local shopping area to help raise confidence amongst the local community and investors.

4.33 The housing intervention has transformed the appearance of the North Ormesby Market Square with a distinctive design creating a real identity. The housing is proving popular, existing resident behaviour has improved and new residents are being attracted in. The new Trinity Medical Centre has also had a major positive impact on the area.

4.34 From a street survey of local people, 79% of respondents thought that the area was "much better" or "better" than before, and 82% were "satisfied" or "very satisfied" with the neighbourhood as a place to live. Local estate agents feel the scheme has improved the appearance of the area and is delivering a promise of change, although they wondered whether this will be sustained in the future with reduced funds. Stakeholders feel that the neighbourhood management pilot has significantly reduced crime and ASB and helped restore pride in the area. New developments, e.g. the Extra Care home, have also created additional local employment. Seven out of 13 indicators of local sustainability have moved in a positive direction over the period 2006 – 2010, including house prices, burglaries, anti-social behaviour, and long term vacancies.

4.35 This intervention, which has been coordinated with a considerable investment on non-housing as well as housing projects, is widely considered to be successful. It has transformed the appearance of the area, helped reduce crime and anti-social behaviour, and started to attract new residents. The credit for this transformation should be shared by the local residents who have been actively involved throughout.

4.36 The key question for the future is whether this improvement can be sustained. This is partly about completing the new building work, continuing the programme of smaller scale improvements and managing the remaining older housing, but also about the wider economic prospects of Middlesbrough as a town centre and the success of the Middlehaven regeneration scheme in creating more jobs.

St Hilda's

4.37 St Hilda's was one of the most extreme examples of housing market failure in Tees Valley. The area is located close to the town centre and surrounded by industrial areas. Housing consisted mainly of Council and RSL stock, some built in 1980s. However, social problems and criminality led to low demand and the need to undertake wholesale clearance which began in the 1990s with the clearance of Tower Green. Post 2006, around 78 properties are being acquired, 182 households relocated, and 283 properties demolished. Substantial progress has been made with just 40 mostly empty properties remaining. Funding for clearance over this period has totalled £2.5m.

4.38 Successfully dealing with these mainly social disorder issues has created a significant regeneration opportunity close to Middlesbrough town centre. St Hilda's is now part of the Greater Middlehaven master plan Phase 3 led by Tees Valley Regeneration and supported by Middlesbrough Council and the HCA. Already significant new private sector development has taken place at the edges of the site, e.g. a new police headquarters, BoHo, "Myspace", etc. The site occupies 17 hectares and will be used for commercial and housing redevelopment.

4.39 This intervention has successfully removed a housing estate with an appalling reputation and replaced it with prime commercial development opportunities, which will create jobs for the future. The removal of this housing will also have contributed to restoring the balance of supply and demand in Inner Middlesbrough as well as rehousing people in better neighbourhoods.

4.40 New development at the edges of the area is assisting transformation of the area, and stakeholders feel that without the St Hilda's clearance project, the Middlehaven regeneration would be more difficult to deliver. Estate Agents felt that the project had not been progressed speedily enough and could have proceeded earlier through use of CPO powers. There were also concerns about the degree of forward planning and choices about the housing mix.

4.41 This intervention has successfully eliminated a large pocket of serious housing market failure, and has helped prepare the ground for an essential and massive regeneration in the area which has already begun. Making the most of these commercial, job creating opportunities, as well as delivering new housing here, will depend particularly upon progress on the wider Middlehaven regeneration initiative which will inevitably be slowed by the recession.

West Lane

4.42 The West Lane community has suffered isolation from Middlesbrough town centre caused by the construction of the A66 trunk road. Less popular back-of-pavement terraced houses have suffered low demand in recent years, with below average house prices and an increase in the number of properties for private rental.

4.43 West Middlesbrough Neighbourhood Trust, which manages the New Deal for Communities regeneration programme within the town, is undertaking the regeneration of West Lane with the assistance of Middlesbrough Borough Council. During 2001 – 2004, a number of blocks of houses were acquired and demolished to form Phase 1. An Options Report was prepared and consulted in 2005, with the final scheme being to demolish a further 99 houses and develop the combined sites to provide a varied range of 138 new homes for different tenures. The existing community is to be the core of a sustainable mixed community with strong community cohesion.

4.44 Yuill's completed 73 new homes in 2008. Phase 2 was postponed because of the housing market slump, but is now progressing with Kickstart funding and will deliver 70 additional new homes. Around £8m of public housing capital funding has been deployed in West Lane to March 2010, together with some £5m of private developer capital.

4.45 Other supportive initiatives and investment: NDC has contributed £150,000 to help construct a building used for employment projects; £600,000 capital contribution to Macmillan College to provide community facilities within the college; 150 properties have had the benefit of external facelifts.

4.46 This intervention has successfully removed a small area of low demand and obsolete housing that was detracting from nearby sound housing. The new homes developed are proving popular and are attracting newcomers to the area. Local estate agents feel that the scheme has worked well despite in their view having too many rented homes in the mix. The allocation of Kickstart funding is enabling the scheme to be completed and so protect earlier investment.

4.47 Private tenants in appalling conditions were re-housed either in the social sector, or in significantly better private sector accommodations in established neighbourhoods. In addition, small, but significant number of owner-occupiers has purchased a new property on the redeveloped site. Seven out of 13 indicators of local sustainability have moved in a positive direction over the period 2006 – 2010, including house prices, burglaries, and long term vacancies.

4.48 This is a successful small scale housing market renewal scheme that has been developed with a major element of community involvement through the New Deal for Communities arrangements. It is important for successfully having dealt with a pocket of failed housing that was having a detrimental effect on retained private housing and the larger scale redevelopment of Whinney Banks nearby.

4.49 For the future, it is important that the scheme is completed as planned.

Redcar & Cleveland

Grangetown and South Bank

4.50 South Bank and Grangetown are located at the North West of Redcar and Cleveland, immediately south of the River Tees and A66 and adjacent to the boundary with Middlesbrough Council. They are both part of the wider masterplan for the regeneration of Greater Eston, and there has been a lengthy history of intervention prior to Housing Market Renewal.

4.51 **South Bank** Housing Renewal Plan identified the deep rooted nature of the area's social problems and the poor quality of the terrace housing and local shops on Normanby Rd. HMR intervention has been scaled back to 500 further acquisitions and clearances in South Bank, around half the current stock. A site has been cleared on Normanby Rd for a 26 home Eco-Village demonstration project to be developed by Gentoo with NAHP funding coming from the HCA. In order to support the Eco-Village development, the Council is currently undertaking environmental improvements adjacent to the site. £15m of HMR and SHIP 1 funds have been deployed in South Bank over the 4 years 2006-2010 to acquire and demolish some 530 properties.

4.52 The South Bank area is included with the Greater Eston masterplan, and a more localised masterplan, "South Bank Neighbourhood Plan", is being developed for the area which clearly defines the nature, extent and costs of regeneration. The HCA is working closely with the local authority on an economic appraisal of the area and on formulating next steps, and they feel that the area is now close to fundamental positive change.

4.53 The local authority has adopted a Neighbourhood Management approach in South Bank, and there is an active community organisation, South Bank Tomorrow, which works on small scale environmental improvement projects such as painting back alleys and landscaping works. Shop front improvements are being undertaken.

4.54 In South Bank, seven out of 13 indicators of local sustainability have moved in a positive direction over the period 2006 – 2010, including house prices, burglaries, anti-social behaviour, and long term vacancies. The physical appearance of the area has improved and there is a resilient local community.

4.55 **Grangetown** was a mix of similar terraced housing together with an estate of 685 semi-detached former Council housing now owned by Coast & Country HA, and approx 40 newer social rented homes by TVHG and Accent on the north edge of the area. All but 50 of the terraced houses were cleared some time ago. Over the period 2004-2010, Coast & County have undertaken £2.5m Decent Homes work on their stock.

4.56 Although the Gtr Eston Masterplan covers Grangetown, there is currently no agreed strategy for moving forwards here. Most interventions are ad hoc by social landlords, with Coast & Country Housing taking key responsibility to stabilise the market and improve the environment. There is an extant planning permission for 250 homes, some affordable, on a cleared site in Grangetown. There has been limited take up of two schemes of 40 market sale homes, recently built by Ben Bailey Homes on the Eston side of Broadway.

4.57 In Grangetown, only four out of 13 indicators of local sustainability have moved in a positive direction over the period 2006 – 2010, including educational achievement, numbers of residents not in employment, education or training, people needing care and physical environment. Unemployment, burglary and long term vacants have all increased over this period. Physical aspects have improved, especially Coast &

Country homes brought up to Decent Homes standard. There has been little investment by owner occupiers, generally only those moving house e.g. from clearance areas. There is negligible RTB activity.

4.58 Taking **South Bank and Grangetown** together, there has been extensive consultation on the plans for the areas, and local residents have been largely supportive. Supply and demand has been brought more into balance through continued clearances, but demand is purely from households currently in the area, with minimal demand from people wishing to move into Grangetown or South Bank.

4.59 Stakeholders have expressed some frustration regarding the delivery of regeneration interventions, and local estate and letting agents were sceptical about the impact of the investment so far. In summary, as much has been done as possible with the limited money available and further deterioration of the area has been limited.

4.60 There are a range of supportive initiatives and investment including the development of a new business and skills centre in the area, a 'Skillswork' initiative, Local Enterprise Growth Initiative (LEGI) and Routes to Employment (R2E) initiative.

4.61 Delivering the Greater Eston Masterplan is important for the longer term. Development partners are in the process of selecting an appropriate delivery vehicle for the scheme. An Accelerated Development Zone (ADZ) incorporating Tax Increment Financing (TIF) is under consideration. In broad terms it is anticipated that the wider intervention will be delivered over a period of 10-12 years including:

- New health village which is already up and running
- £4m of NAHP investment by Tees Valley HA (Fabrick) to provide 40 units of extra care housing together with 26 units of social rented and HomeBuy accommodation.
- New district centre anchored by Tesco and currently negotiating planning permission
- PFI investment in local schools, local transport improvements and a framework for improved green space called "The Great Park"
- As part of Growth Point plans, a major new housing scheme at Low Grange on vacant land between South Bank and Grangetown will be brought forward for planning approval by Taylor Wimpey in December 2010.
- The Eco Village development of 15 new build properties on a cleared site and the refurbishment of a terrace in South Bank
- Improvements to retail centres in the immediate area, including Eston Precinct, Bolckow Road and Normanby Road.

4.62 The Council has allocated £5million per annum to support the delivery of projects identified within the Strategic Economic Masterplan for Redcar and Cleveland, a large proportion of which will go towards projects in Greater Eston.

4.63 The marginal housing market, together with the closure of the Corus steel works are two significant factors which have compounded the challenges of delivering long term housing market regeneration in South Bank and Grangetown. What is recognised is that the area remains one of the most deprived in the Tees Valley and the quality of life of current residents needs to be maintained through active neighbourhood management pending successful housing market renewal.

Stockton

Mandale Estate

4.64 Mandale is a Council estate situated close to Thornaby Town Centre. 578 dwellings are being demolished in phases and replaced with around 900 new homes in a mixed neighbourhood of one third rented Housing Association homes and two thirds homes for outright and intermediate sale.

4.65 Phase 1a in the south east is complete, with Phase 1 in the north completing in 2010. Phase 2 to the west is in progress, with some homes already complete. Residents in the central Phase 3 area will be relocated between April 2010 and October 2014. About half of all new homes are now completed.

4.66 The housing being demolished is of poor quality and the area has experienced a spiral of socio economic decline. The Housing Business Plan and the Mandale Demand Study March 2002 both identified this housing as non sustainable which means that investment would not bring these properties up to the Governments Decent Homes Standard and therefore demolition has been identified as the only option. The intention has been to create a sustainable mixed community at Mandale.

4.67 No HMR funding or SHIP funding has been deployed at Mandale. Public funding totals £11m to date and includes LA capital receipts from land disposals and £10m NAHP for social housing, complemented by private loans raised by RSL developers. An estimated £25m of private developer funding over the 4 years 2006-10 has been deployed together with £800,000 HomeBuy Direct funding.

4.68 Other supportive initiatives and investment include a linear park, public art work and new playing fields to replace those taken into the Ph1 development site.

4.69 The scheme is widely regarded by practitioners as very successful; housebuilders have continued to build and sell through the recession with only minor rebalancing of rent/SO/sale balance. It was nominated for a Housing Award in 2009.

4.70 It is popular with residents and there is very little vandalism and few complaints, mainly by elderly about congregating teenagers. From a street survey of local people, 77% of respondents thought that the area was “much better” or “better” than before, and 87% were “satisfied” or “very satisfied” with the neighbourhood as a place to live.

4.71 Ten out of 13 indicators of local sustainability have moved in a positive direction over the period 2006 – 2010, including people of working age claiming benefits, burglaries, anti-social behaviour, and physical environment. Stakeholders felt that key success factors are:

- Excellent relationship with SBC who operate strategically and corporately
- Excellent location (near town centre, connectivity to Stockton, Middlesbrough and A19)
- Patient working with residents in first year to assure them about new arrangements
- Guaranteed return to Mandale for those with good tenancy records
- Getting a quick start through early development of the old playing fields
- Strong local lettings/management policies and quality homes helped generate good behaviour and pride in estate
- Self funded by land sale receipts which SBC have ploughed back into the estate

- Good frontage site to promote a changed image and sell houses

4.72 Overall it is clear that, despite being incomplete, Mandale is a successful housing regeneration scheme. Practitioners have concluded that this regeneration scheme has not only changed the physical make up of the estate and its local image, but it has also changed the behaviour of some tenants for the better.

4.73 Into the future, this intervention needs to be completed with the same high standards of tenancy management that characterised the first phases.

Parkfield Phase 1.

4.74 Nursery Gardens, Parkfield Phase 1, is located to the south west of Stockton town centre, adjacent to the railway line. It is part of the wider Parkfield and Mill Lane Neighbourhood Management Pathfinder specifically focused on the Alliance and Hind Street area (the present Nursery Garden's site) as a result of the severity of the housing market problems which had occurred, leading to abandonment and collapse of the housing market.

4.75 Around 200 back of pavement terraces were demolished to create Nursery Gardens a development of around 114 homes for rent and to buy. 54 have been built to date, with 15 for social rent, a few intermediate and the rest for sale. Around 10 are unoccupied. Work has ceased as a result of market conditions.

4.76 The scheme was supported by approx £11m of EP, SHIP and TVL investment to successfully acquire all 200 properties included in the regeneration proposals. Phase 1 included £5m from EP prior to 2006, with a claw back of £1.7m on disposal of land.

4.77 Enveloping and face lift schemes have been undertaken in the surrounding streets by the Council to help support the new development at Nursery Gardens. There has been a Neighbourhood Management Pathfinder operating in Parkfield

4.78 Stakeholders feel that the new homes on Nursery Gardens have had limited impact because of the small area of intervention and high sales prices resulting from the high land receipt. In addition, lack of visibility as a result of being located away from a main road limits the impact a new development can have. Only five out of 13 indicators of local sustainability have moved in a positive direction over the period 2006 – 2010, including house prices, burglaries, and long term vacancies.

4.79 The clearance of 200 surplus and obsolete houses at Parkfield Ph 1 has helped maintain the balance of supply and demand in the area. Acquisitions continue in the wider Parkfield area. The intervention can be regarded as an essential but small step in dealing with housing market failure in the wider Parkfield estate. The scale, timing, price and mix of the new housing have not been helpful in terms of contributing to the wider Parkfield intervention proposals. These are some time away from being delivered and will need to be rethought.

5. Adjacency and Displacement

5.1 In the review of each IPA, there was a careful examination of possible displacement of problems to other areas or the impact of regeneration on adjacent areas (beneficial or otherwise). The Audit Commission definition has been used and also account taken of relevant CLG and Cabinet Office guidance. [11]

5.2 To identify and examine suspected displacement and adjacency effects we have:

- Discussed this issue with relevant stakeholders in connection with each intervention area,
- Included the topic in the survey of estate agents,
- Examined the data for any suggestive trends/changes in adjacent areas that may result from displacement or adjacency. A summary of the data used is at Appendix 4,
- Tested our initial findings with practitioner groups for each area,
- Also sought views from the public in the 4 areas where street interviews were held.

5.3 One conclusion that emerges clearly from this analysis of displacement is that the diligent application of good neighbourhood management techniques has averted potentially difficult displacement effects. LAs and practitioners should take great credit for this, and there may be some good practice examples that can be promulgated more widely.

Darlington

5.4 **Firthmoor** – The history of the intervention and the comments of local stakeholders suggest that any displacement/adjacency effects are most likely to impact on the adjacent areas of Eastbourne Ward – the Lascelles Neighbourhood. The practitioners felt that there had been great care taken to ensure that difficult families did not disrupt the areas where they were re-housed, and establishing a Neighbourhood Management Team on Firthmoor was felt to be important in this regard. The research did not identify any views that such problems had occurred. In particular, it is notable that there was no feedback of this sort from the street interviews or estate agents.

5.5 The data suggests that the Firthmoor Intervention has improved more strongly than the adjacent Lascelles neighbourhood with a slight reduction in the proportion of working age households in Firthmoor in receipt of benefits (the key worklessness indicator). This rose slightly in Lascelles. But both areas now have low vacancy rates and show reasonable stability.

Hartlepool

5.6 **Headway and Trinity**– These intervention projects were conceived as part of a wider regeneration plan for the inner town, including the NDC area. There have clearly been displacement and adjacency effects from the specific projects, but some of these were anticipated from the outset. To understand the projects properly it is necessary to put them in the context of this wider regeneration programme which is still in “mid-stream”.

5.7 Officers and residents all identify the most serious issues as being surrounding areas going downhill as a result of displacement of problem tenants. The programme

[11] CLG Assessing the impacts of spatial interventions, 2004 Cabinet Office – Magenta Book – Guidance Notes for Policy Evaluation Analysis, 2007

managers are very aware of the problem, but it is difficult to manage as the main movement of tenants is taking place in the private rented sector. There remains an over-supply of the lower price terraced housing, and some respondents felt that certain landlords are prepared to take tenants with a poor previous record (in practice, they may not check at all).

5.8 This process of displacement cannot reliably be identified using the neighbourhood level statistics as both regeneration and displacement is taking place in the same neighbourhood. Thus, new housing is being built at Headway whilst nearby – across one main road - there is serious decline affecting the Perth/Huworth streets. These latter areas are planned for clearance, and in the case of Perth Street funding has already been secured with a CPO Inquiry commencing next year.

5.9 A number of examples of positive adjacency effects have been reported. Officers have noted a high level of improvement and extensions in housing adjoining the Headway and Trinity sites. The street interviews reported that there is a general improvement in the appearance of the area and that new people take more pride in the area.

5.10 In terms of the overall impact of this regeneration, the level of long term voids remains stubbornly high. Even after clearing 627 properties, there still remain 652 long-term voids concentrated in the older poor-quality terraces. The need for long-term market restructuring remains the central issue, and until a balance is restored displacement effects could just push the problem around and erode the hard won achievements to date. The committed next stage of investment and intervention will be significant.

Middlesbrough

5.11 **Gresham** – So far the main activity has been to re-house residents from the clearance areas and to invest in improvements to adjacent housing to be retained. There are widely-held views that there have been problems arising from disruptive households being re-housed especially to the South of Parliament Street. This is not reflected in statistics for the Crescent Road neighbourhood. What is clear is that the people rehoused have benefited from a real improvement in their housing circumstances.

5.12 We have also explored the suggestion that private landlords have moved their ownership to adjacent areas and that (in some cases) social problems have followed. There is no specific evidence to support this – feedback from estate agents and others is that private landlords have become more wary about their acquisitions and this may have helped mitigate the problems. Middlesbrough Council has commissioned research on the private rented sector which will provide vital evidence on current conditions for landlords and tenants and whether further policy funding or management interventions are appropriate to deliver continuing improvements.

5.13 Overall it is still a very early stage to draw real conclusions about the impact on adjacent areas. In terms of overall numbers of long term vacants in Inner Middlesbrough, numbers have naturally risen sharply in Gresham and fallen in adjacent areas as acquisition and rehousing proceeds. It is also worth noting that there is no apparent impact on relative house prices.

5.14 **North Ormesby** – Again, a relatively self-contained area where neither stakeholders nor residents have identified specific displacement or adjacency effects. We understand that although many residents of the Trinity Crescent estates (demolished at the start of the scheme) were re-housed widely across Middlesbrough, a number have been successfully rehoused into the new development. A number of stakeholders and estate agents commented that the visual improvements resulting from the regeneration is one of the factors that could boost the message that Middlesbrough is making progress.

5.15 **Saint Hilda's** – rehousing from St Hilda's has taken place over a number of years. In all some 300 households have been rehoused across Middlesbrough, with no identified displacement effects. The households responsible for criminal activity at St Hilda's were dispersed and appear not to have been able to reintroduce their activities elsewhere.

5.16 **West Lane** – This is a self-contained area and we have not identified any displacement or adjacency effects such as increases in crime or unemployment. Most people being rehoused have stayed in or returned to the area.

Redcar & Cleveland

5.17 **South Bank and Grangetown** – These two areas are both highly self-contained with most re-housing taking place within the communities. None of the statistics or consultations suggests significant impact on adjacent areas; although there remains valid concerns that if these areas were to seriously decline the position could be very different.

Stockton

5.18 **Mandale** – Virtually all the residents of properties being demolished were re-housed within Thornaby. The practitioners reported that they had worked hard to ensure that re-housed families did not have a negative impact on adjacent areas. The statistics, especially unemployment, reduction in worklessness, anti-social behaviour – show marked improvement in Mandale Park intervention area, but no overall pattern of marked deterioration elsewhere in Thornaby other than possibly in the Mansfield Avenue & Thornaby Road areas to the north of the intervention areas.

5.19 The view of practitioners is that other factors have probably had more influence in these areas than displacement. There have been recent problems with travellers in the Mansfield Avenue area, and both areas have an increasing proportion of private rented housing. This is causing problems separately to displacement.

5.20 **Parkfield –** Our consultations have not identified any specific views about the impact of the intervention on adjacent areas. There has been a Neighbourhood Management Pathfinder in Parkfield and this is likely to have had as much, or more, impact. The clearance of about 200 dwellings has reduced the proportion of band 'A' dwellings in the intervention area or adjacent areas.

5.21 The new housing completed to date is not visible from main through routes (other than Oxbridge Lane) and therefore has probably had minimal impact on perceptions of the area for residents or others.

6. Conclusions from the Impact Study

6.1 There is persuasive evidence from this study that **housing market restructuring is successful.** Indeed, where there is an oversupply of one type of housing such as older, poor quality terraces or obsolete social housing, housing market restructuring intervention is essential. Mandale, Firthmoor, North Ormesby, West Lane and St Hilda's are examples of successful housing market restructuring.

6.2 Tees Valley has ambitious plans for **growing its economy**. A key element of these plans is to address skill shortages which will be met by a combination of local skills development and in migration. Responding to households' housing choices and continuing improvement to Tees Valley as a "place" to live is crucial. In parallel with Housing Market Renewal, Tees Valley needs to ensure a greater supply of housing (by type and location) which will be genuinely attractive to the mid and upper income household groups which will drive forward economic growth and job creation.

6.3 Housing market restructuring is already having a significant impact upon the prospects for **economic renaissance** in Tees Valley. We have identified several positive impact mechanisms, namely creating jobs in the construction industry and local economy, improving the housing offer, i.e. the quality range and location of housing needed to support the expanding Tees Valley economy, contributing to Place Shaping, i.e. making neighbourhoods good places to live, and preparing the opportunity for major new regeneration initiatives such as Middlehaven in Middlesbrough. Alongside the public sector, housebuilders have played a key role in delivering these positive impacts, both within the Intervention Areas and beyond.

6.4 **Critical success factors** identified from the HMR case studies include paying attention to supporting and developing communities, taking a broad approach to Place Shaping, and working with the grain of the housing market. For example, at Mandale, a local lettings policy which emphasised the importance of maintaining a good tenancy record has played a real part in a successful renewal strategy. At North Ormesby the early investment in a health centre was instrumental in kick starting regeneration. At Firthmoor and West Lane, community involvement has been particularly critical to success. At St Hilda's, removing crime and investing in economic development is changing perceptions of the area; what was "over the border" is now increasingly perceived as BoHo.

6.5 When an intervention is part completed and there is tangible market improvement but the area remains vulnerable, it is **essential to continue investment**. Examples from this study are Trinity and Headway in Hartlepool. For Trinity and Headway, without continued investment and support for the local community, there is a real danger that market conditions will deteriorate and put previous investment at risk. Parkfield Phase 1 in Stockton is also partly completed, but here redevelopment has stopped as a result of poor sales. For the overall Parkfield intervention, stakeholders will need to urgently review the fundamental aims and direction of this initiative before continuing investment.

6.6 For neighbourhoods at relatively early stages of regeneration, Gresham, South Bank, Grangetown, and Parkfield, fundamental "place-change" will clearly take some time to achieve. That's not to say that housing market restructuring will be unsuccessful, but simply to reflect the long timescales of market renewal. This means that acquisitions may continue over an extended period and cleared sites may remain undeveloped until new plans and funding mechanisms are in place. For communities living in these neighbourhoods, a resolute **neighbourhood management approach** is essential to maintain civilised housing conditions.

6.7 For this same group of IPAs, a **coherent vision and practical regeneration plan** for the future needs to be worked out. This process is already underway in each area and is to be welcomed. Whilst all four areas have worked hard at strategic planning, much needs rethinking in the light of the recession and current market conditions. If possible, local authorities and their partners will need to look to identify innovative delivery solutions which could help to realise the HMR plans for these areas. This will involve ensuring the right type of housing development which will help support restructuring and help diversify the housing on offer.

6.8 The study has identified only limited **displacement and adjacency effects**. A great deal of attention has been paid to mitigating displacement effects during the delivery of these interventions and this appears to have paid off. In Central Hartlepool, some significant displacement effects have the potential to further destabilise the housing market. Further intervention will be clear following the CPO Inquiry next year (if successful) and this is needed to allay these concerns.

6.9 This study has identified a number of **good practice examples** of successful regeneration in Tees Valley: local employment practices at Trinity, Hartlepool, the marketing strategy at Mandale, Place Shaping at North Ormesby, etc. As well as good news stories that deliver the message that HMR is successful, there is real benefit in gathering together these examples and promoting their broader use across TVL's operations.

6.10 We estimate that TVL's activity had resulted in the creation of 1248 direct **construction jobs** over a six year period, together with a further 1380 supply chain and other local jobs. Over 6 years, total housing construction across Tees Valley supported an estimated 50,000 jobs. This is a conclusion of real economic significance that should be used to refine TVL's approach to investment policy.

6.11 The growing importance of **home working**, especially for knowledge based industries and as bases for skilled trades, should be taken into account in future housing investment and programmes.

Part B: Housing Aspirations Study

7. Aspirations for New Housing: Context

Introduction

7.1 Housing aspirations drive housing markets. Within the constraints of affordability, people will only buy the type of house they want in the area they want. Very few people (if any) can afford their perfect house in their preferred area. People make choices and trade-offs – perhaps a smaller garden to live where they want, or perhaps a lower price area to get an extra bedroom. . In Tees Valley, with house prices lower than regional and national averages, first time buyers have increasingly been able to bypass the older terraced stock.

7.2 The challenge for policy matters in Tees Valley is to understand the local housing market better in terms of how house purchasers here approach these choices and trade-offs. This section of the report brings together the extensive research that has been done in order to give advice on how future planning and funding decisions can maximise the prospects of attracting and retaining the following households:

- Knowledge economy workers
- Graduates
- Family builders
- Recent retirees

7.3 Part B of this report, the Housing Aspirations Study, presents:

- A contextual analysis of housing supply and migration patterns in Tees Valley;
- Analysis of housing aspirations of the wider Tees Valley population;
- Analysis of housing aspirations of target groups;
- Conclusions on Housing aspirations;
- Key issues in delivering aspirational housing.

7.4 Additional evidence and technical material is provided at Appendix 3.

Housing Stock

7.5 Compared to the rest of England, the Tees Valley and the north east have low proportions of detached properties and higher proportions of semi detached and terraced properties. Many of the semis are inter war social housing estates. Middlesbrough and Redcar & Cleveland in particular have very low proportions of detached properties. Two and three bedroom properties dominate, with very few four or more bedroom properties.

7.6 Within individual districts and sub-areas the proportions of stock varies. The high levels of recent house building in Stockton has diversified the stock with more detached and larger properties compared to other parts of the Tees Valley.

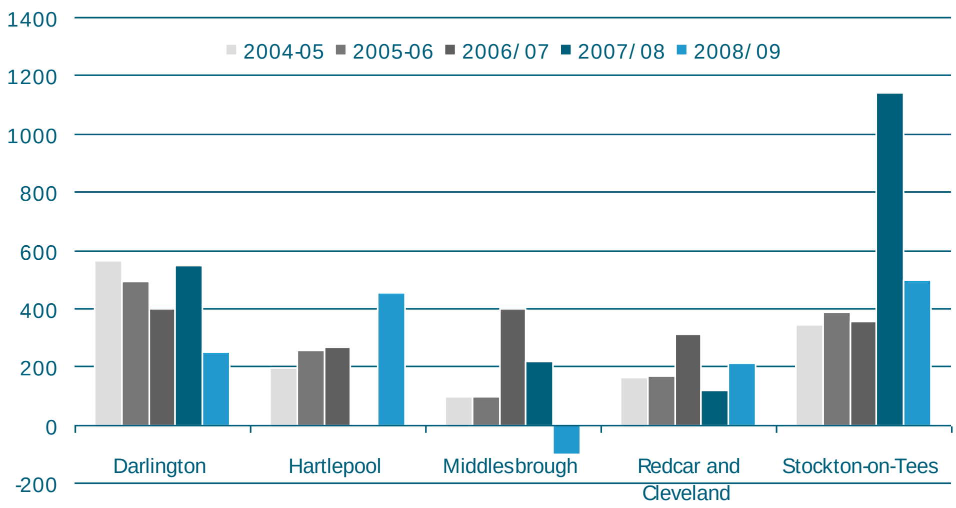
7.7 In contrast, many areas in the sub region suffer from concentrations of one property type, particularly small terraced properties. This has led to imbalances between supply and demand as a result of:

* Changing housing aspirations
* Availability of newer more attractive housing in suburban locations sometimes within reach of first and second time buyers
* The age and often deteriorating quality of the older terraced stock
* There are a lot of small terraced houses but a diminishing group of people who aspire to live in a small terraced house.

House Building Patterns

7.8 Across the Tees Valley new house building has been dominated by Stockton, Darlington and Hartlepool in terms of the numbers of net additions. The graph below shows Stockton is a key deliverer of new supply in the Tees Valley.

Figure 7.1: Net Additions to Housing Stock 2004-2009

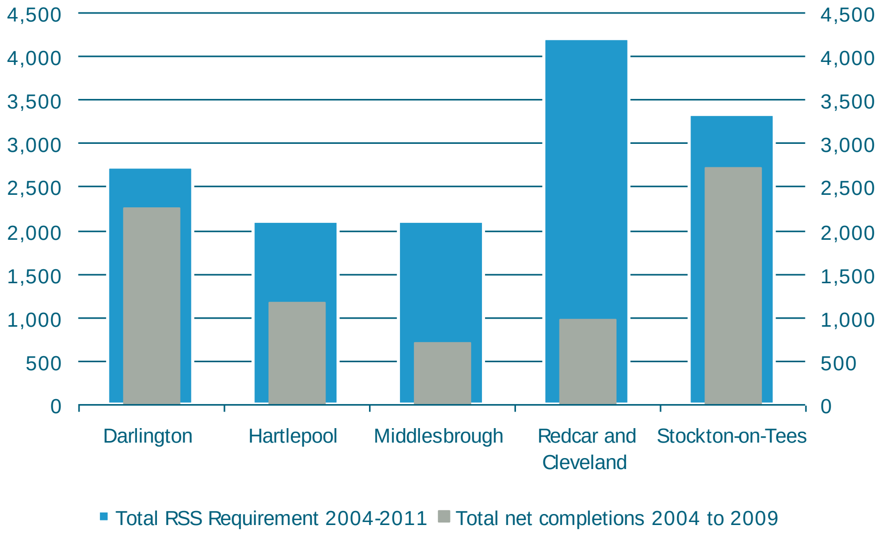


Source: Annual Monitoring Reports

7.9 It is useful to compare how each local authority has performed in terms of delivering new supply against those identified in the now revoked RSS. In May this year the RSS figures became obsolete as a result of the revocation of Regional Strategies. Local housing targets will be developed over the next couple of years.

7.10 The graph below highlights that only Stockton and Darlington were close to achieving the net additions targets outlined within the RSS. Hartlepool, Redcar and Cleveland and Middlesbrough fell considerably short of the net additions required.

Figure 7.2: Delivery of New Housing against RSS requirements

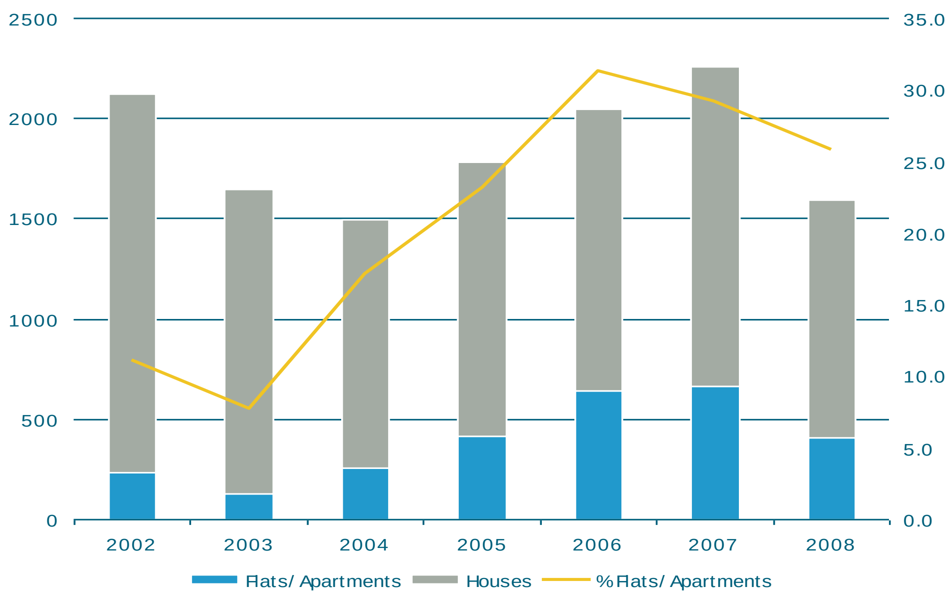


Source: Annual Monitoring Reports and RSS Submission Draft

7.11 Up to the early 2000's, much of the new stock developed had been characterised by larger suburban developments comprising semi detached and detached properties. Since then, influenced by Planning Policy Statement 3 Housing (PPS3), flats/apartments have become a larger proportion of new supply, peaking across Tees Valley in 2006 when nearly a third of all completions were flats/apartments. However, with the credit crunch and the resultant collapse in the housing investments market, the output from flats nearly halved between 2004 and 2008 and is likely to have fallen further in 2009.

7.12 The graph below highlights the growth and fall in the development of flats across the Tees Valley.

Figure 7.3 Completions broken down by type – Tees Valley

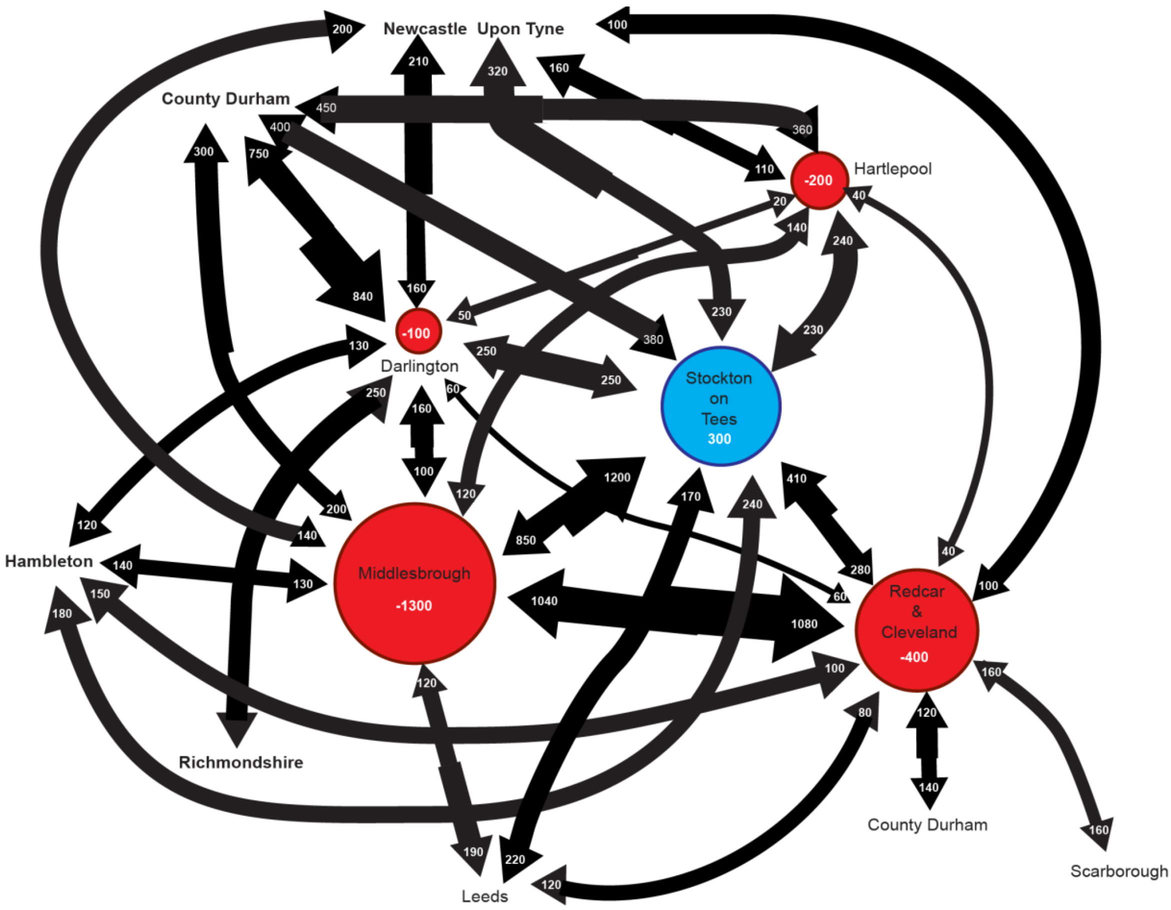


Source: NHBC

7.13 In Middlesbrough, during a period of relatively low net additions between 2002 to 2008, over 40% of supply was flats.

7.14 There is a significant correlation between house building levels and migration patterns (Figure 7.4). Hambleton, Leeds and Newcastle upon Tyne are important destinations for households moving out of the Tees Valley. These areas have had significant levels of new house building, with the greatest in Leeds. In terms of comparing new supply to RSS requirements, these areas have been more successful in meeting requirements compared to those in the Tees Valley, with the exception of Stockton and Darlington. In simple terms, high levels of housebuilding have contributed to positive population performance.

Figure 7.4: Tees Valley Migration Patterns



Source: NHS Patient Migration Data 2009

Migration

7.15 Out migration has been a key characteristic of the Tees Valley housing market for many years. It reflects aspirations and the physical result of households home purchase decisions based on choices and trade-offs. There is a significant correlation between net in migration and high levels of house building or reduced levels of net out migration. In other words, if housebuilders construct more houses in Tees Valley which purchasers want then more people will stay in, and come to, Tees Valley.

7.16 Migration flows utilising NHS patient migration data show that only Stockton in the Tees Valley has experienced net in-migration over recent years, this correlates with high house building levels. Darlington and Hartlepool, which have relatively high build rates, have the lowest levels of net out-migration. Middlesbrough and Redcar & Cleveland which have the lowest net additions have the correspondingly highest levels of net population loss. The evidence shows an unequivocal relationship between housebuilding and population / migration levels.

Summary

7.17 The housing stock in the Tees Valley is dominated by smaller, 2 and 3 bedroom, terraced and semi detached properties. Very few larger, semi detached and detached properties are available. Recent house building patterns have helped to diversify the supply in some areas, particularly Stockton and Darlington, which has impacted on migration patterns both within local authority boundaries and between local authorities.

7.18 Migration patterns are clearly linked to house building, resulting in a net loss in population over a number of years from areas which have failed to deliver the levels of new housing required to retain and attract households.

8. Aspirations for Housing: Tees Valley Overall.

Introduction

8.1 Understanding people's housing aspirations and what is important to them in their housing decision is central to ensuring policy and funding contribute to the objective of repopulating urban Tees Valley. In order to understand these better, we have drawn on a range of research sources including:

- The New Build household survey undertaken as part of this commission
- Focus groups with target group households – recent graduates, recent retirees and knowledge economy workers
- A review of other relevant research and literature, listed in Appendix 3.

8.2 A number of household groups have been identified as particular target groups who need to be attracted and retained within the Tees Valley. These include; family builders, knowledge economy workers, recent graduates and recent retirees. Details on the aspirations of these specific groups are outlined in more detail in the next section of the report.

8.3 Appendix 3 contains more detailed evidence in relation to overall housing aspirations.

Overall Aspirations

8.4 The North East Aspirations Study, although 5 years old, is still relevant today in terms of understanding housing aspirations. It identifies that households in the north east have relatively traditional aspirations, preferring semi detached or detached properties with 3 or 4 bedrooms. In terms of location, this was predominantly housing in suburban areas. The study tested peoples aspirations for an "urban living" product with reference to examples across the region.

8.5 This is supported by a number of subsequent studies including the New Build Buyers Survey undertaken for BNG which again highlighted overall aspirations towards 3 bedroom semi detached houses and 3 or 4 bedroom detached houses. Very few households in both studies identified a preference towards terraced houses or flats.

8.6 As well as the right type and size of housing being available, a number of wider place-based factors were identified which contributed to and influenced housing choices. These are namely; services, including schools and access to roads as well as environmental factors including the quality of private and public open space.

8.7 These components which define a households' housing aspiration differ in importance and weighting depending on household characteristics. In broad terms aspirations are for traditional suburban housing. Skewing this demand towards urban areas is therefore dependent upon:

- a suburban product in urban areas;
- an environment or "place" which matches aspiration;
- price which is demonstrably and significantly less than suburban competitor locations.

Alignment of aspirations with supply

8.8 Data gathered through the Local Housing Assessments which was drawn upon in the Strategic Housing Market Assessment (SHMA) identified that around 9,900 existing households were planning to move in the next year.

8.9 Table 8 below highlights the preferred house type and size of households in the Tees Valley against the current supply. It shows that there are significant mismatches between the housing aspirations of these households and current stock.

Table 8: Housing Aspirations and Current Supply

	Existing households	In-migrant	Newly forming	Total Demand	Current Supply
Tenure					
Owner Occupied	83.3	76.3	82.7	82.0	71.8
Private Rented	16.7	23.7	17.3	18.0	6.4
Property size					
One	5.9	5.4	12.2	6.8	6.9
Two	31.6	28.5	51.8	34.0	25.9
Three	40.9	40.3	32.5	39.5	49.7
Four or more	21.6	25.7	3.4	19.6	17.5
Property type					
House	70.6	79.4	77.8	73.2	78.0
Detached	28.2	23.8	9.6	24.7	14.7
Semi	28.2	26.9	38.7	29.5	34.1
Terraced	14.1	28.7	29.5	19.0	29.2
Flat (inc bedsits)	9.3	10.0	18.4	10.8	8.2
Bungalow	20.1	10.6	3.8	16.0	13.7
Total	100.0	100.0	100.0	100.0	100.0
Base	59,062	15,730	13,010	87,802	277,334

8.10 In particular, it shows:

- A significant mismatch between demand for larger detached properties compared to stock
- A greater demand for bungalows compared to current stock
- Lower demand expressed for three bedroom and semi detached properties compared to stock
- Demand for the strategically important in-migrant household market is more strongly oriented to 3 or 4 bedroom homes, and towards private renting.

Alignment of new housing in IPAs with aspirations

8.11 The full report of the new build survey is included at Appendix 3. This survey was undertaken to give the study teams a clear understanding of the choices, trade-offs and preferences of households who have recently bought a new-build property in Tees Valley. As such the report is underpinned by a detailed understanding of what type of housing, in what types of environments, is likely to be attractive to purchasers. This is vital intelligence to:

- compare qualitatively against recent developments; and
- help inform future policy and funding approaches.

8.12 The study reveals that the aspirations of households moving into properties in intervention/adjacent areas tended to be realistic, with strongest preferences for two and three bedroom properties in particular. The aspirations of all households in new build properties intending to move were for larger detached and semi-detached properties. This reinforces the findings of the Tees Valley SHMA which demonstrated a mismatch in current provision against future aspirations.

8.13 The majority of movers into new build dwellings originated from Tees Valley. The market for new build properties in Middlesbrough was very localised, with 84% of movers originated from within the District. In Darlington and Hartlepool, some 10% of residents moving into new build properties originated in County Durham.

8.14 There were no particularly strong trends in households in the intervention areas ‘trading up’ to a more aspirational property types, but this was largely a reflection of properties being built, with a concentration of smaller two and three bedroom properties. In terms of property size, 41.7% of households were likely to move to the same sized property (reflecting aspirations to move to either a better area or better house) or trade up to a property with a larger number of bedrooms (36.1%), with also some evidence of downsizing (22.2%).

8.15 Evidence from the general new build survey suggests that the market for new build dwellings in intervention/adjacent areas is characterised by residents intending to move short distances, with value-for-money (price) a key determinant in their choice of housing. Very few residents of the new housing in the IPAs moved there in order to get a larger house. The type and size of properties being developed and marketed (generally smaller) have influenced this.

8.16 In terms of future aspirations; a higher proportion of households in the intervention area are considering moving in the short term (next three years) compared to new build households elsewhere. Over half of these households showed a preference for moving to housing on the edge of town locations. A move to a larger property will be a key driver for the future for households within the intervention/adjacent areas. Increasing the prospects of retaining these households in urban areas requires the development of larger houses**.**

8.17 These factors highlight that the current type of housing brought forward through the regeneration of the urban areas of the Tees Valley has been able to satisfy and capture new households who may have moved out of the urban areas, had renewal and regeneration not taken place. However, a large number of households view the move to the intervention/adjacent areas as a short term move, taking advantage of the value for money offered by the new properties developed. Longer term housing aspirations remain for larger properties on the edge of urban areas. Therefore policy makers have 2 choices:

- accept new housing in urban areas needs to be lower cost offering value for money to short-term households; or
- offer a broader mix including larger properties aimed of households who are likely to stay longer.

8.18 Retaining the value for money aspect of new build housing is a critical component which will contribute to the long term success and sustainability of renewal areas. A new model for delivery is required which incentivises developers, if possible, to produce larger products in urban areas – more attractive to longer term households and second/third time buyers. Turning round locational perceptions will also be crucial.

9. Housing Aspirations of Target Household Groups

Family Builders

New Build Survey

9.1 The household survey highlighted that almost half of households categorised as ‘family builders’ would consider moving in the next three years. Of the three original target groups (excluding recent retirees), this was the target group most likely to reside in intervention and adjacent areas. Most (87%) were owner occupiers.

9.2 A number of characteristics can be identified in relation to their housing aspirations:

- Preference for properties with three or more bedrooms
- Detached or semi-detached houses
- Rural towns/areas, locations outside of the Tees Valley and new developments on edge of town locations were identified as their preferred choice of housing location
- Only 20% would consider new housing in urban areas

9.3 The key question is whether urban Tees Valley can meet their aspirations? If so, price must be a key consideration.

Literature Review

9.4 The New Build Buyers Survey undertaken in 2006 for BNG provides relevant and robust evidence in relation to family builder households. Couples and families with young children were predominantly found in new build areas of Newcastle and Gateshead outside the BNG area.

9.5 The research identified that for couples and couples with young children, the type and size of properties available had been a key influence on people moving to an area. These were dominated by detached and semi detached properties, which had a minimum of three bedrooms. Ensuring that they found a property of the “right size” was the primary factor in home buying decisions for family builders.

9.6 A number of neighbourhood factors beyond the type and size of properties available influenced house moves including; access to services whether proximity to main road links, good schools or proximity/ease of travel to work.

9.7 A number of households identified that compromises had been made by these households in relation to their preferred area and preferred house type. A number of households had compromised on the location to secure the house type of their choice. In other words the price advantage in the BNG area proved persuasive. The travel to work evidence suggests that many ‘family builder’ households work but do not live in the Tees Valley. With the right housing product made available this trend could be influenced in the future.

Summary

9.8 The findings from the primary research and the BNG research highlights that family builders are focused on detached and semi-detached properties with three or more bedrooms. Affordability is a key factor and trade-offs will be made between location and type and size of properties available.

9.9 There are also a range of non housing, place-based factors which will contribute to home buying decisions including; access to services whether proximity to main road links, good schools or proximity/ease of travel to work. Achieving career aspirations were also identified as a factor which would influence future house moves.

9.10 The evidence on aspirations does not give confidence that family builders in Tees Valley will choose central urban locations over suburban locations unless the product type is similar and the price is significantly more competitive. This points to the importance of focussing available public sector finance on the delivery of such products in the urban areas. In a period of upcoming funding cuts this emphasises the importance of effective prioritisation.

Knowledge Economy Workers

9.11 The term knowledge economy workers is frequently used to describe higher income households involved in creative and innovative industries. They are a group which has been a key focus for regional and sub regional policy over recent years as they are a group which will be central to future economic growth and productivity.

On Line Survey

9.12 A survey of Knowledge Economy Workers was conducted on-line as part of this study. Although there was a limited response, the results closely mirror findings of other research discussed below. The main characteristics of the respondents are:

- A younger age group, living in private rented accommodation
- Aspirations are for 2 and 3 bedroom homes to buy, close to urban centres, but not in them; close to transport connections, particularly motorways.
- Their concerns are primarily about security of their jobs; most were essentially mobile and willing to move for employment
- Access to mortgages and deposits was another key issue for this group
- Most felt that there was insufficient going on in Tees Valley town centres to want to live there in an apartment;

Literature Review

9.13 A range of academic research has identified that this target group are highly mobile and consider a wide geographic area to meet their housing aspirations. Wynyard Park, located in the Tees Valley, is an important location which has attracted a high proportion of mobile creative professionals, a number of which are not native to the Tees Valley or the north east. The research undertaken by the Centre for Urban and Regional Development Studies (CURDS) in 2006 confirmed the anecdotal evidence of a high proportion of knowledge worker households at Wynyard. Some key findings from the research are:

- 40% of households at Wynyard own or part own a business;
- Two thirds of residents would not have chosen to live anywhere else in Tees Valley;
- 14 businesses are registered at houses in Wynyard;

9.14 A number of factors were identified as the primary drivers for a move to Wynyard Park: the size of house, security, amenity and road accessibility. Despite a range of house types and sizes available at Wynyard, it is dominated by large detached properties with the opportunity for self build or individually designed homes.

9.15 This was supplemented by a range of 'special qualities' which Wynyard possessed which contributed to a house move. These included: the countryside amenity (views, golf course, leafy), safety and accessibility. Accessibility was a combination of the access to the good road network which allowed residents to reach the main conurbations in the north east, schools and airports.

9.16 Whilst Wynyard has demonstrably been successful in attracting footloose upper income households to Tees Valley some commentators have criticised the lack of facilities for residents and the loss of open countryside. Policy makers will need to consider whether and how the success of Wynyard can be repeated within or on the edge of urban Tees Valley.

9.17 The results from the BNG online survey of 160 people from the Creative and Cultural sectors (which spans the knowledge economy) highlighted the desire for home ownership, with over 90% aspiring for this against 65% already in home ownership. Flats were unpopular, with detached or semi detached homes being the aspiration. Space was a key factor even though over 65% had no dependents, while a garden and a home of character was desirable. 65% also preferred traditional rather than modern style homes.

Summary

9.18 Knowledge economy workers are a highly mobile group with fewer constraints both financially and geographically. The quality of the environment and good transport links are critical to attracting knowledge workers in, together with the right houses, though this seems less important if there are good facilities and a good environment. However, the evidence suggests that detached properties are the primary choice in terms of product type.

9.19 Developments which are able to attract knowledge economy workers are suited to the more suburban/urban fringe type developments such as Wynyard Park. In the short term it would seem too ambitious for policy and funding to be focussed on attracting higher income knowledge economy workers to the TVL intervention areas. Rather the Tees Valley should aim to offer a range of housing opportunities of a similar type and quality to Wynyard, e.g. on the edge of urban areas or on Greenfield sites if finding sites is difficult.

Recent Graduates

New Build Survey

9.20 Recent graduates lived predominantly outside the intervention/adjacent areas and early moves back with parents or into private rented accommodation with friends/partner/own tenancy were identified as the norm.

9.21 Most aspire to home ownership perhaps via an apartment/FTB house/affordable home ownership scheme, and those in home ownership had aspirations to trade up preferably to new housing in existing urban areas and new developments on the edge of town. There was a reluctance to move to HMR intervention areas. The lack of credit, tightened lending criteria and increased deposits has impacted upon the ability of recent graduates to secure a mortgage to enable them to move into owner occupation. This has largely negated the effect of falling house prices, for first time buyers.

Focus Group Findings

9.22 The views of the Recent Graduate Focus Group are summarised in the panel below. The mix of attendees is included in Appendix 2 on methodology.

Housing Aspirations of Recent Graduates

Current Housing Circumstances

The reason that those who still live with their parents chose that option lay strongly with the need to save money for a deposit to then enter the housing market. Those in rental accommodation all agreed that this was the only option as they felt priced out of the housing market in terms of access to mortgages, house prices and deposits now required.

Housing aspirations

The entire group felt that homeownership was their ultimate aspiration. The housing type for everyone was a house which would be a suitable family home with adequate outdoor space and parking. The location would be local to where they currently live with no one expressing a desire to leave the area unless they had to for employment. All graduates believed strongly that the main barrier to home ownership is the mortgage lender deposit requirements compounded by high house prices and job insecurity.

Would you consider living in a HMR area?

All members of the group strongly believed that they would never consider living in any of the areas. All of the group knew the areas and were of the opinion that the areas were ‘rough’ and ‘dangerous’ and ‘the last possible places they would hope to own a home’. There were no ambitions to live in apartments or live/work accommodation. Although they conceded that the new build developments in N Ormsby (the only HMR area any of them had visited) looked interesting they were put off by the area reputation.

What key things will determine your next/ subsequent housing choice?

The group all agreed that their future housing choices relied heavily upon their ability to save and to have secure employment. House prices and access to affordable and mortgages were deemed areas that present considerable barriers and ultimately determine what housing and where.

Where they see themselves living in 5 years, 10 years.

The group reiterated their desire to continue to live in the region and to have progressed in their employment to such a point that their financial positions were more comfortable. Each group member felt that they would have a family home which would be a semi-detached 3-bedroom house or a period family home.

Literature Review

9.23 The Central Lancashire Research carried out in 2008, which provided the evidence to support their bid for capital funding from the Northern Housing Challenge, demonstrated that 70% of graduates were leaving to realise their aspirations for home ownership. This was despite a direct and clear requirement of the sub regional and county economic strategies for growth to entice and retain graduates, skilled workers and other professionals. Graduates identified that home ownership was currently unaffordable.

9.24 The target market for the bid was 18-38 year old young skilled first time buyers, primarily graduates, who said they wanted to work their way up the employment ladder. Their salaries at the time would enable them to buy a small street front terraced house but this was not property they found attractive. A grant called Step 1 to help key workers had 437 applications within the first 15 months, and the Homebuy Zone agent Great Places identified that 50% of their 326 applicants over the same period were from graduates. The aspiration for homeownership rather than renting is very strong.

9.25 The New Build Buyers Survey undertaken for BNG highlighted that single households (who were generally younger households, some of which were graduates), identified that modern facilities, proximity to work and shops and leisure and affordability of future maintenance were key factors influencing home buying choices.

9.26 The affordable nature of housing in the BNG area made it attractive for younger households, where financial capacity is limited. Value for money was a key factor which influenced a move to the Pathfinder and was viewed as a positive reason for moving to the area.

9.27 Affordability of owner occupation in a 'good' area was also identified as important for younger households considered in the research undertaken by New Heartlands HMRI. Young professionals showed a preference towards privately rented accommodation in their preferred neighbourhood/area, compare to owner occupation in an affordable yet undesirable area. This highlights the importance of a high quality private rented sector, where recent graduates can meet their first housing aspirations.

9.28 The BNG research into the Creative and Cultural sector included a discussion of the various HMR areas available to them, they demonstrated a desire for clean safe and well designed neighbourhoods and 'privacy and peace'. Facilities such as pubs, cafes and meeting places needed to be close by, demonstrating yet again the need for areas to be already showing upward trends and aspirations.

City Living

9.29 In some urban areas outside Tees Valley, urban apartments have been a housing target for graduates. Discussion of housing aspirations and the conduct of movers' surveys often use the term "City Living". Whilst there is no accepted definition of city living, it is generally taken to mean the sort of higher density housing now found in many city centres in England. It is a concept which is particularly relevant for a lifestyle sought after by younger households including recent graduates and young professionals.

9.30 We have included a discussion of City Living into this report because it is a form of housing that has particular relevance to urban regeneration and some of the target household groups, and yet has found little favour in Tees Valley.

City Living.

The term "urban/city centre living" has emerged over the last 10 years with the publication of a number of policy documents which underpinned the government's ambition in relation to housing and its wider ambition in creating long term sustainable communities. The priority for development outlined in Planning Policy Statement 3 (PPS 3) was focused on previously developed land in particular vacant and derelict sites and buildings.

The growth of city centre/urban living is a key indicator of urban renaissance in the UK, research by the Centre for Cities "City People - City Centre Living in the UK" (2005) recognised that the phenomenon is a result of a number of demographic, economic, social and cultural factors influenced by public policy. The development of high density flats and apartments has influenced urban living, whose characteristics are dominated by young single households, yet to settle down, with socialising a key attraction of living in the centre of urban areas. Much of the growth has seen creative businesses move into areas where conversion of buildings has taken place and led to a multiplier effect of this type of business growth.

City Living is generally characterised by apartment blocks of high density, with limited car parking. Access to public transport is therefore essential, and as is a high quality built environment usually incorporating open space, pedestrian routes and cycleways. Waterways are often important elements, together with modern bars, restaurants and social amenities creating a "buzz" that appeals to young single households.

9.31 In Tees Valley, there is very little city living style accommodation. House builders have not generally favoured this type of development, citing a limited market and slow sales on examples to be found in Stockton or Hartlepool Marina. There was very little evidence identified by the new build survey of a city living market in the Tees Valley. Undoubtedly a constraint on this is that the polycentric conurbation tried to offer several "city living areas" (Middlesbrough, Stockton, Hartlepool, and Darlington) rather than benefitting from one sub-regional centre.

9.32 However, the experience of other cities in successfully providing city living which has been taken up by key target household groups, namely recent graduates and younger professionals, presents an opportunity to be explored in Tees Valley should the right location be identified. St Hilda's, Middlehaven is one location where the concept of city living could be realised. Major environmental and perception change will be necessary to realise this opportunity.

9.33 The BNG Creative and Cultural Sector research identified surprisingly few respondents who were interested in the city living offer which was already available in Newcastle Gateshead by May 2007 when the study reported. This may have been influenced by the number of 'creative' people in the group who wanted at least 2 beds plus space for their work and felt that the apartments on offer did not give them this. Students, buy-to-let and buy-to-invest seem to have driven the apartment building boom in central Tyneside rather than the housing aspirations of graduates and young professionals.

Summary

9.34 Recent graduates aspire to home ownership, but they have specific requirements in terms of the location of any home ownership decision. In the Tees Valley, recent graduates had predominantly grown up locally, and this had influenced their views on the image and reputation of HMR areas. However, a large proportion had not visited the new housing which had been developed and therefore were not able to judge the quality and type of new housing.

9.35 There is considerable work to do in terms of branding and image of the renewal areas and complementary place-based investment which will help support and contribute to changing deeply ingrained perceptions of these areas.

9.36 New build properties are particularly attractive to younger recent graduate households as a result of lower maintenance costs, which contribute to overall affordability. Affordability is a key driver of home buying decisions of graduates. Many graduates/young professional households are likely to choose to enter the housing market through the private rented sector until such times as they can afford to become an owner occupier. Decisions to rent will also be influenced by the affordability of renting in a preferred location, where owner occupation remains unaffordable.

9.37 It could be argued that there is a limited market opportunity for promoting the concept of city living in the Tees Valley driven by the current lack of this type of product. Hard evidence to substantiate this will be helpful in driving forward delivery of major sites in central Middlehaven and Stockton. That evidence may also confirm that the demographic who aspire to city living is not necessarily a key focus for the Tees Valley. There is also currently a lack of interest by developers to bring forward this type of development at the moment. However, it is a concept which could be developed in time, particularly in St Hilda's as plans progress, the market strengthens, and developers gain confidence. Three factors will be critical in this:

- an effective branding strategy to change perceptions;
- a strategy focussed on delivering high design quality and real price advantage; and
- significant improvements to the surrounding "place"

Recent Retirees

New Build Survey

9.38 Only a small number of recent retirees were captured through the household survey. Respondents expressed little desire to move house; if they were to move, it would likely be to downsize or move to a bungalow. About 20% of these planned to move out of Tees Valley all together.

9.39 The low proportion of recently retired households considering moving is likely to be as a result of their retirement planning, where they had moved to their current new build property. This group is equity rich, with most owning their properties outright. Of the small number intending to move, preferences were strongest for two and three bedroom bungalows. They are a crucial demographic since by meeting their new home aspirations they will free up larger homes for younger family builders. If they stay put because their aspiration cannot be met, the current shortage of larger houses for family builders is exacerbated.

Literature Review

9.40 The Newheartlands HMR research identified that for older households, defined as those over the age of 50, changing health and care needs were the only factors which would result in a house move.

9.41 If this did result in a house move, the majority of households would look for a smaller bungalow or flat. This was driven by the need to have a home which was easy to maintain in the future as they got older. A number of households would consider supported accommodation for future house moves.

9.42 There is negligible relevant literature relating to this household group either as a whole or specifically in Tees Valley.

Focus group evidence

9.43 Focus group discussions confirmed that a key aspiration for recent retirees was to down-size to a more manageable bungalow, particularly when limited family support was available locally. Many had concerns over future finances and saw down-sizing as an opportunity to release equity, but were reluctant to consider equity release schemes on their currently owned home. However, they felt that there were insufficient bungalows available to buy in the right areas at the right price to allow these aspirations to be met. Generally, this group was unwilling to consider relocating into an HMR.

Summary

9.44 Recent retirees comprise of only a small proportion of households in the Tees Valley. Only a small proportion would like to move house and around 20% of those who would, would like to move outside of the Tees Valley.

9.45 Their housing aspirations are influenced by the desire to remain in their own home as long as possible but towards bungalows or flats if they needed to move. House moves would be influenced by changing health and care needs.

9.46 Notwithstanding the above and lack of available evidence or literature it is clear that recent retirees is an important demographic. Planners should look positively for opportunities to develop bungalows for this market. This could require the release of new sites or by requiring a proportion of bungalows or sites which are allocated but which do not have permission. It would seem possible that new sites for family builders and/or knowledge economy workers could include provision for bungalows. If so retired households would be better encouraged to free up larger houses in existing areas for family builders. At present there is no reliable evidence to suggest that this cohort is likely to be a source of household growth or loss in Tees Valley. What does seem clear is that the provision of more bungalows offers the best prospect of retaining such households in the conurbation.

Key Conclusions on Target Groups

9.47 Through the new build household survey, focus group work and a review of recent research and literature, it has been possible to draw out the housing aspirations of target groups, namely recent graduates, family builders, knowledge economy workers and recent retirees.

Recent Graduates

9.48 Recent graduates:

- Are likely to consider remaining in existing urban areas
- Are the most likely to aspire towards a city living lifestyle
- Ultimately aspire to two and three bedroom semi-detached and detached properties.
- Highlighted that intervention areas still suffer from ingrained perceptions of poor housing, deprivation and crime
- Are currently unwilling to consider a move to an intervention area
- Acknowledged that individual new developments in HMR areas looked interesting
- Rely on a well managed Private Rented Sector to help as a stepping stone towards owner occupation
- Focus on the importance of high quality design

9.49 The city living offer is currently a very small market in the Tees Valley, with very little market demand identified by house builders. St Hilda's in Middlesbrough is perhaps the most likely location where this lifestyle could be created through housing and environmental intervention. Good examples which demonstrate strong design quality and form include; Selwyn Street in Oldham, and the Ashton New Road family homes in East Manchester, on the inner urban fringe of Manchester.

9.50 Clearly, as well as addressing the physical issues associated with housing market weakness, there is considerable work to be done to address the image that these areas have in order to help attract a more diverse market including recent graduates.

9.51 The evidence highlighted through the wider research illustrates that offering intermediate tenures in both social and private sectors can make a big difference to the number of graduates who will stay in the Tees Valley areas.

Family Builders

9.52 Family builders were the group which:

- Need 3 or 4 bed houses
- Were most likely to have moved to intervention/adjacent areas;
- Aspired to move to developments on the edge of existing towns and urban areas;
- Were more likely to compromise on location to secure the right type of house.

9.53 In order to retain these households and continue to attract them into inner urban areas, the housing supply needs to be diversified to provide some larger properties with more detached and semi detached available.

9.54 The products which would retain and attract family builders into the urban area need to reflect such products in suburban locations, but the price has to be significantly more competitive.

Knowledge Economy Workers

9.55 For the knowledge economy workers:

- The quality of the environment and good transport links are critical;
- They will not compromise on affordability or location but the availability of their preferred house type in their preferred location;
- Detached houses are their housing preference.

9.56 In order to attract and retain these types of households into the Tees Valley, there is need for executive style developments on the edge of urban centre locations. The requirement is for quality housing, detached properties with three, four or more bedrooms in a high quality environment with good access to roads and railway networks. If locations on the urban edge are not possible, Greenfield land releases may be required.

9.57 For this household type, renewal areas will not be able to deliver the qualities required to attract households. However, developments which could, e.g. Hemlington, may be able to help secure resources to support and bring forward development in renewal areas, whether that be housing or a contribution to place-shaping interventions.

Recent Retirees

9.58 Recently retired households:

- Are a relatively settled group of households with limited aspirations for moving house

- Housing aspirations will be driven by changing health and care needs
- Aspire to 2 or 3 bedroom bungalows or flat/apartment, perhaps as part of supported accommodation

9.59 The Tees Valley should try to look favourably on the development of bungalows where appropriate, this will help meet the needs of retired households and enable other properties to be freed up to meet the needs of family builder households.

10. Housing Aspirations: Conclusions and Implications

Housing Supply

10.1 The new housing which has been built in the intervention/adjacent areas has largely been smaller properties, two and three bedrooms with a high proportion of semi-detached, town houses or terraced properties. The properties have generated demand from younger households who have been attracted to the housing on offer, coupled with its value for money.

10.2 Very few detached houses have been built in these areas, this is a result of two factors; lack of market demand for this type of property identified by developers and cost/value of delivering larger properties on land brought forward with heavy public subsidy. However, property prices have been considerably lower compared to other new build properties across the study area and this is a key competitive advantage for renewal areas which have been an important driver for a number of households to choose to live in the area.

10.3 Future housing development within or adjacent to intervention areas needs to ensure that properties developed remain competitively priced. Enabling home buyers to purchase properties which are clearly superior in terms of size and facilities to other new build properties in surrounding areas. In the current economic climate of constrained financial lending value for money and affordability remains a key driver of home buying choices. This must be a key consideration for delivery partners who will need to continue to work with reduced resources to deliver the right type of housing supply. Price should be focussed in the same way as design.

10.4 To date, the housing stock has not been diversified as much as had been hoped. New product has been generally smaller and higher density. However, it is recognised that without the new supply which has been brought forward, households are likely to have moved elsewhere to meet their housing aspirations. The offer of new energy efficient modern housing at a competitive price has been a significant draw for households moving in.

10.5 There is a balance required between confidence from house builders in the market demand for a certain product and the need to develop houses which can be delivered at a reasonable cost. The public sector should have a role in this. Shared equity and shared ownership products could be important in this regard.

10.6 In the medium to longer term as development continues and new sites are brought forward, there will be the need to ensure that a larger variety of types and sizes of houses are developed to retain and attract households who have moved into the new housing which currently exists.

10.7 Quality of housing is also important going forward. Some of the new build housing in intervention/adjacent areas has been of a good quality. However, some has lacked consistent design quality, particularly in terms of materials, surfaces and enclosure throughout the development. Quality of design, whether that be of the fabric of the building or the quality of private and shared open space is critical to creating aspirational places which remain sought after neighbourhoods into the future.

Quality of Place

10.8 The review of aspirations has highlighted the importance of place as a factor which drives housing choices. For most households this is as important as the availability of the right type and size of house, though for different households the place factors identified differ.

10.9 What is clear is that there is considerable work to be done in the renewal areas to improve and change perception and reputation which impact negatively on households choosing to live in these areas. Without the access to good schools, quality open spaces and access to services, whether these are shops, doctors, pubs and restaurants, there are limits to their long term success.

10.10 The new build survey undertaken for this study, identified that a higher proportion of households in intervention/adjacent areas, compared to other new build housing areas, are considering moving in the next three years. Over half would prefer to live in new housing on the edge of urban areas. It is these households whose future housing aspirations need to be captured within urban areas. This will only be achieved through a combination of diversifying the housing supply further and improving the quality of place/environment within which the new housing is developed.

Summary

10.11 In summary, the intervention/adjacent areas have helped to generate new demand in areas where there was previously little or no demand. Although the housing stock has not been diversified as much as some had hoped, it is the very first stages of change in areas where problems, compounded by the mono tenure of stock, have persisted for many years. More modern, energy efficient housing does help to attract households who may otherwise have been unlikely to choose on inner urban location.

10.12 It will be important for future development brought forward in inner urban areas to provide value for money and remain competitively priced compared to comparative developments and houses available elsewhere in the Tees Valley. Value for money is a key advantage for renewal areas which must be maximised.

10.13 Future housing developed needs to help bring forward a greater diversity of house types and size, especially larger properties which can capture the demand from households moving up within the housing market, particularly those who have recently moved into intervention/adjacent areas. New delivery mechanisms are required, if possible, to incentivise housebuilders to produce these products within urban Tees Valley.

10.14 Investment in place-based intervention and the different factors which contribute to an area being viewed as attractive including; access to schools, pubs and restaurants, views on community safety and access to services, remain a priority for intervention areas. This, together with addressing deep grained negative perceptions will be central to the long term success of regeneration and renewal.

10.15 We should also accept that there are certain target groups who are unlikely to be attracted to inner urban areas. Therefore housing is required to be developed in areas which can deliver high quality executive homes which are attractive particularly to knowledge economy workers in attractive sustainable locations. These developments need to be brought forward in a way which can benefit and support continued intervention in renewal areas throughout a period of tightened public resources.

10.16 Table 9 below summarises the aspirations of target household groups for the Tees Valley.

Table 9: Summary of Aspirations of Target Groups

Target Group	Aspirations
Family Builders	• 3 or 4 bedrooms • Detached or semi detached • Neighbourhood considerations important • Will compromise on location to get affordable house of right size
Recent Graduates	• 2 or 3 bedrooms • Flats/apartments or semi detached houses • Affordability a key consideration • Key sub market for city living product • Private rented sector and intermediate tenure important early on • Longer term aspirations for owner occupation
Knowledge Economy Workers	• Quality of environment and good transport links critical • Detached houses • Geographically 'foot loose' • Quality important
Recent Retirees	• 2 and 3 bedroom bungalows • Flats/apartments, particularly part of supported housing

11. Key Issues for Delivery

11.1 In Part A, we have concluded that housing market renewal is successful in Tees Valley, and that it is essential that this work continues, particularly in areas where the housing market remains fragile. In Part B, we have identified what aspirational housing is required in Tees Valley, particularly to attract and retain the key target household groups.

11.2 It is clear from the conclusions drawn above that we think that finding ways and means of continuing HMR intervention is essential for delivering good housing in Tees Valley, for providing the right housing, and for enhancing the prospects of economic renaissance. This section examines ideas for the ways and means of continuing housing market renewal and delivering housing which meets aspirations in a period of public sector funding austerity and limited investment by private developers.

New Funding Strategies for Hard Times

11.3 For the last 2 years the most critical issues facing housing and regeneration practitioners in Tees Valley has been to develop a new policy and funding response to the downturn. This will remain the case for the next 2-3 years at least and it may be unlikely that the market will return to the conditions of which existed between 2000 and 2008. Arguably those conditions were themselves unsustainable and contributed to the housing market crash in mid 2008. As always in a recession the housebuilders have responded by restricting their activity to the least risk areas and the least constrained sites. As such the downturn has hit (and will continue to hit) the HMR areas hardest.

11.4 Public subsidy, in particular Kickstart and Homebuy has helped maintain housing delivery and regeneration momentum on some sites. However, given the prospect of a prolonged period of public austerity there is a clear risk that future public funding will be limited to the highest priority projects. The next few years will be characterised by far less public funding than hitherto, a restriction of mortgage lending to the most deposit-risk and risk-free customers, and a reticence by housebuilders to invest outside demonstrably strong market areas. The challenge now is to define a new spatial and funding response to these conditions which will drive forward the regeneration of the Tees Valley's urban areas.

11.5 We have identified alternative approaches beyond the usual public funding and cross-subsidisation routes which could be used in combination:

- Value capture from viable development
- A new approach to local taxation (Tax Increment Financing)

Value Capture

11.6 Increasingly local authorities are offering publicly owned land to support regeneration and affordable housing delivery. This may be at reduced costs or offered for free. It may be on a site by site basis or through a partnership approach with other stakeholders. Generally, in these models, the Local Authority offers its investment into these partnerships 'in kind' using its land assets and rather than gifting the land it will receive a return from its investment. These delivery vehicles are known by different names but commonly called Special Purpose Vehicles (usually having less risk and return for the Authority), and Joint Ventures (where risks, control and return are increased for the Authority).

11.7 A good example of Value Capture in the North-East is the Gateshead BIG project – a package of 19 public sector sites including a major Greenfield site at Birtley which will serve to cross-subsidise the development of many of the other sites included in the package. BIG will be a 50-50 joint venture between the Gateshead Council and a consortium of housebuilders yet to be appointed. In very simple terms the Council puts in the land, the developer puts in the construction and selling capability whilst profits and risks are shared by the Joint Venture Company.

11.8 The BIG project is essentially a mechanism to achieve development on a range of **publicly owned sites**, a mixture of Greenfield and brownfield. Discussions undertaken as part of this study have indicated that similar initiatives are being considered or already underway in Tees Valley including; inter alia, at Hemlington Grange/Hemlington and Stockton Central.

11.9 A bigger challenge is capturing value from **private sector land** (development) and then channelling that private value into either the regeneration of brownfield regeneration sites or improvements to the social, environmental or physical infrastructure of those areas. The most obvious methods of capturing value in this way are either planning obligations (Section 106 Agreements) or the Community Infrastructure Levy (CIL).

11.10 In terms of **planning obligations** the Government (via the Community Infrastructure Levy Regulations 2010) has made it unlawful to secure any obligation from a development unless it is:

- Necessary – i.e. permission must be refused without it
- Directly related to the development i.e. a clear nexus
- Related in scale and kind to the development applied for.

11.11 In effect the Government has prevented LAs securing any obligations unless necessary to offset impacts from the development. The **Community Infrastructure Levy** (or its replacement) will therefore be the mechanism by which funding for necessary wider infrastructure will be secured from developers. The process for setting a local CIL would be to:

- Determine scale of social, environmental and physical infrastructure required (Infrastructure Study);
- Determine the infrastructure costs and phasing;
- Identify and compare the options for the spatial strategy and the scale of development envisaged;
- Viability testing and alignment testing of the spatial options against infrastructure costs;
- Arrive at a preferred spatial and infrastructure strategy;
- Set infrastructure charges for new development:
    - by location?
    - by floor space?
    - by units?
- Apply the charges to all developments coming forward.

11.12 Setting and applying CIL is not compulsory and in Tees Valley each LA would need to decide whether the infrastructure and regeneration needs are such that it is important to apply a charge on development to secure additional funding for their provision. The levy will need to be passed to the landowner to ensure developers and housebuilders can continue operating viably. The publication of the charge will clearly make this process easier by providing clarity to landowners on the scale of infrastructure charges required to be borne by the land value. Nevertheless the potential advantages and disadvantages of CIL need to be carefully considered before coming to a judgement.

11.13 Critical to achieving and implementing a successful CIL will be:

- A robust infrastructure study which provides the evidence (to be tested at examination) to justify the charge;
- Clear articulation of the strategic vision and strategy which the CIL is contributing towards;
- Clear comparison of options to demonstrate the necessity and added value from CIL;
- Transparent explanation of the linkage between the development plan proposals infrastructure study and resultant CIL tariff.

11.14 The study team consider there is merit in considering CIL as a mechanism for transferring land value from viable private sector Greenfield sites into the delivery of the necessary schools, health, play and other facilities to support and stimulate regeneration and housing delivery within the urban areas.

A New Approach to Local Taxation – Tax Increment Financing (TIF)

11.15 TIF has been in place in the US since the early 1950s and has grown exponentially in the last decade. As an example Illinois had one TIF district in 1970 and now has 900 many of which are in Chicago. There is no standard definition, although Tony Travers of the LSE has defined it as:

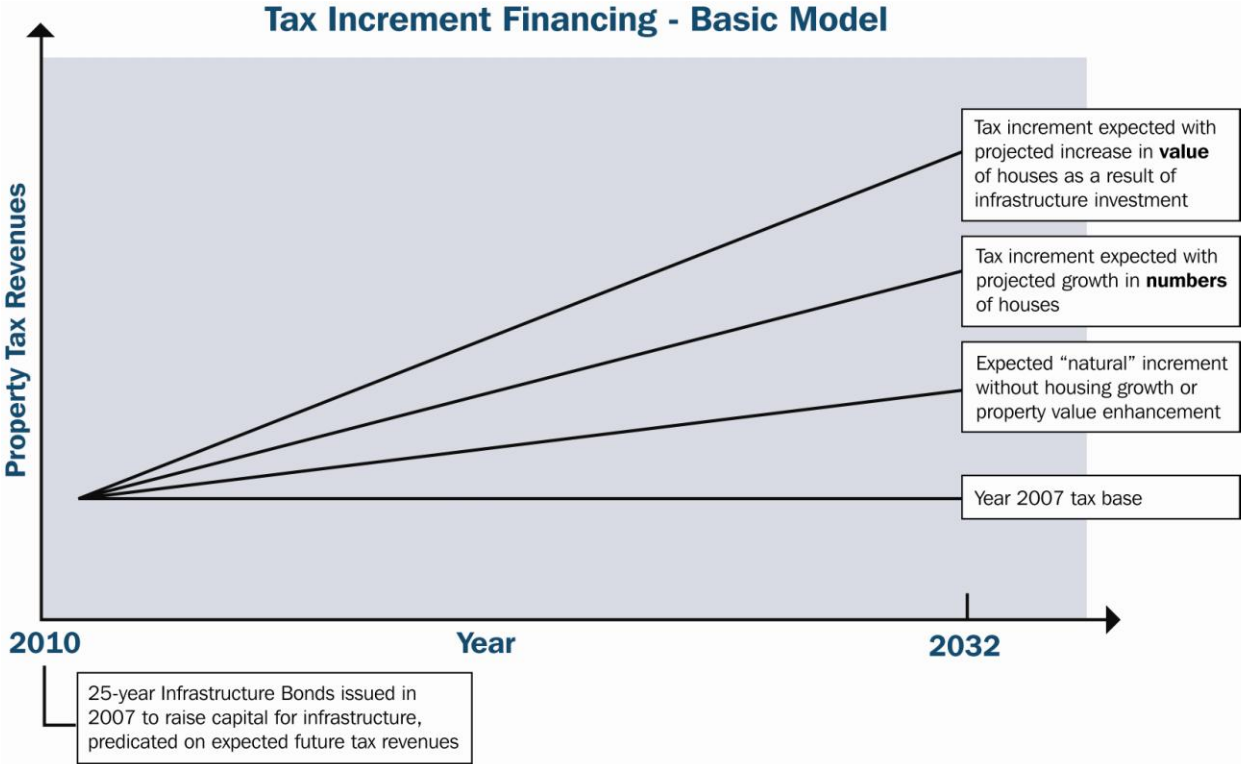
> *"the public sector will plan and deliver a big project and then use the tax yield from that project to pay off the debt that was incurred in building the project in the first place"*

11.16 TIF is not currently available to local authorities in the UK as parliamentary changes are required. However, it is currently being publicly promulgated by Boris Johnson for London and is strongly supported by the British Property Federation and the British Urban Regeneration Association. In the Comprehensive Spending Review (CSR) the Coalition Government signalled its intention to enable TIF schemes to come forward in the UK. Many LAs in England are already considering TIF. In Scotland schemes are already well advanced in Edinburgh, Ravenscraig and the Buchanan Quarter in Glasgow. In Edinburgh £50m up front investment in a road and lock gates in Leith is being securitised by an anticipated £310m extra business rates generated from new development. The scheme as a whole is hoped to attract £150m of private sector investment.

11.17 **How does it work?** Put simply TIF involves a local authority raising finance up front against the expectation of higher property tax revenues flowing from three main sources:

- The expected "normal" uplift in tax from house price increases over time,
- The growth in the numbers of households paying the property tax, as the extra new houses are built, and
- The additional appreciation in housing value that infrastructure investment usually delivers.

11.18 The diagram below illustrates how the scheme works.



11.19 The issuing of local bonds to funding institutions (or the Government) is the usual means of delivering the up-front capital needed for particular infrastructure, the bonds being repaid over time by the increased property tax revenues.

11.20 The LA simply sells bonds into the market, thereby raising the capital, and then relies upon there being sufficient additional tax revenues to pay the dividend on the bond, and sufficient assets to cover the repayment of bonds at the end of the term. The credit rating of the bond-issuing authority (usually strong in the case of Local Authorities) is clearly an important factor.

11.21 The potential attractions of TIF in Tees Valley would be:

- It enables the infrastructure to precede the housing.
- It recovers the cost of the up-front investment from the asset (i.e. the housing) which itself generates the main need for the infrastructure in the first place. The value of the housing is also enhanced by the infrastructure being in place.
- It provides an incentive for local authorities to work closely with developers to deliver additional housing and more aspirational communities because the LAs will see direct financial benefit through enhanced infrastructure funding.
- It could help provide a local focus for communities, LAs, RSL's, developers and infrastructure providers to work positively towards a new partnership which levers new funds into regeneration areas.
- It fits squarely with the Government's localism agenda by enabling LAs to play a greater role in shaping their own regeneration funding strategies, building on the current success in preparing Local Investment Plans.

11.22 For TIF to be introduced and work well in Tees Valley the following steps would be required:

- Parliamentary changes as signposted in the CSR – currently Council Taxes could not be used as security for new finance;

- Notwithstanding the above, “baby” TIF’s could be considered, for example other Councils are considering congestion charging with prudent borrowing securitised against future incomes;
- A clear understanding of the risks and regeneration rewards of implementing a TIF in Tees Valley;
- Clear demonstration that the regeneration vision for Tees Valley could not be implemented without TIF(s) and that is a clear regeneration need;
- More detailed understanding of how the TIF areas would be defined to ensure greatest confidence (and least risk public sector risk) that the development will take place is additional and hence generated the additional tax yield to cover the debt or bond repayments.

11.23 Overall the study team consider there to be merit in further research and further liaison with the HCA and the Government in the feasibility of a TIF in Tees Valley. A major drawback is that the additional local borrowing would nevertheless count against the net public sector debt. Given current fiscal restraints this is clearly a major obstacle unless it is crystal clear that the risks are low and manageable. Given the early stages of TIF development in England it may be that, pending the outcome of further research, Tees Valley could press to be a **pilot area** for TIF – an approach which is currently being promoted by BURA.

11.24 Indeed the study team is already aware of extremely exciting plans for an Accelerated Development Zone (ADZ) incorporating TIF in Redcar and Cleveland. The aim is to secure up front funding for infrastructure improvements at Teesport/Wilton which will then trigger major private sector investments yielding additional business rates to the Council. These additional rates would provide the security for the infrastructure investment. There may be scope for the ADZ to cover the Greater Eston area. In this way future additional business rates at Teesport/Wilton could potentially help fund early place-shaping investment at South Bank and Grangetown, critical to the overall regeneration strategy for the borough.

Planning Issues

11.25 The previous paragraphs have demonstrated the scale of public and private sector funding constraints facing the Tees Valley housing market over the next few years. These difficulties point to two policy and funding responses:

a. the need to ensure that the case to Government for maintaining funding for HMR in Tees Valley must be made with even greater force – the funding constraints will hit these areas hardest; and

b. the need to capture and transfer value from viable private sector development towards place changing infrastructure investment in HMR areas.

11.26 In respect of (b) if a value capture and transfer mechanism can be introduced then, in theory, the greater the amount of viable Greenfield development land released then the greater the amount of private sector funding and benefits for HMR. Such an approach would be misplaced, as there are major risks in releasing too much Greenfield land into the “cool” Tees Valley housing market. These risks will need to be very carefully considered by policy makers drawing up the next round of spatial and housing delivery plans and can be summarised as follows:

- it could potentially reduce the opportunity to “manage” purchaser and house builder demand towards the existing housing stock or towards new sites in the urban areas;

- in a cooler overall market an unduly high supply of suburban housing could potentially weaken demand for the inner urban terraced properties. If so this could exacerbate void levels;
- too much suburban housing will cause more (and longer) motorised journeys hence increasing pressure on suburban and urban infrastructure, if not adequately mitigated;
- possible loss of land important to providing an attractive and well used edge to the current conurbation.

11.27 Nevertheless, it is also clear to the study team that spatial policy makers in Tees Valley will, conversely, need to consider the risks to Tees Valley if severe restrictions are placed on the release of Greenfield land over the next 10-15 years. These can be summarised as:

- less confidence in the delivery of significant levels of housebuilding in Tees Valley. As an example in the last 8 years Middlesbrough has underperformed against its own net housing requirement by 2737 units equating to c£123.5m of lost Council Tax receipts and c5000 lost construction jobs. The financial impact of underperformance will obviously increase significantly with the introduction of the Governments Council Tax Incentive Scheme;
- less confidence that homelessness levels (currently 323 newly homeless in Stockton) and housing waiting lists (currently 16,700 in Tees Valley) will be reduced;
- less confidence that the mid market 3-4 bed houses (to meet the aspirations identified in section 6) can be provided in the numbers required;
- in a cooler market well served by strategic transport infrastructure a greater risk of increasing levels of outmigration to areas to South East Durham which lie within the Tees Valley travel to work area. The recently published Durham Core Strategy Issues and Options Paper signposts the likelihood of high levels of greenfield housing in this area;
- increasingly difficult affordability problems in parts of Tees Valley if supply continues to fail to meet demand. In this regard the National Housing Federation (NHF) currently estimates that young people in the North East will have to wait until they are 35 to own their first home (43 nationally).

11.28 In identifying and balancing these risks, the views of housebuilders in the Tees Valley need to be considered particularly in relation to the market opportunities and constraints to housing delivery in Tees Valley. As part of the study discussions were held with four of the most active housebuilders in the area, Barratt, Bellway, Yuill and Persimmon. Their views can be summarised as follows:

- some of the fundamental **customer demand drivers** have not changed in the last 2-3 years, namely the desire of purchasers to live in the best area they can afford and in the largest property they can afford;
- other factors which influence **customer demand drivers** have changed and have dramatically reduced demand for urban schemes:
    - credit – was previously easy and plentiful – is now difficult and dependent on deposit levels higher than annual incomes. NHF research confirms that required levels of deposit are usually way in excess of annual income;

- investment confidence was high and drove an investor market in urban areas. That market has gone and will not return;
- alternatives – with prices falling (and risk – aversion increasing) customers with the ability to buy are eschewing urban sites in favour of more affordable suburban locations;

- some **supply drivers** are unchanged – in particular builders need to make a profit. Gross development value must be greater than costs and profit. Without this there is no value to buy the land;

- other **supply drivers** have fundamentally changed in the last 2-3 years:
  - builders have a drastically reduced appetite for risk. They have lower volume targets, existing land banks and dramatically reduced land buying funds[12]. This means no investment interest unless a scheme has been de-risked;
  - the appetite of banks to lend to housebuilders has drastically reduced. The banks are now major shareholders for some housebuilders and will not sanction risky spending;
  - the builders now (influenced by the banks) act as national companies rather than regional companies. If risks are less in one region than another – that is where the land buying investment will go;
  - there are now more alternative development options emerging – high levels of greenfield releases in South East Durham, North Tyneside and North Yorkshire will attract the scarce levels of land buying funds available;
  - there is limited prospect of previous levels of public sector funding for site acquisition and preparation continuing. The Trinity site in Hartlepool cost the public sector approximately £10m for 6 acres of development land whilst at West Lane, Middlesbrough it was approximately £4m for 3 acres. It seems unlikely, over the next 5-10 years, that the public sector will maintain an appetite to spend over £1m/acre for development land in the weakest market areas of Tees Valley;
- the cost/sale price relationship is currently untenable in the HMR areas. In the weakest areas unit construction cost is between 80-110% of unit construction cost. The figure needs to be around 50-60% max in order to allow for profit (say 20%) and land value (say 20-30%).

11.29 All in all one builder summed the position up as follows:

"the ability to buy land, to construct and sell a house is a cocktail of builder / bank / customer choices. If you take out of the cocktail the most attractive bits (most of which have already gone) and increase the least attractive bits then we can't deliver any houses in Tees Valley – we will go elsewhere where the cocktail is more attractive".

11.30 The above assessment of risks and market feedback leads to the conclusion that a more positive policy approach to the release of Greenfield land, as a realistic means of both maintaining housing delivery and transferring value towards place-making

[12] Barratt national land buying fund has reduced from £2bn (2006) to £250m (2010)

investment in urban areas, should now be considered. Indeed it is apparent that Hartlepool and Middlesbrough are already doing so with the plans at South West Hartlepool and Hemlington Grange. In this event different scenarios for the amount, location and opportunities for greenfield development should be considered quickly, perhaps at a Tees Valley level. Such high level thinking and analysis will need to encompass:

- infrastructure needs, costs and delivery options;
- potential development costs and values;
- the scope and mechanisms for value capture and transfer (CIL/TIF);
- the regeneration "case" (and lack of alternatives) for such mechanisms;
- the wider regenerated role of more aspirational and executive housing in addressing out-migration and attracting families and wealth generations to Tees Valley.

11.31 In relation to the last point above, the Newcastle University (Centre for Urban and Regional Development Studies) research into the economic role of professional and creative workers is instructive. Its case study of Wynyard found that:

- over 40% of households at Wynyard own or part-own a business;
- of the households containing at least one member in work, 66% contain a business owner or Director;
- 59% of working residents are professional or business directors;
- less than a third of residents had considered properties anywhere else in Tees Valley;
- nearly 40% had moved to Wynyard from outside the North East;
- there are 14 businesses registered at houses at Wynyard. 50% of these have their main competitors located outside the North East.

11.32 On balance it is considered that the evidence appears to point towards a more positive planning strategy in relation to the release of viable Greenfield housing sites in locations which in themselves will meet aspirations; retain population and attract mid-upper income households as well as, potentially, creating opportunities for value capture and transfer towards urban place-making investment. However the risks of such a spatial strategy need very careful analysis, quantification and mitigation before such policy decisions are taken. This analysis is required quickly.

Delivering Aspirational Housing in HMR Areas

11.33 It is clear from this study that HMR is not delivering some key elements of aspirational housing discussed in Part B of this report. Allied to the restraint on Greenfield development it is clear that the sub-region as a whole is falling short in this regard. The new homes which have been developed in HMR areas remain at the lower end of the owner-occupied market and include higher than anticipated proportions of intermediate ownership and social rented housing. In some cases, for example Parkfield, sites are being sold on the open market for maximum value, resulting in smaller units and lower quality than perhaps originally envisaged. This is a result of the need for developers to generate the sales, values and hence land values necessary to acquire the sites for development in a competitive tendering environment.

11.34 First time buyers dominate, and a limited number of new households are being attracted into IPA areas. The new build survey highlighted that most households previously knew the area into which they were moving. A number of possible 'family builder' type households have been attracted into the IPA areas, mainly due to the affordable nature of the product. However, the evidence gathered through the survey indicated that very few view the area as their long term aspiration, with most stating suburban developments as their preference for the future. The survey also tends to suggest that IPAs are not the preferred location for young economically active households, and the Recent Graduates focus group made it clear that they would not choose to live in HMR Intervention Areas.

11.35 The question then is, what factors do need to exist to deliver aspirational housing on HMR sites?

11.36 There are opportunities for regeneration sites to accommodate aspirational housing which could be attractive particular groups including recent graduates, family builders and knowledge workers. One of the key success factors in developing housing to attract these groups will be to ensure that new houses offer more value for money than in surrounding areas which may be perceived by house purchasers in a better or lower risk location. The aspirations research carried out as part of this commission highlighted that value for money was a key driver of households moving into the regeneration areas.

11.37 However, many stated that their aspiration continued to be for housing within suburban type neighbourhoods. This is particularly significant for family builder households who, as they make their housing choices, will consider a number of other factors such as quality of schools and open spaces, together with the housing on offer. A number of pieces of research including the BNG 'New Build Buyers Survey 2006' highlighted the importance of schools, environment and the wider neighbourhood in the choices households make before buying.

11.38 In order to capture households, particularly family builders into regeneration areas a number of factors need to exist. These include a supply of houses which are:

- Available at an attractive and affordable right price - taking account choice available elsewhere in the local market
- Of the right size and type e.g. 3 and 4 bedroom semi detached and detached
- Within the right environment - clean, safe and well maintained
- Near schools with good or demonstrably improving educational attainments - particularly important for family builders

11.39 Of the IPAs considered in this study, West Lane and the continuing regeneration of the North Central area in Hartlepool seem to have the greatest prospects for the delivery of aspirational housing particularly able to attract family builders. The proximity to good or improving schools where investment is continuing to be made is likely to be a positive factor which will contribute to the success of attracting and retaining new residents in the future. MacMillan Academy within half a mile of West Lane is recognised as one of the best schools in Middlesbrough, whilst exciting plans for Dyke House School point to the imminent delivery of a high quality academic offer in close proximity to the North Central area.

11.40 Future 'place shaping' activity will be critical to the future long term success and sustainability of new neighbourhoods created through regeneration and housing market renewal. There seems major potential to link such investment (particularly in schools) at West Lane and North Central Hartlepool.

11.41 Second time buyer market is another area where progress has been limited, with many households in IPAs falling within the FTB market. These trends would suggest that intervention may have stemmed some urban flight of younger households in the short term but that ultimately a large proportion of households will move out of the areas in the medium to long term as they mature and their aspirations change. Overall, it is clear that despite successful restructuring, with diversification of local markets taking place in terms of quality and choice, a local market for younger households still dominates across the Tees Valley urban areas.

11.42 It is also clear that HMR is expensive and there are concerns about value for money. In Inner Middlesbrough, for example, it may have cost £3m to assemble one acre of cleared land worth only £200,000 (£500,000 per hectare). This in turn puts pressure on local authorities to maximise returns on land sales and on developers to minimise costs and maximise density. However, recession may be a good time to be active in acquiring property for demolition whilst prices are at their lowest (say £400K to £500K per hectare) – assuming of course that there is market interest in redeveloping them within a reasonable time-frame.

11.43 There are two options in which the Tees Valley could respond in the future in terms of delivering future HMR programmes. Choices and trade-offs will need to be made in terms of shaping the new housing product which is to be developed and these are summarised in Table 10 below.

Table 10: Delivery Options and Trade-Offs

Options for future delivery	Trade-offs/risks
Option 1: Local authorities could continue to strive to achieve a high capital receipts generated from land values in areas of intervention.	• Continuing risk of developing a high density product to replace a high density product • A first time buyer product is one which developers know they are able to sell • New housing does not meet aspirations and help attract the target households into the urban conurbations of the Tees Valley.
Option 2: Develop stronger development briefs to ensure the development of a more family orientated second time buyer product	• Lower capital receipts or potential lack of market appetite. • Developers may not feel they are able to sell this product in this market, therefore raising questions of deliverability • Important to be able to deliver mixed communities

11.44 It is also clear from our research into target groups, that design and environmental quality are critical, particularly for example to the Knowledge Economy Workers. Whilst most local authorities have an approach to design quality and design codes, there is little coordination across the TVL intervention areas. In order to attract the target households, a more rigorous approach is needed to improve the attractiveness of HMR redevelopments whichever segment of the housing market they are aimed at.

11.45 Both Recent Graduates and younger Knowledge Economy Workers are the most likely groups to have a preference for more urban locations and for apartments. In their earlier housing trajectories, these groups are likely to rely on the private rented sector for accommodation. Encouraging quality new provision and management in the private rented sector therefore may be an important mechanism for providing housing that attracts these groups.

11.46 We identified in Para. 2.19 that HMR has a "critical role in repairing the image of areas of market failure, of removing barriers to economic development and in making neighbourhoods popular and pleasant places to live". Whilst good progress is being made in changing the physical characteristics of HMR intervention areas, our research suggests that their image has not changed appreciably with some of the target household groups. It will therefore be important in adding value to the HMR programme to ensure that public relations, area branding and marketing of image are given sufficient attention so that the wider public understand the fundamental change that has taken place in HMR intervention areas.

11.47 Lastly, we should recognise that most HMR sites will not be attractive to many higher earning households, largely for reasons to do with amenity, community safety and reputation. A household able to buy a £250,000 house does not want an industrial or poor quality urban landscape to look at from their windows, nor to have to confront anti-social behaviour and they will buy elsewhere. In Tees Valley there are a number of other places for this household to buy, e.g. Coulby Newham. Whilst it remains important to provide for as wide a range of household as possible on HMR sites, it is equally important to ensure that target groups are fully catered for on other sites being developed in Tees Valley.

11.48 Having made this point, however, it is worth considering under what conditions more aspirational housing might be successful in HMR intervention areas. We have already identified (Para. 6.21) that development may be successful in St Hilda's which is attractive to recent graduates and young professionals. In due course, provided a new role for Gresham can be identified linked to the Middlesbrough Town Centre renaissance, Gresham may also be successful in attracting these target households. Beyond that, we feel a more incremental approach to providing aspirational housing might be appropriate.

11.49 By this we mean improving the quality of design and environment to attract homeowners trading up from budget homes, whilst at the same time making a determined effort to improve the image of HMR areas. A more detailed study such as that for the Creative and Cultural sectors in the BNG areas might well identify potential for one-off cooperative housing, live work space and self build which was a feature of the BNG study results.

Summary

11.50 Finding ways and means of continuing delivery of Housing Market Renewal and housing which meets aspirations in this time of public funding austerity is critical. We have reviewed key issues and examined a number of mechanisms that may be of interest to delivery partners in Tees Valley, including:

- Special Purpose Vehicles of various sorts to capture the value of publicly owned land and property assets for the purpose of supporting housing renewal;
- The Community Infrastructure Levy to capture value from viable privately owned land in order to secure funding for infrastructure development
- Tax Increment Financing to raise finance for HMR

- Greenfield land release, carefully managed, to facilitate Value Capture mechanisms and the development of higher value aspirational housing
- Attracting a more diverse range of households into HMR intervention areas may mean relinquishing higher capital receipts for land disposals in favour of a stricter development brief approach to encourage the required mix of homes/tenure.
- Design quality is critical to attracting all types of households to live and remain in HMR areas; a more radical approach to ensuring design quality is needed.
- The private rented sector is likely to play a more significant role in the future; stronger policies to encourage investment and good standards in this sector are needed.
- Higher end housing is unlikely to be a major component of current HMR redevelopments, so it is important to ensure that the sorts of housing that will appeal to target groups, e.g. Senior Managers, Knowledge Economy Workers, etc are fully catered for within new developments elsewhere in Tees Valley.
- As HMR areas improve, it will be important to promote their new image positively so that a wide range of households will feel able to consider living there.

Appendix 1: List of Supporting Documents

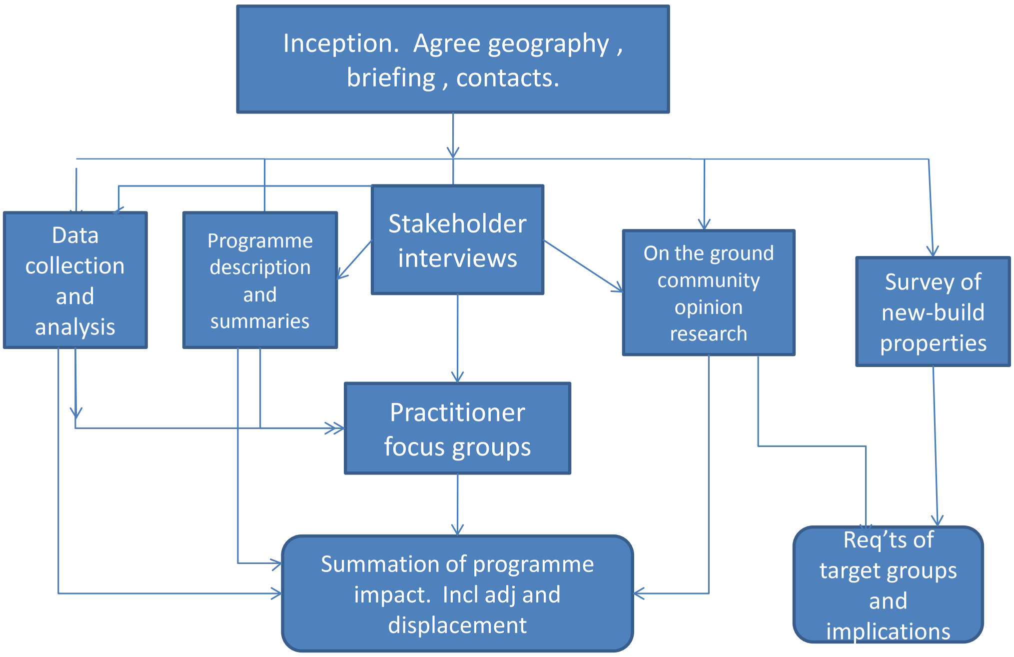
1. IPA Impact Report: Firthmoor, Darlington
2. IPA Impact Report: Headway & Trinity, Hartlepool
3. IPA Impact Report: Gresham Rd, Middlesbrough
4. IPA Impact Report: North Ormesby, Middlesbrough
5. IPA Impact Report: St Hilda's, Middlesbrough
6. IPA Impact Report: West Lane, Middlesbrough
7. IPA Impact Report: South Bank & Grangetown, Redcar & Cleveland
8. IPA Impact Report: Mandale, Stockton
9. IPA Impact Report: Parkfield, Stockton

Appendix 2: Work Undertaken.

1. Introduction

An overview of our approach is illustrated in the diagram below.

Diagram 2.1: Proposed work-streams



2. Inception

An inception meeting between key team members and client was held at which the 11 Intervention Priority Areas for study were agreed. Contacts, data sources, working arrangements and detailed timetable were agreed.

3. Data collection and analysis

We gathered all appropriate statistical data and supplemented this with qualitative data from an estate agents' survey, from stakeholder interviews, from practitioner focus groups and from on-street work to gather community perceptions.

The following list outlined the relevant quantitative data headings that were used to structure the study. The list of key detailed data sources is in the panel below.

- Labour markets e.g. employment and worklessness, including data on the direct employment generated by interventions.

* Demographic change including population and household change
* Quality of life indicators e.g. derelict and empty land and crime, educational attainment. The V&V index was very helpful here, plus other sources to obtain a suitable time-series back to 2001 or 2002. The Census 2001 provided a reference point for certain data series.
* HMR programme data including scheme outputs and demolitions, supplemented with HCA, LA and HSSA data, and data from NEA research.
* Housing Market Intelligence e.g. new build (by type and tenure), changing balance of dwelling stock by tenure, household incomes, house prices, rentals, empty properties, turnover.

Where it was feasible to do so, the study highlights changes in socio-economic and housing outcomes and indicators down to a local level. This enabled comparison of changes which have occurred in different neighbourhoods and localities across the Tees Valley.

List of detailed statistical data sources used.

Local data sources:

Housing Voids, turnover
Planning completions, tenure, size
Demolitions
Future housing supply / derelict land
Health
Young people in education or employment
Education 5+ GCSEs A*-C, absenteeism
Working age population NVQ 2+ / 4+
Area Perceptions
Community safety – crime rates, fear of crime
Community cohesion – electoral turnout, community activities benefiting residents, voluntary groups

National data sources:

NOMIS / ONS

Population estimates at Ward/ LSOA/ MSOA levels 2004-2008, annually
Benefit claimants various levels, 2001+ quarterly
Including unemployment, incapacity, disability
Working age population in employment

Land Registry / CLG

House prices, new build activities, sales rates, income ratios/affordability (SHMA)

4. Stakeholder Interviews.

At an early stage of the commission, we conducted telephone or face to face interviews with some 18 key stakeholders from local authorities, Housing Associations and housebuilders/developers. The interviews covered their views of the impacts, successes and limitations of the HMR programme at the Tees Valley and local levels. The results were used to focus our other researches and to help “tell the story” of each of the interventions being studied.

5. Estate Agents Survey.

We consider this is a valuable source of evidence about the perceptions of interventions, and about the reasons for changes in market conditions. We have previously interviewed agents for the SHMA and have a useful set of contacts and specimen interview pro-formas. We used these as the basis to develop a conversation with agents so they are encouraged to give views, rather than to follow a standard “set-piece” interview.

6. Programme Information Collection

We collected two principal types of programme data. The first was an analysis of TVL’s own programme information, looking at both the sub-regional/local authority level, and the Intervention level. We also collected information about the specific strategic objectives and intended outcomes of each intervention, mining records on masterplanning, ADFs, project approvals, etc.

Secondly, we gathered data from other organisations, including data about other regeneration programmes, such as economic development, transport, schools, health, and so on. We used the web-sites of relevant agencies, including LAs, ONE, HCA, Government Depts, etc, as well as requesting specific information from LAs. Where we conducted stakeholder interviews with agencies delivering regeneration programmes, we established a relationship with the stakeholder and sought to understand the range of programmes that were relevant before requesting data.

The programme data we collected was neither wholly consistent nor complete. For example, the expenditure by IPA did not sum to total expenditure records. This is probably inevitable for records kept over 6 years by many different people in the range of organisations contacted. Errors are relatively minor and we are confident that the overall scale of funding that we present at sub-regional, local and IPA levels is sound.

Note also that 2010 HSSA data not yet available, and HCA data for 2010 is on a completions basis rather than the allocations take up basis of the other 5 years.

7. Community Opinion Research

Gathering the perceptions of residents in the intervention areas, or possibly adjacent areas, was important to understanding the impact of programmes on attitudes and perceptions. We conducted on street interviewing in the target areas on Saturday mornings in the neighbourhood shopping areas, with a stand - asking people for their views in a semi-structured interview format.

We did this in selected intervention areas where this feedback was likely to be of greatest value, ensuring we have the necessary agreement of the Local Authority and the Police.

8. Survey of New-Build properties

We undertook a short postal survey based on the addresses of new build properties completed in the Tees Valley in the last 5 years. We used our local knowledge and understanding of the Tees Valley housing market together with local stakeholders to identify and agree the locations for the survey sample. We obtained address lists from the Land Registry.

The survey aimed to gain a more detailed understanding of the characteristics, behaviour and aspirations of new build households including the three key markets identified by the Tees Valley SHMA; graduates, family-builders and knowledge economy workers which are currently under-represented in the Tees Valley. It was also be very helpful in understanding this aspect of displacement processes and the contributory patterns of migration in the Tees Valley.

The survey aimed to:

- Explore the choices driving previous house moves
- Understanding factors influencing house moves in the future and key drivers e.g. How important the type of housing in terms of driving house moves
- Identify possible gaps in the current market
- Assess satisfaction levels of current homes and neighbourhoods, utilising our GIS capabilities, to understand the success of new build in HMR areas
- The proportion of people who move into new housing from neighbouring areas, with possible displacement impact

The survey enabled the study to draw conclusions regarding:

- The housing requirements of future developments
- Identifying the environmental/locational factors required to meet the customer need
- Understanding the wider implications on schools, community safety and the provision of services when providing new housing across the Tees Valley.

We also supplemented our findings with those of similar survey information conducted for other HMR areas e.g. Newcastle Gateshead.

9. Focus groups

We agreed during inception to run **Practitioner Focus Groups** in 4 places: Mandale, Stockton; South Bank and Grangetown, Redcar; Headway and Trinity, Hartlepool; Gresham, Middlesbrough. These have well established regeneration programmes, are in different locations and have a variety of strategic objectives so we were able to identify a range of impacts and issues. Key regeneration practitioners were invited to the events.

We had three objectives for the focus groups:

- To test and refine our understanding of what took place in the project. We provided a draft synopsis of the project as a starting point covering objectives, timescale, funding inputs, outputs, delivery arrangements, etc.
- To find out whether practitioners thought the project has been a success, delivering its objectives and making a real difference to the local community. We shared preliminary conclusions that we had drawn from our study, including whether the intervention has had any effect on neighbouring communities.
- To find out what else needs to be done and whether things might be done differently next time. Could the positive impacts have been amplified; could negative impacts have been reduced; what else needs to be done?

We tried to develop an ambience where practitioners felt able to tell us honestly about what worked and what didn't. We incorporated the findings of these events into our final report in an objective and anonymised way so as to be of maximum benefit to TVL.

In order to refine our understanding of the housing aspirations of the smaller target household groups, we also held Focus Groups for **Recent Graduates** and **Recent Retirees**, and conducted an on-line survey of **Knowledge Economy Workers**.

10. Interim and Final Reporting

We drew together our work to date at around Week 5, and report to TVL on our interim findings as well as planning in detail the remainder of the work. This was an important milestone that we as a team used to ensure that we were consolidating and making the best use of all the information being gathered. It also helped us develop the questions behind the Practitioner Focus Groups that helped us get down to the key issues for each of the IPAs and understanding the impact of TVLs interventions.

The final report was reviewed in draft by TVL and HCA, and individual IPA reports were reviewed by the relevant LAs. Further input was received from Directors of Regeneration before the report was finalised.

Appendix 3: Aspirations for New Housing: the Evidence Base.

1. Introduction

This Appendix summarises the research done to help understand the housing aspirations of residents across Tees Valley and those moving into the sub-region. It is critically important that these are clearly understood in order to ensure that future new-build provision across the sub-regional generally and within interventions areas particularly better reflects the requirements of local and in-migrant households.

Existing evidence includes the 2009 Strategic Housing Market Assessment (SHMA) which assessed market requirements of both existing and newly-forming households. The evidence base has been strengthened in this study with a survey of households moving into new-build dwellings across Tees Valley and in the adjacent areas of the former Sedgefield Borough in County Durham and Hambleton in North Yorkshire. These two areas are recognised to be part of the greater Tees Valley City Region.

Land Registry house price data suggests that across Tees Valley there were a total of 3,771 new build dwellings sold during the years 2007, 2008 and 2009 in Tees Valley. In the adjacent areas of Sedgefield and Hambleton, 744 newbuild dwellings were sold. Although this is a little lower than the 5,342 new build completions recorded in CLG tables for these 3 year on account of sales excluded from Land Registry data e.g. shared ownership and commercial sales, nevertheless this provides a sound basis for a survey of people recently moving into newly built housing.

The survey was completed by 513 households and provides a valuable insight into the range of properties being moved into, search behaviour and the range of households moving into newbuild properties in the intervention and adjacent areas. A full set of data tabulations is available but key observations are presented in this summary. The data are actual responses received and are reasonably assumed to be representative of all households moving into newbuild dwellings, with an estimated sample error of +/-4.07%

We have also reviewed a number of pieces of other research which are germane to understanding the housing requirements of target households, including:

- Aspirations of Emerging Households Newheartlands HMRI (2009)
- The Central Lancashire research into home ownership aspirations for graduates and key workers as part of their bid for Northern Housing Challenge Funding (2008-9)
- The joint BNG/Arts Council/Economic Development review of Creative and Cultural sector housing aspirations (2006/7)
- New Build Buyers Survey carried out for Bridging Newcastle Gateshead (BNG)(2006)
- The economic role of mobile professional and creative workers, and chief housing and residential preferences: evidence from North East England Centre for Urban and Regional Development Studies (2006)
- Executive Housing Study and Regional Housing Aspirations Study commissioned by One North East and the Regional Housing Board (2004)

In addition, we undertook work with local focus groups consisting of target group households – recent graduates, recent retirees and knowledge economy workers.

2. Household Aspirations: Evidence from SHMA

Using primary household survey data collected in Local Housing Assessments, the SHMA identified that around 9,900 existing households that were planning to move in next year. The aspirations of households expressed in the SHMA are summarised in Table A3.1.

In terms of house types, the strong aspiration for detached (24.7%) considerably exceeds the proportion of the dwelling stock (15%). However, preferences for terraced stock (19%) are considerably less than the stock (28%) and there are market weaknesses in several areas of Tees Valley including many of those in intervention and adjacent areas.

About 11% of households planning to move in the private market prefer a flat whilst this type of dwelling is 7% of the stock. There is therefore scope for more flats, but not at the very high proportions in the new-build pipeline. The level of recent supply of flats has probably exceeded the relatively modest market potential.

Table A3.1 Household Aspirations

	Existing households	In-migrant	Newly forming	Total Demand
Tenure				
Owner Occupied	83.3	76.3	82.7	82.0
Private Rented	16.7	23.7	17.3	18.0
Property size				
One	5.9	5.4	12.2	6.8
Two	31.6	28.5	51.8	34.0
Three	40.9	40.3	32.5	39.5
Four or more	21.6	25.7	3.4	19.6
Property type				
House	70.6	79.4	77.8	73.2
Detached	28.2	23.8	9.6	24.7
Semi	28.2	26.9	38.7	29.5
Terraced	14.1	28.7	29.5	19.0
Flat (inc bedsits)	9.3	10.0	18.4	10.8
Bungalow	20.1	10.6	3.8	16.0
Total	100.0	100.0	100.0	100.0
Base	59062	15730	13010	87802

Source: 2009 Tees Valley Strategic Housing Market Assessment Table 7.2

Demand by property size seems to be better aligned with the mix of existing stock. If anything, there seems to be stronger demand for two rather than three bedroom homes and a slight under-provision of 4 bedroom or larger. However, we have to be cautious as the notional third bedroom may be seen as a study/utility room for some households. The demand from the strategically important "in-migrant" household market is more strongly oriented to 3 or 4 bedroom homes (66% of total preferences) and this is an important message about the dwelling size mix required to attract new households.

The SHMA commented that executive housing developments in the Tees Valley have been successful in attracting and retaining highly skilled and entrepreneurial people. The Wynyard development demonstrates the existence of demand for executive housing, which is supported by consultation with developers. Developers identified the certain areas as appropriate locations for executive housing developments in the Tees Valley. These are South Middlesbrough, Guisborough (small scale), pockets to the west of Hartlepool and around Darlington.

The overall aspirations of households may be compared with current housing stock balances across Tees Valley. These are shown diagrammatically in Figs A3.1 and A3.2 below.

Fig A3.1: House Type Breakdown

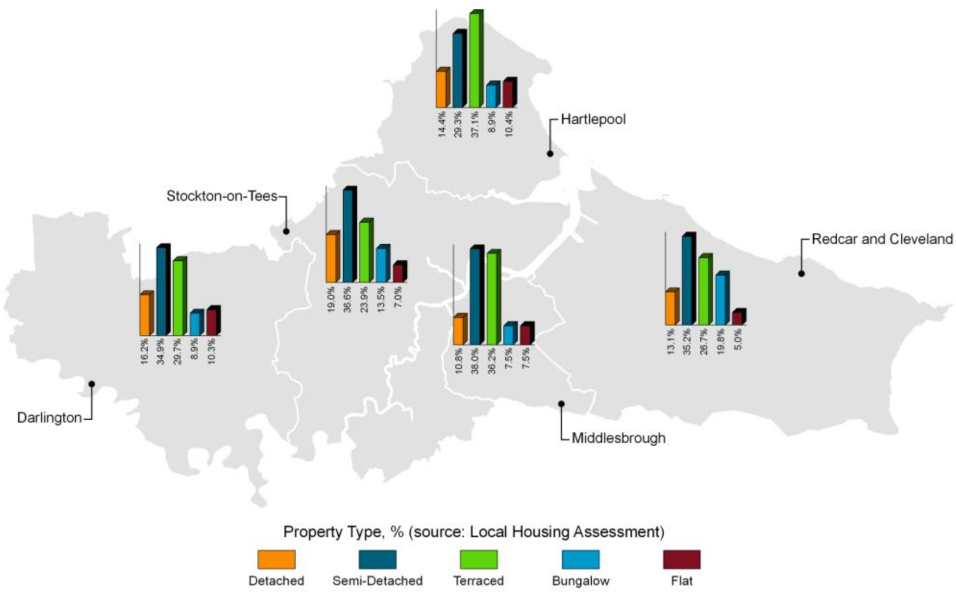
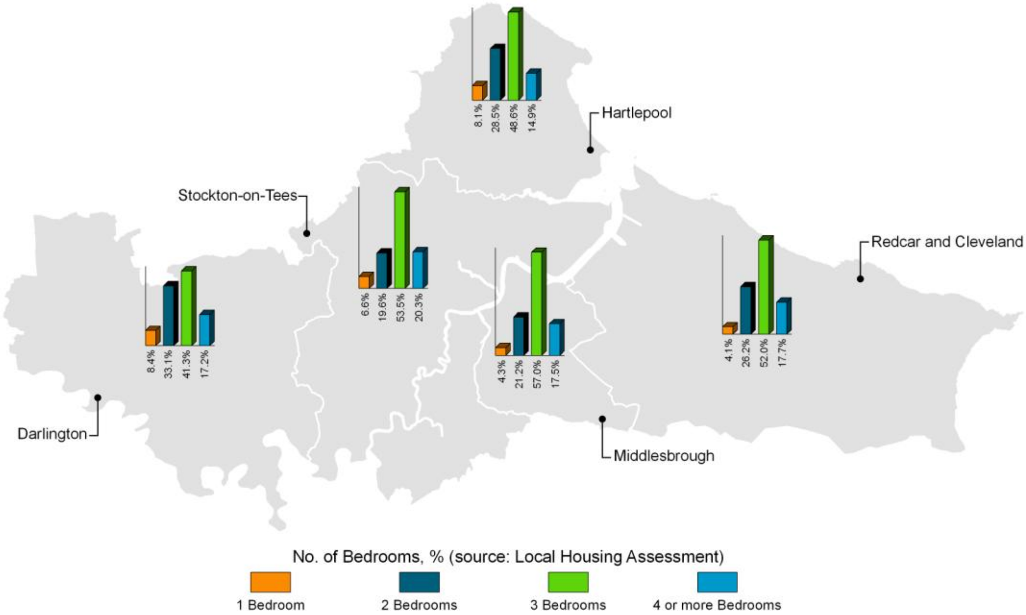


Fig A3.2: House Size Breakdown



The overarching finding from the 2009 SHMA was an imbalance between household aspirations and existing provision, with a need to increase the delivery of larger properties to help attract and retain population.

3. Household Aspirations: Evidence from New Build Survey

A postal survey of households moving into newly built homes in Tees Valley was completed in July 2010 as part of the TVL Impact Assessment Study. Of the 513 responses we received to the new-build survey, 73 lived in intervention areas or adjacent areas; 351 lived elsewhere in Tees Valley and 89 lived in former Sedgefield / Hambleton. A full set of data tabulations accompanies this report but key observations are now presented. The data presented is based on the actual responses received and is assumed to be representative of all households moving into newbuild dwellings, with an estimated sample error of +/-4.1%.

Characteristics of households

Of the households responding to the survey:

- A variety of household types were moving into new-build properties overall, with the three largest groups being couples (no children) 28.7%, couples with children (28.9%) and singles under 60 (19.5%). There was a marked difference in the characteristics of households moving to newbuild properties in the intervention and adjacent areas, with 38.4% being couples (no children), 23.3% single adults under 60 and couples with children only accounting for 17.8% of households;
- Household sizes tended to be small, with 66.9% of all moving households comprising one or two members; in the intervention/adjacent areas this increased to 79.5% of households;

- First-time buyers accounted for 28% of purchasers overall, but 44.9% of purchasers in intervention and adjacent areas;
- In terms of age profile, 49.2% of households were headed by someone aged 16-39, 36.8% someone aged 40-59 and 14% someone aged 60+. In intervention/adjacent areas, the profile was skewed more towards the 16-39 age group (54.8%) and older age groups (17.8% aged 60+);
- 81% of residents in households were in employment (of these 69.7% were in full-time employment). In intervention/adjacent areas, this proportion was slightly lower at 77.1% (of whom 64.3% were in full-time employment). 20% of residents in the areas outside Tees Valley were wholly retired from work.
- Those in employment and living in intervention/adjacent areas were most likely to work within Tees Valley (86.5%) compared with residents elsewhere in Tees Valley (75.8%) and outside Tees Valley (23.7%).

In summary, households moving into the intervention areas are proportionately more likely to be first-time buyers, and generally younger singles and couples with no children. Overall employment levels were lower amongst these households and those in employment are most likely to work within Tees Valley.

Characteristics of properties

The characteristics of newbuild properties are now summarised:

- 85.7% of dwellings are owner-occupied, 9% privately rented and 5.3% are intermediate tenure dwellings (shared ownership/equity). In intervention and adjacent areas, the tenure split is slightly different, with 76.5% owner-occupied, 12.5% privately rented and 11.1% intermediate tenure;
- Overall, detached houses account for 38.4% of newbuild dwellings, 20.6% are flats/apartments, 17.1% semi-detached houses and 14.9% terraced houses. The profile of newbuild stock in intervention/adjacent areas is considerable different, with only 11.1% detached, 36.1% semi-detached and 33.3% terraced.
- In terms of number of bedrooms in newbuild properties, overall 42.2% have four or more bedrooms, 30.2% have three bedrooms, 22.5% two bedrooms and 5.1% one bedroom. In intervention/adjacent areas, properties tended to be smaller, with only 13.9% having four bedrooms, 52.8% have three bedrooms, 27.8% two bedrooms and 5.6% one bedroom;
- Overall, 6.3% of respondents stated that their property was valued at less than £100,000, 32.4% between £100,000 and up to £150,000, 30.4% between £150,000 and £200,000 and 30.8% stated a value of at least £200,000 (households outside Tees Valley were most likely to state this amount). Within the intervention/adjacent areas, valuations were noticeably lower, with 77.8% stating a value of under £150,000 (69.4% in the £100k to £150k price range) and only 22.2% in the £150,000 to £250,000 price range;
- 87.4% of respondents stated that they were very satisfied (42.8%) or satisfied (44.6%) with their home. Levels of satisfaction were lower amongst households in intervention/adjacent areas (80.8%) overall, with only 28.8% very satisfied.

Therefore, what is being built in intervention/adjacent areas is tending to be smaller and more likely to be semi-detached or terraced. There is very little larger and aspirational detached dwellings being built in these areas and property prices are considerable lower than for new build across the study area. The proportion stating they were very satisfied with their home was around half that of all newbuild occupants.

Previous circumstances

Of households moving into newbuild dwellings: 80.3% moving into properties in intervention/adjacent areas originated from within the Tees Valley sub-region; 83.2% moving into properties elsewhere in Tees Valley originated from within the sub-region; and only 20.5% of movers into properties in Hambleton and former Sedgefield originated from Tees Valley.

For households moving within Tees Valley, there was a high degree of self-containment evidenced in several districts. In Middlesbrough 84.1% of movers had originated from the same district. For Redcar and Cleveland, the figure was 71.1% and for Stockton 70.1%. The degree of self-containment was lower for Hartlepool (66.7% of movers originated from within the District) and Darlington (60%). In these two districts, there was a stronger influence of migration from County Durham, with 12.3% of movers in Hartlepool originated from County Durham and 14.3% of movers in Darlington.

Of households moving into newbuild properties in intervention/adjacent areas:

- 33.3% moved from terraced, 33.3% moved from semi-detached houses and 16.7% moved from detached houses, with a further 11.1% moving from flats/apartments, 4.2% from bungalows and 1.4% from other types of property;
- The most notable flows were from terraced houses to semi-detached houses (accounting for 15.3% of moves), semi-detached to semi-detached (11.1%), terraced to terraced (11.1%) and semi-detached to detached (8.3%). Given the nature of properties being built, there is no particularly strong trends in households 'trading up' to a more aspirational property type;

  However, there is some trading up in terms of property size. Overall, 36.1% moved into a larger property, 41.7% moved to the same size property and 22.2% traded down.
- All people previously in one bedroom property moved into larger dwellings;
- of those previously in two bedroom, 26.4% moved into a larger property;
- those previously in three bedroom dwellings were most likely to move to the same sized property (and this accounted for 25% of all moves), with some trading up to a larger property (6.9%) and 7% trading down to a smaller property;
- the only noticeable trading down was from households who previously lived in a four or five bedroom property, with virtually all moving to a smaller property.

In terms of tenure (Table A3.2):

- the biggest flow was between owner occupied properties (38%), with some moving from owner occupation to private renting and intermediate tenures;
- former RSL renters mainly moved into owner occupation or intermediate tenures;
- private renters tended to move into owner occupation or private renting with some moving into intermediate tenure;
- those who had previously lived with family/friends mainly moved into owner occupation.

Table A3.2: Tenure of households moving into newbuild properties in intervention and adjacent areas.

Previous Tenure	Current Tenure (table %)			
	Owner Occupation	Private Renting	Intermediate	Total
Owner Occupation	38.0	2.8	5.6	46.5
RSL rented	5.6		1.4	7.0
Private Renting	12.7	8.5	2.8	23.9
Living with family, friends	19.7	1.4	1.4	22.5
All tenures	76.1	12.7	11.2	100.0
Base: 73 movers				

Reasons for moving

In terms of reasons for moving, the main reasons why all respondents moved were: wanting a larger/better property (33.9%); wanting their own home/live independently (24%); wanting to live in a better area/neighbourhood (21.2%); and the ability to afford a new house in the area they moved to (20.4%).

For households moving to newbuild properties in intervention/adjacent areas, 31.3% stated they wanted their own home/live independently (which reflects the high proportion of first-time buyers in the areas), and they were more likely to state they wanted to be closer to family/friends (14.9%) and were being forced to move (10.4%). They were considerably less likely to state a desire for a larger property (only 19.4% compared with 33.9% for all movers into newbuild property).

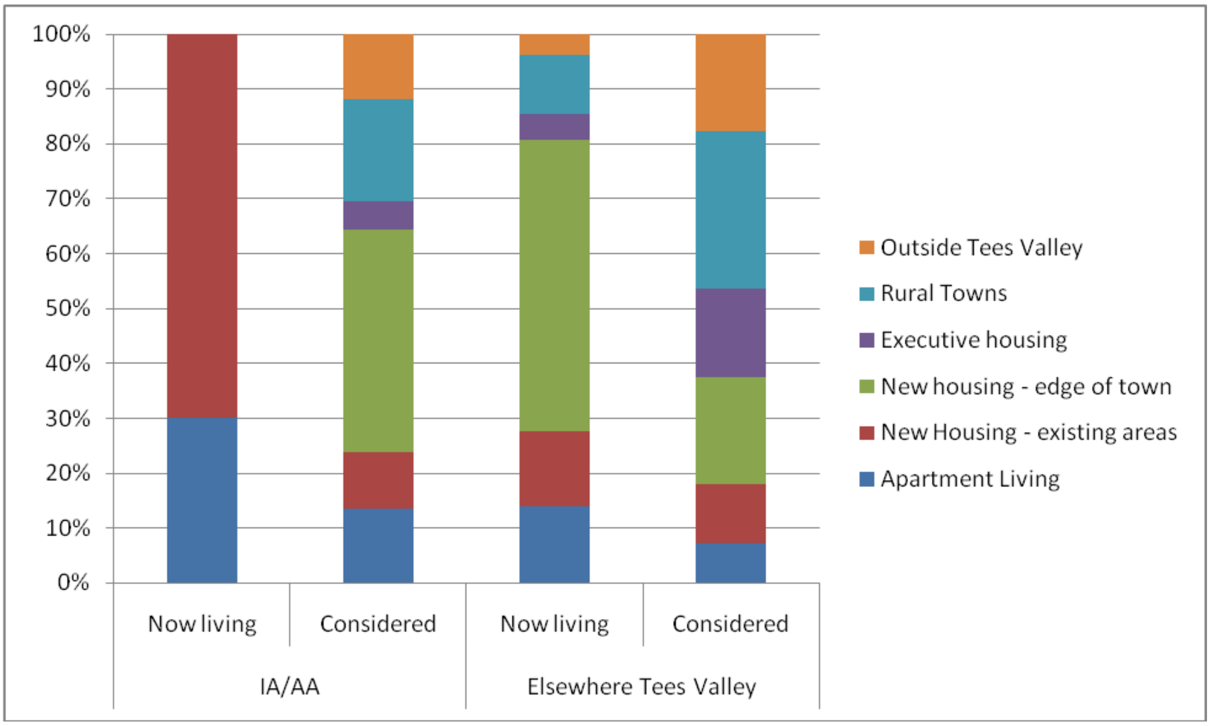
Locational preferences

Households were asked if, at the start of their moving process, did they have a particular area/neighbourhood in mind or were a range of areas considered. Overall, 39.1% stated they had identified a particular area, but for movers into intervention/adjacent areas, this was only 24.6%. These households were more likely to consider a range of areas (43.5% compared with 39.5% of all movers) or had no location preference (31.9% compared with 21.4% of all movers)

Those moving into intervention/adjacent areas were least likely to be living in the area they preferred to move to (55.6% stated they lived in their preferred area compared with 73.1% of all movers). The main reason for this (mentioned by 50%) was nothing was available at a price which could be afforded.

Households living in intervention/adjacent areas were most likely to consider urban locations, either in existing areas or on the edge of settlements as demonstrated in Figure A3.3. Households moving elsewhere in Tees Valley were particularly likely to consider executive housing, rural locations and moving out of the sub-region. In reality, they were most likely to move to new housing in the edge of town locations.

Figure A3.3: Comparison between where households now live and the types of location considered



Base: 64 households in Intervention and Adjacent Areas and 321 elsewhere in Tees Valley

Were aspirations realised?

When asked if the property moved into was their preferred type of property, 76.4% of all movers said yes. This proportion was lower for residents in intervention/adjacent areas at 67.1%. The range of properties considered[13] did not vary considerable amongst movers in intervention/adjacent areas and movers elsewhere in Tees Valley and outside Tees Valley. Over half (53.6%) of all movers considered detached houses, 48.1% semi-detached houses, 20.6% townhouses, 6.1% bungalows, 15.1% terraced houses and 13.4% flats/apartments.

In terms of property size, households moving into properties in intervention/adjacent areas were most likely to consider two (44.3%), three (47.1%) and four (34.3%) bedroom properties; with all movers more likely to consider larger properties with at least three bedrooms.

There was a strong preference to buy a newbuild property from people moving in the intervention/adjacent areas (69.9%) compared with 62.5% of all movers. The most frequently reported reason for choosing a newbuild property was minimal maintenance requirements (mentioned by 83.9% overall and 80.8% of households in intervention/adjacent areas) followed by layout and design (59.8% overall and 53.8% intervention/adjacent areas).

Households moving into properties in intervention/adjacent areas particularly liked the idea of being able to buy through shared ownership/equity arrangements (36.8%). However, only 32.7% stated that the property was ‘in a good area’ compared with 53.6% of all respondents.

[13] Note respondents could tick multiple options to the figures add up to more than 100%

Future moving intentions

Around 40% of households were intending to move either in the next three years or intending to move over a longer period. 47% of households living in intervention/adjacent areas intended to move and 31.5% intended to move in the next three years (compared with 23.6% of all households). Most would consider another newbuild property (80.5% overall and 81.8% of households living in intervention/adjacent areas).

30% of households currently living in intervention/adjacent areas would consider a new housing in urban areas (compared with 23.3% overall) but were most likely to consider housing in edge of town locations (56.7% compared with 41.1% overall). Respondents living elsewhere in Tees Valley were most likely to state a preference for moving to rural locations (57.3%) or move outside Tees Valley (37.9%).

The reasons which will drive and influence a household's next move were varied but give some clear messages about the views of residents in intervention/adjacent newbuild properties: 60.6% want to move to a larger property (compared with 46.5% of all movers) and 66.7% want to move to a better area/neighbourhood (compared with 48% of all movers).

In terms of property type and size preferences (Table A3.4), households in intervention/adjacent areas will be considering larger properties (three/four bedrooms) and looking for detached/semi-detached properties.

Table A3.4: Preferences of households in intervention/adjacent areas intending to move

No. Beds	Property type (Table %)						
	Detached house	Semi-detached house	Terraced house	Bungalow	Flat/ apartment	Townhouse	Total
Two	3.0	12.1	3.0	9.1			27.3
Three	12.1	33.3				3.0	48.5
Four	12.1	9.1		3.0			24.2
Total	27.3	54.5	3.0	12.1		3.0	100.0

Base: 33

Table A3.5 summarises the preferences of all households intending to move. This suggests a strong aspiration towards properties with three or more bedrooms, detached and semi-detached houses.

Table A3.5: **Preferences of all households intending to move**

No. Beds	Property type						
	Detached house	Semi-detached house	Terraced house	Bungalow	Flat/ apartment	Townhouse	Total
One				1.0	0.5		1.5
Two	3.4	8.8	2.0	2.0	1.5		17.6
Three	17.6	18.5	1.5	4.4		1.5	43.4
Four	23.4	3.9		2.0		1.5	30.7
Five or more	6.3			0.5			6.8
Total	50.7	31.2	3.4	9.8	2.0	2.9	100.0

Base: 205

4. Housing Aspirations of Target Groups

As part of this commission, the aspirations of key target groups have also been explored, namely: recent graduates, knowledge economy workers, family builders and young retirees. The data from the household survey provides the potential to analyse the moving decisions of **family builders** (defined as couples aged under 40 with or without children) and **young retirees** (households containing someone who is aged under 70 and retired). We have however supplemented the survey data for recent retirees with a local focus group.

The housing aspirations of **recent graduates** have been deduced from a combination of focus group work with a number of local recent graduates and survey responses of young economically active households (singles under 30 in employment) which closely resembles the recent graduate group. It is recognised that recent graduates may well be unemployed for a period, but nevertheless their aspiration is to be employed and therefore to be a part of this group.

We have not been able to directly assess the aspirations of **knowledge economy workers** because of the relatively small sample size of the survey and the difficulty of defining this group of households. Instead, we have commissioned an on-line survey, and analysed other research including the New Build Buyers Survey carried out for Bridging Newcastle Gateshead in 2006, and the earlier Executive Housing Study and Regional Housing Aspirations Study commissioned by One North East and the Regional Housing Board. From these studies we have constructed a notional housing aspirations profile as set out in the panel below.

Recent graduates

The University of Teeside has around 28,000 students, 63% of which are from the North East; there are 9,000 undergraduates and 3,000 post-graduates. In addition the University of Durham has a campus in Stockton with around 2,000 students which is expected to double in size by 2020. We estimate that currently around 3,000 students become graduates in Tees Valley each year. In addition, there are many people whose parental home is in Tees Valley and will graduate elsewhere in the country and may return to Tees Valley.

We conducted a focus group of 7 recent graduates living in Tees Valley, 2 of whom were living with parents, 3 were owner occupiers, and 3 living in private rented accommodation. Their views are set out in the panel below.

Housing Aspirations of Recent Graduates

Current Housing Circumstances

The reason that those who live with their parents still chose that option lay strongly with the need to save money for a deposit to then enter the housing market. They felt that renting in the region was too expensive and was a waste of money which could otherwise be saved and put towards a deposit.

Those in rental accommodation all agreed that this was the only option as they felt priced out of the housing market in terms of access to mortgages, house prices and deposits now required. Rental prices were considered inconsistent across the region.

Housing aspirations

The entire group felt that homeownership was their ultimate aspiration. The housing type for everyone was a house which would be a suitable family home with adequate outdoor space and parking. The location would be local to where they currently live with no one expressing a desire to leave the area unless they had to for employment. The group were happy to be close to family and friends who live in the region and felt this was especially important when considering buying a property and starting a family.

All graduates believed strongly that the main barrier to home ownership is the mortgage lender deposit requirements compounded by high house prices and job insecurity.

Would you consider living in a HMR area?

When mentioning the HMR areas that had been the centre of major redevelopment and regeneration all members of the group strongly believed that they would never consider living in any of the areas. All of the group knew the areas and were of the opinion that the areas were 'rough' and dangerous and the last possible places they would hope to own a home.

When asked whether people had visited any of the developments recently, most had not, with 2 having recently passed through North Ormesby. When asked what they thought of the North Ormesby development, the response was favourable, stating that the housing looks really good but the area's reputation would put them off living in the area.

The group agreed that for people to consider living in the HMR areas there should be a strong PR exercise which changes people's perceptions of the areas, especially younger people who they felt were more likely to change their views.

The group all believed that the HMR developments were all social housing so had never considered any form of homeownership options together with the main issues stated above.

What key things will determine your next and subsequent housing choice?

The group all agreed that their future housing choices relied heavily upon their ability to save and to have secure employment. House prices and access to affordable and mortgages were deemed areas that present considerable barriers and ultimately determine what housing and where.

Where they see themselves living in 5 years, 10 years.

The group reiterated their desire to continue to live in the region and to have progressed in their employment to such a point that their financial positions were more comfortable. Each group member felt that they would have a family home which would be a semi-detached 3 bedroom house or a period family home.

Additional comments

Graduates felt that having a degree no longer places them at an advantage in the job market with jobs becoming increasingly competitive and requiring experience above qualifications.

The homeowners in the group felt very fortunate that they had purchased their properties before the recession so that they were able to access a mortgage. One of the homeowners was worried about the cost of her mortgage and uncertainty over interest rates.

From the survey, we looked at the 31 young economically active households respondents as they are expected to share many characteristics with Recent Graduates. Most lived outside Intervention and Adjacent areas but within Tees Valley. A majority owned (64.5%), mainly with a mortgage and a further 19.4% lived in shared ownership properties and 16.1% rented privately. They were most likely to live in two and three bedroom flats and terraced houses priced at under £150,000. Most (77.4%) worked in Tees Valley.

Young economically active households planning to move (24) had aspirations towards two (41.7%) and three (54.2%) bedroom properties, with strongest aspirations for semi-detached (50%) and detached (29.2%) houses. There is therefore a notion of 'trading up' on their next move and almost half (45.5%) would be able to pay between £100,000 and £150,000 for their next property; 22.7% between £150,000 and £200,000; 13.6% more than £200,000 and 18.2% less than £100,000. Younger economically active households were most likely to consider new housing in existing urban areas (47.6%) and new developments on the edge of town (57.1%).

Family builders

A total of 178 could be described as family builders: couples under 40 with or without children. Of the three target groups, this was the target group most likely to reside in intervention and adjacent areas. Most (87.1%) were owner occupiers, with 9% living in intermediate tenure dwellings and 3.9% rented privately. Two-thirds lived in detached (42.1%) and semi-detached (22.5%) houses; 16.3% lived in terraced houses, 9% in townhouses and 9% lived in flats/apartments. Family builders tended to live in larger properties, with 37.6% having three bedrooms and 48.3% had four or more bedrooms. 68.3% of people working in family builder households worked in Tees Valley, with others mainly working North Yorkshire (13.4%) and in County Durham (9.8%).

One third lived in properties valued in excess of £200,000; another third in properties valued at between £150,000 and £200,000 and 32.8% lived in properties valued at up to £150,000.

Half of family builders were not intending on moving in the next three years. Of those intending to move (88), main preferences were for properties with three (31.8%), four (50%) and five or more (10.2%) bedrooms; with a strong aspiration towards detached (62.1%) and semi-detached (29.9%) houses.

For their next residential location, family builders were most likely to consider rural towns/areas (52.6%), locations outside of Tees Valley (48.7%) and new developments on edge of town locations (46.2%), with around 20.5% considering new housing in urban areas.

These findings echo those of the 2007 SHMA findings, where 11.4% of the 30,300 Family Builders living in Tees Valley intended to move in the year following the survey. Their housing aspirations are shown in Table A3.6 below.

Table A3.6: Aspirations of Family Builders.

Property type	Tees Valley	
	Annual movers	%
Detached House	1446	41.2
Semi-det House	1211	34.5
Terraced House	465	13.2
Flat	81	2.3
Bungalow	310	8.8
Total	3514	100.0
No. bedrooms		
1	28	0.8
2	452	12.9
3	1546	44.0
4	1248	35.5
5	241	6.8
Total	3514	100.0

Source: Tees Valley Local Housing Assessment Surveys 2006-2007

Recently retired

According to SHMA data, there are around 33,400 young retired households across Tees Valley. Young retired households are defined as households headed by someone who is retired and aged 50-69. Although this group represents a larger co-hort of the population compared with family builders, a much lower proportion (3.7%) intended on moving in the year following the survey. Of these young retirees that were considering moving, we have identified that 79.6% planned to stay in Tees Valley. This was a very strong preference for those currently living in Darlington (86%) and Hartlepool (95%), fairly strong in Middlesbrough (73%), and rather weaker in Stockton (63%) and Redcar (60%).

Of these, over half aspired towards a bungalow (particularly detached), with a further 33.1% aspiring towards a house. In terms of property size, 54.1% had aspirations for a two bedroom and 35.2% a three bedroom property as shown in Table A3.7 below.

Table A3.7: Aspirations of Recent Retirees

Property type	Tees Valley	
	Annual movers	%
Detached House	218	17.8
Semi-det House	146	11.9
Terraced House	42	3.4
Flat	138	11.2
Bungalow	681	55.6
Total	1225	100.0
No. bedrooms		
1	42	3.4
2	663	54.1
3	431	35.2
4	85	6.9
5	3	0.2
Total	1225	100.0

Source: Tees Valley Local Housing Assessment Surveys 2006-2007

A similar picture emerges from our new build survey. There were a total of 31 responses from recently retired residents and only 3 of these were from households living in intervention/adjacent areas. 86.2% were owner occupiers and most owned outright (79.3%). 58.6% lived in detached houses, 20.7% in terraced houses and 17.2% lived in a flat/apartment. Households lived in a variety of property sizes, with 31% living in one or two bedroom properties; 31% in three bedroom; and 37.8% in four or more bedroom properties.

32.2% lived in a property valued at up to £150,000; 32.3% lived in properties valued at £150,000-£200,000 and 35.5% lived in a property valued at least £200,000.

Most of the recently retired households did not intend on moving, either in the next three years, or over a longer period of time. Only 6 respondents intended on moving and at best this can provide some tentative indications of their preferences, with were primarily towards three and four bedroom bungalows.

We conducted a focus group of 8 recent retirees living in Tees Valley, 3 women and 5 men. 6 were owner-occupiers, one privately renting and one a social housing tenant. The group had all reached retirement within the past two years. Most participants live in or around Middlesbrough, with 2 coming from Stockton. Occupations of participants ranged from post office worker to senior policy officer within a Local Authority. Their views are set out in the panel below.

Housing Aspirations of Recent Retirees

When asked what kind of housing situation the group would like to see themselves in over the coming years, the group unanimously expressed a desire to downsize and to move into a bungalow where they would see themselves living for the remainder of their lives. However, there was overwhelming concern that there were not adequate supplies of affordable bungalows in desirable areas of the - Middlesbrough area with most available properties being over-priced.

Financial restraints proved to be an area of concern for the owner-occupiers who were reluctant to release equity on their homes to bolster their pensions and would only see down-sizing as an option to release funds.

There were discussions around the lack of future family support locally with most participants stating that their children had left the Tees Valley area sometime ago and would not consider moving back mainly due to the lack of employment opportunities in the area. This was a concern for the group when considering arrangements for their old age.

Housing Barriers

The barriers to housing options lay firmly in the lack of affordable properties in areas that the group would be happy to live in. HMR areas were viewed as very undesirable due to their reputation and history. Many felt that finances would prevent being able to access housing appropriate to their need. They felt that properties are overpriced in the region, especially given the lack of employment opportunities in the area. There was a feeling that there were too many flats being built that neither suited retired people or families.

Would you consider living in a HMR area?

The group were all aware of the areas and mirrored what had been mentioned earlier about not considering living in any of the areas and also added that they would actively discourage their children from investing in those areas. When exploring why they felt this way, it emerged that this was purely based on their historic knowledge of the areas and the reputation and poor media reports.

Positive comments did then begin to surface, with several from the group stating that the work that has been carried out was essential and has changed areas for the better. In particular people reflected upon North Ormesby and the positive effect the new developments have had on the area. They were also keen to state that there was much more to be done to change the negative elements of these communities, they saw employment as the key to changing the future of the HMR areas. Major employers need to move to Tees Valley before communities can prosper. The group felt that this was unlikely and the main Tees Valley towns would continue to become 'ghost' towns.

Where do you see yourself in 5 years time?

7 of the group felt that they were in no position to move over the next 5 years so see themselves staying where they are. One group member (private rented) stated that he would look to move away from Tees Valley completely and has considered living abroad.

Knowledge Economy Workers

There are various definitions of "Knowledge Economy Workers" in the literature, but the traditional one is: "Knowledge workers have high degrees of expertise, education or experience, and the primary purpose of their jobs involves the creation, distribution or application of knowledge". Jobs are predominantly professional, and might include ICT professionals, teachers, librarians, scientists, journalists, managers, and so on. This is a wide group of occupations and difficult to research through a simple survey technique. Knowledge Economy Workers are effectively distributed throughout the categories of our New Build Survey, and overlap with Young Economically Active and Family Builders.

Academic research[14] has concluded that "Knowledge workers are highly mobile, and are tending to be more loyal to their peer communities than to an employer. This requires that organizations look beyond their own boundaries, and work together to create living, working, and learning environments that offer a balanced and fulfilling lifestyle. One way to accomplish this on a large scale is the development of knowledge cities, in which the information and knowledge architecture is at least as important as, and possibly more important than, the physical architecture."

Clearly jobs and clustering of like minded people are likely to be key determinants of general location; nevertheless, we have tried to interpret what the housing aspirations of this group might be using the survey data we have to hand– see panel. We have focused on the views of the professional occupation groups, higher incomes, and higher house values across a range of travel to work areas. Because Knowledge Economy Workers is a diverse group, aspirations will be similarly diverse with higher incomes being a unifying factor.

We have also incorporated the views of respondents in our on-line survey. The survey was circulated to over 30 employers across the Tees Valley region and we received 8 full responses. Those who completed the survey mainly came from the chemical engineering industries, with 2 coming from the IT sector. The ages for the participants ranged from 23 to 36; 6 were male and 2 female. The group predominantly (6) live in private rented accommodation, with 2 owning their own properties.

Housing Aspirations of Knowledge Economy Workers

- Households are more likely to travel further to work and therefore being close to good transport links is important;
- These households have the financial capabilities to look in a broad area for housing which meets their needs; however, access to mortgages and deposits was another key issue for this group.
- The main compromise made by households was not being able to get the right size/type of property in the area that they wanted to live.
- Due to higher household incomes, people will not compromise on affordability or location but the availability of their preferred house type in

[14] Arthur J. Murray, Kent A. Greenes, (2007) "From the knowledge worker to the knowledge economy: Six billion minds co-creating the future", VINE, Vol. 37 Iss: 1, pp.7 - 13

their preferred location. But detached houses was their preference

- For singles and couples in this group, a significant minority expressed a preference for City Living apartments; however, they believed that Leeds and Newcastle were the Cities that attracted young professionals and they would consider buying a flat in these cities but not in Tees Valley
- In terms of tenure, home ownership is a general aspiration; private renting is a common early stage, with affordable home ownership schemes important to many in seeking home ownership in a location of choice.
- Availability of private open space was also an important factor
- In terms of location, people considered properties in similar areas to where they live now; a number felt that HMR areas were not places they would consider living in on account of bad public press.
- Households will consider a number of locations throughout the north east. This suggests that this group would move as a result of their careers but would not necessarily move close to the location of their work and that property factors would dominate the decision making process. This may also be as a result of two income households and the need to locate somewhere convenient to both places of work.
- Quality of life and environmental factors are particularly important in order to achieve their desired home; having access to urban centres for nightlife and leisure opportunities was also important.
- Density and design factors may also be important, reflecting the quality and perception of a new build area.

5. Summary of the Evidence

Evidence suggests that the market for newbuild dwellings in intervention/adjacent areas is characterised by residents intending to move short distance, with value-for-money a key determinant in their choice of housing.

The majority of movers into Newbuild dwellings originated from Tees Valley. The market for newbuild properties in Middlesbrough was very localised, with 84% of movers originated from within the District. In Darlington and Hartlepool, over 10% of residents moving into newbuild properties originated in County Durham.

There were no particularly strong trends in households 'trading up' to a more aspirational property types, but this was largely a reflection of properties being built. In terms of property size, households were most likely to move to the same sized property (41.7%) or trade up to a property with a larger number of bedrooms (36.1%), with also some evidence of downsizing (22.2%).

Most people moving into newbuild properties in intervention/adjacent areas were moving into owner occupation (76.1%). Of the 11.2% of households moving into intermediate tenure, half were previously owner occupiers, 25% previously social renters, 12.6% previously private renters and 12.6% were previously living with family and friends. A further 12.7% moved into private renting, most of who were previously private renters.

Households moving into intervention areas were least likely to have identified a particular area in which to live. Compared with all movers, they were more likely to have considered a range of areas or had no preference over where they chose to live. They were also most likely to have considered urban locations within Tees Valley compared with all movers.

The aspirations of households moving into properties in intervention/adjacent areas tended to be realistic, with strongest preferences for two and three bedroom properties in particular. The aspirations of all households in newbuild properties intending to move are clearly for larger detached and semi-detached properties. This reinforces the findings of the Tees Valley SHMA which demonstrated a mismatch in current provision against future aspirations.

For the four target groups, Recent Graduates lived predominantly outside the intervention/adjacent areas and early moves back with parents or into private rented accommodation with friends/partner/own tenancy are the norm. Most aspire to home ownership, perhaps via apartment/FTB house/affordable home ownership schemes, and those in home ownership had aspirations to trade up preferably to new housing in existing urban areas and new developments on the edge of town. They are reluctant to move to HMR intervention areas.

By contrast, the Recent Retirees expressed little desire to move house; if they were to move, it would likely be to downsize or move to a bungalow. About 20% of these planned to move out of Tees Valley all together. For both these groups, small sample sizes make these results rather tentative.

For the Family Builders, almost half would consider moving in the next three years. Their main preferences were for properties with three or more bedrooms, preferably detached or semi-detached houses. Family Builders were most likely to consider rural towns/areas, locations outside of Tees Valley and new developments on edge of town locations. Only around 20% would consider new housing in urban areas.

For the Knowledge Economy Workers, the quality of the environment and good transport links are critical to attracting knowledge workers in, together with the right houses, though this seems less important if there are good facilities and a good environment. These seem suited to the more suburban/urban fringe type developments. For singles and couples in this group, a significant minority expressed a preference for City Living apartments, although it should be recognised that this finding from the BNG survey reflects the greater availability of City Living apartments in Newcastle and Gateshead.

6. Conclusions

Households moving into the intervention areas are proportionately more likely to be first-time buyers, and generally younger singles and couples with no children. Overall employment levels were lower amongst these households than those moving elsewhere in Tees Valley; those in employment are most likely to work within Tees Valley.

The proportion stating they were very satisfied with their home in intervention areas was around half that of all new build occupants.

What is being built in intervention/adjacent areas is tending to be smaller and more likely to be semi-detached or terraced. The properties built seem to have been geared towards a particular market – people looking for value for money in an urban residential environment.

There is very little larger and aspirational detached dwellings being built in these areas and property prices are considerable lower than for new build across the study area. As a result, developments in intervention areas do not diversify the housing offer, so other groups are not being attracted into these areas, particularly as there is competition from what is offered elsewhere within Tees Valley and outside the sub-region. To some extent, this is the self-fulfilling effect of house builders' view of the market in these areas. There is therefore a need to challenge house builders views of what type of housing and customer might be attracted in.

It is difficult to be certain about the housing aspirations of key groups, namely recent graduates, family builders, knowledge economy workers and recently retired people. Family builders were the most likely group to have moved to intervention/adjacent areas but aspired to move to developments on the edge of existing towns and urban areas. Recently retired households were least likely to want to move, probably because, as part of their retirement planning, they had moved to their current new build property. This group is equity rich, with most owning their properties outright. Of the small number intending to move, preferences were strongest for two and three bedroom bungalows.

Recent graduates were most likely to consider remaining in existing urban areas, settling first into private rented apartments and houses or back with parents. Their later aspiration is for two and three bedroom semi-detached and detached properties. They are reluctant to move to HMR intervention areas. For the Knowledge Economy Workers, the quality of the environment and good transport links are critical. For both these groups, having a flexible, well managed private rented sector is important, at least before home ownership aspirations are realised.

Appendix 4: Summary of Data on Impact, Displacement and Adjacency

Overview

A key objective of this study is to examine the impact of housing interventions on neighbourhoods and surrounding areas. The need to explore these impacts of housing renewal was identified in the Audit Commission's 2009 Performance Review of Tees Valley Living. Specifically, this study needs to consider the impact on the neighbourhood itself along with the impact on adjacency and displacement, defined by the Audit Commission as follows:

- **Adjacency –** the potential impact that new development may have on the desirability of neighbouring areas.
- **Displacement** – the potential for problems to be merely moved on to neighbouring areas.

The Tees Valley Joint Strategy Unit has prepared a Community Vitality Index (CVI) which is regularly updated to monitor changes at a neighbourhood level. This provides excellent time-series data for the period 2006/07 to 2009/10 through which the impact of housing market interventions can be assessed using a range of social, housing, economic and demographic indicators. These indicators cover six themes and thirteen variables, as summarised in Table A4.1.

Defining neighbourhoods and adjacent areas

The CVI provides data on 230 neighbourhoods across Tees Valley. The neighbourhoods where the eleven intervention areas are located were identified. Through consultation with the Project Group, a series of adjacent areas were identified for each of the intervention neighbourhood areas (Table A4.2).

Measuring the impact of housing interventions

The themes and indicators used in the CVI provide a useful mechanism through which change in social, housing, economic and demographic circumstances of neighbourhoods can be measured. To ensure a consistent approach to analysis for each neighbourhood and intervention areas, change over the period 2006/7 to 2009/10 was considered. Analysis presented in Table A4.3 considers the magnitude and direction of change; and whether this has had a positive or negative impact on the neighbourhood where the intervention has taken place and adjacent areas. The degree of change reported is likely to have been influenced by regeneration activity, in particular where observed trends differ from the average neighbourhood figures for Tees Valley as a whole. Interestingly, there is a relationship between the perceived success of interventions and the extent of positive change in neighbourhoods.

Table A4.1: **Themes and Variables in the Community Vitality Index**

Theme	Indicator	Definition	Source
Housing	Relative House Price	House Price as a percentage of the Tees Valley average for all sales in a 12 month period.	Land Registry
	Tax Band A	% of properties with Tax Band A	Council Tax Register
Unemployment & Income	Unemployment Rate	% people claiming unemployment	DWP/ONS
	Working Age Benefit Recipients	% of the Working Age population receiving key benefits	DWP/ONS
Community Safety	Burglary in a Dwelling	No. Burglary in a Dwelling crimes as a rate per 1000 households (over a 12 month period)	Police crime data
	Anti-Social Behaviour	No. of ASB incidents as a rate per 1000 population	Police incidents data
Education	GCSE 5+ A*-C	% of students achieving 5 or more GCSE's at grades A* to C	Local Boroughs
	NEET	% 16 year olds Not in Employment, Education or Training	Connexions
Health	People Needing Care	% people needing care (claiming Attendance Allowance or Disability Living Allowance)	DWP
	Standard Mortality Ratio	Standard Mortality Ratio	ONS
Sustainable Communities	Long Term Vacancy	% properties vacant for more than 6 months	Council Tax Register
	Physical Environment	No. of Criminal Damage to Dwelling crimes plus the No. Deliberate fires as a rate per 1000 dwellings (over a 12 month period).	Police crime data / Fire incidents data
	Turnover (Wholly moving households)	% of wholly moving households in a 12 month period	PCT GP Registers

Source: Tees Valley Joint Strategy Unit

Table A4.2: **Neighbourhoods and Adjacent Areas Corresponding with the 11 Intervention Areas**

Areas	CVI Neighbourhood ID	Intervention Area	Neighbourhood
IA	D03	Firthmoor	Firthmoor
AA	D04		Lascelles
IA	H06	Headway	Dyke House A
AA	H07		Dyke House B
IA	H11	Trinity Court	Grange A
AA	H12		Grange B
AA	H30		Stranton A
AA	H31		Stranton B
AA	H01		Belle Vue
IA	M01	St. Hilda's	Town Centre North
IA	M04	Gresham	Gresham
AA	M03		Newport
AA	M05		Abingdon
AA	M09		Crescent Road
IA	M07	North Ormesby	North Ormesby
IA	M08	West Lane	West Lane
AA	M15		Whinney Banks North
IA	R46	Grangetown	North Grangetown
AA	R45		West Grangetown
IA	R47	South Bank	South Bank
AA	R48		Normanby Road
IA	S13	Mandale	Mandale Park
AA	S12		Thornaby Village
AA	S14		Stainsby Hill & Littleboy
AA	S15		Mansfield Avenue
AA	S16		Thornaby Road
IA	S23	Parkfield (Phase 1)	Parkfield North
AA	S24		Parkfield South
AA	S25		Oxbridge

Key
IA – Intervention Area neighbourhood
AA – Adjacent Area neighbourhood

Table A4.3: Summary of Impacts by Intervention and Adjacent Area Neighbourhoods

Areas	ID	Intervention Area	Neighbourhood	Relative House Price 06-10	Tax Band A 06-10	Unemployment Rate 06-10	Working Age Benefits 06-10	Burglary Dwelling 06-10	Anti-Social Behaviour 06-10	GCSE 5+ A*-Cs 06-10	NEET 06-10	People Needing Care 06-10	Wholly Moving Households 06-10	Long Term Vacancy 06-10	Physical Environment 06-10	Standard Mortality 06-10	Changes: Negative	Positive	Negligible	Total
IA	**D03**	**Firthmoor**	**FIRTHMOOR**	↓	↓	↑	↓	↓	↓	↑	↓	↓	↓	↓	↓	↑	3	10	0	13
AA	D04		LASCELLES	↓	↑	↑	↑	↓	↑	↑	↑	↑	↓	↓	↓	↑	8	5	0	13
IA	**H06**	**Headway**	**DYKE HOUSE A**	↑	↓	↑	↑	↓	↑	↑	↑	↔	↓	↑	↓	↑	6	6	1	13
AA	H07		DYKE HOUSE B	↓	↔	↑	↔	↑	↑	↑	↓	↓	↓	↑	↓	↑	6	4	3	13
IA	**H11**	**Trinity Court**	**GRANGE A**	↑	↓	↑	↑	↓	↓	↑	↓	↑	↓	↑	↓	↓	4	9	0	13
AA	H12		GRANGE B	↑	↑	↑	↑	↓	↓	↓	↓	↑	↓	↑	↓	↓	6	7	0	13
AA	H30		STRANTON A	↓	↓	↑	↓	↓	↑	↑	↑	↓	↓	↓	↓	↔	4	8	1	13
AA	H31		STRANTON B	↑	↔	↑	↑	↓	↑	↑	↓	↑	↓	↓	↓	↔	4	7	2	13
AA	H01		BELLE VUE	↑	↑	↑	↓	↓	↓	↑	↓	↑	↓	↑	↓	↑	5	8	0	13
IA	**M01**	**St. Hilda's**	**TOWN CENTRE NORTH**	↑	↑	↑	↑	↓	↑	↓	↓	↑	↑	↓	↑	↑	8	5	0	13
IA	**M04**	**Gresham**	**GRESHAM**	↔	↔	↑	↑	↓	↑	↑	↑	↓	↓	↑	↓	↑	6	5	2	13
AA	M03		NEWPORT	↑	↓	↑	↔	↓	↑	↑	↓	↑	↓	↓	↓	↑	4	8	1	13
AA	**M05**		**ABINGDON**	↓	↔	↑	↔	↓	↑	↑	↓	↓	↓	↓	↓	↑	4	7	2	13
AA	M09		CRESCENT ROAD	↑	↔	↑	↑	↓	↑	↑	↓	↔	↓	↓	↓	↑	4	7	2	13
IA	**M07**	**North Ormesby**	**NORTH ORMESBY**	↑	↔	↑	↑	↓	↓	↑	↓	↑	↓	↓	↓	↑	4	8	1	13
IA	**M08**	**West Lane**	**WEST LANE**	↑	↓	↑	↑	↓	↑	↓	↓	↓	↑	↓	↓	↑	5	8	0	13
AA	M15		WHINNEY BANKS NORTH	↓	↓	↑	↑	↓	↑	↓	↓	↓	↓	↓	↓	↑	6	7	0	13
IA	**R46**	**Grangetown**	**NORTH GRANGETOWN**	↓	↔	↑	↑	↑	↔	↑	↓	↓	↓	↑	↓	↑	6	5	2	13
AA	R45		WEST GRANGETOWN	↓	↓	↑	↓	↓	↓	↑	↓	↓	↓	↑	↓	↔	3	9	1	13
IA	**R47**	**South Bank**	**SOUTH BANK**	↑	↔	↑	↑	↓	↓	↑	↓	↓	↑	↓	↓	↑	3	9	1	13
AA	R48		NORMANBY ROAD	↓	↔	↑	↓	↓	↓	↑	↓	↓	↓	↑	↓	↑	4	8	1	13
IA	**S13**	**Mandale**	**MANDALE PARK**	↓	↓	↓	↓	↓	↓	↑	↓	↓	↓	↑	↓	↓	2	11	0	13
AA	S12		THORNABY VILLAGE	↓	↓	↑	↑	↓	↓	↑	↓	↑	↓	↑	↓	↑	6	7	0	13
AA	S14		STAINSBY HILL & LITTLEBOY	↓	↑	↑	↑	↓	↓	↑	↓	↑	↓	↑	↓	↑	7	6	0	13
AA	S15		MANSFIELD AVENUE	↓	↔	↑	↔	↑	↑	↑	↓	↑	↓	↓	↓	↓	5	6	2	13
AA	S16		THORNABY ROAD	↑	↓	↑	↑	↓	↓	↑	↓	↓	↓	↓	↓	↓	2	11	0	13
IA	**S23**	**Parkfield (Phase 1)**	**PARKFIELD SOUTH**	↑	↓	↑	↑	↓	↑	↓	↑	↑	↓	↓	↓	↑	7	6	0	13
AA	**S24**		PARKFIELD NORTH	↓	↔	↑	↑	↓	↑	↑	↓	↑	↓	↑	↓	↑	7	5	1	13
AA	S25		OXBRIDGE	↔	↔	↑	↑	↑	↑	↑	↓	↑	↓	↓	↓	↑	6	5	2	13
Tees Valley - Average All 230 Neighbourhoods				↓	↓	↑	↑	↓	↑	↑	↓	↑	↓	↓	↓	↑	6	7	0	13

Source: Tees Valley Joint Strategy Unit Community Vitality Index (key to table overleaf)

Table A4.4: Key to Table D3

Direction of travel	Impact	
Increasing	Positive	
Increasing	Negative	
Decreasing	Positive	
Decreasing	Negative	
Negligible Change	Negligible	

What the Data Shows

The main points to note from the data presented in Table A4.3 are summarised below.

Across Tees Valley as a whole:

- Positive trends include: a reduction in Council Tax Band A properties, a reduction in burglary rates, an increase in GCSE performance, a reduction in 16 year olds who are not in employment, education or training, a reduction in long-term vacancy rates and an improvement in physical environment.
- Negative trends include: a reduction in house prices, an increase in unemployment rate and the number of people claiming working age benefits, an increase in reported anti-social behaviour, increase in people needing care and an increase in standard mortality rates.

Within intervention areas, the extent of positive change varies to some extent. The number of positive changes is closely linked with the relative success of interventions in the neighbourhoods. The average number of positive outcomes, as measured by the CVI data, are:

- ‘Opportunity for change’ neighbourhoods 6.3
- ‘Renewal in progress’ neighbourhoods 7.0
- ‘Striking success’ neighbourhoods 8.4

Table A4.5 summarises the extent to which changes within intervention neighbourhoods vary relative to the Tees Valley neighbourhood average. Notable variations include the relative increase of house prices experienced in several intervention area neighbourhoods and reductions in anti-social behaviour. Some of the negative impacts relative to the Tees Valley neighbourhood average include increases in long-term vacancy and reduced GCSE performance.

Table A4.5: **Positive and Negative Change Relative to Tees Valley Average in Intervention Neighbourhoods.**

Neighbourhood	Positive impact relative to Tees Valley average	Negative impact relative to Tees Valley average
Firthmoor	Decline in ASB and people needing care	
Headway	Increase in house prices	Increase in NEETs and long-term vacancy
Trinity Court	Increase in house prices and decline in ASB and Standard Mortality	Increase in long-term vacancy
St. Hilda's	Increase in house prices	Increase in Council Tax A, decline in GCSE results and reduction in quality of physical environment
Gresham	Decline in people needing care	Increase in NEETs and long-term vacancy
North Ormesby	Increase in house prices and decline in ASB	
West Lane	Increase in house prices and decline in people needing care	Reduction in GCSE performance
Grangetown	Decline in ASB	Increase in working age benefit uptake and long-term vacancy
South Bank	Increase in house prices and decline in ASB	Increase in people needing care
Mandale Park	Decline in unemployment and working age benefits, ASB, Standard mortality and people needing care	Increase in long-term vacancy
Parkfield	Increase in house prices	Reduction in GCSE results and increase in NEETs

Displacement and Adjacency

In terms of the impact of intervention on displacement and adjacency, data suggests that in eight adjacent areas, there have been more negative changes reported compared with the intervention area they are joined to. In six areas, particularly around Gresham, there have been more positive changes reported.

The relative impact of interventions on displacement and adjacency are discussed in Chapter 5 of the main report. This brings together the observations in Table A4.3 along with qualitative information received from stakeholders.

Agenda Item 7

Tees Valley unlimited

Report of:	Tees Valley Living
Report to:	Tees Valley Living Board
Date:	18th November 2010
Subject:	Comprehensive Spending Review – Implications for the future Tees Valley Housing Agenda
Item for:	Discussion

SUMMARY

Board members requested a special meeting to consider the outcome of the Comprehensive Spending Review on the 20th October. Members are particularly concerned to hear about the CSR's impact on the future of the Housing Market Renewal Pathfinder programme and the Growth Point Programme of Development.

Anne Mulroy from the HCA has been invited to give a verbal presentation of the latest position on the HCA's position nationally and regionally and their likely future engagement with Local Authorities and Local Enterprise Partnerships.

The coalition government have not abandoned the HMR and Growth Programmes, they have however stated that future bids for projects included within these programmes should be made to the Regional Growth Fund. The Pathfinder Chairs and Directors groups are keen to express their concern over this proposal to the Government.

1. Introduction

1.1. The Tees Valley Living Board, at their last meeting on 16th September requested a special meeting to be added into their schedule in order to consider the outcome of the Comprehensive Spending Review on the 20th October. As the next scheduled meeting of the Board was not until 13th January 2011, it was decided to call a special TVL Board meeting to consider the CSR on 18th November.

1.2. The Board are particularly concerned to hear the CSR's impact on the future of the Housing Market Renewal Pathfinder programme and the Growth Point Programme of Development.

1.3. Anne Mulroy from the HCA has been invited to give a verbal presentation of the latest position on the HCA's position nationally and regionally and their likely future engagement with Local Authorities and Local Enterprise Partnerships.

2. The Comprehensive Spending Review (CSR) 2010, 20th October

2.1. The CSR announced some of the most major cuts sustained by any Government Department, to the CLG budget. This correspondingly means that there will be major changes to the HCA's housing budget nationally. The bulk of the HCA housing budget will be dedicated to the provision of "affordable housing". Affordable Housing has accounted for £3.7bn in 2009/10 and £2.7bn in 2010/11. From 2011-15 it will be allocated £4.5bn ie. c.£1.1bn per annum. The aspiration is to build "up to" 150,000 new affordable homes nationally over that period.

2.2. There will be no ring-fenced budget to continue the Housing Market Renewal (HMR) or Growth Point (GP) Programmes. HMR and GP areas have been instructed that they can however bid for funding to continue their work from the Regional Growth Fund (RGF).

2.3. The Government White Paper on Local Growth issued after the CSR highlighted that the RGF will provide "focused investment for projects that offer significant potential for private sector led economic growth and sustainable employment. First round bids are requested by 21st January 2011".

2.4. The RGF will have a £1.4bn budget nationally over three years. The extent of the budget which may be available for "housing" schemes is expected to be very small. To fully appreciate the scale of difference in the availability of future funding for housing regeneration compared to the recent past. The RGF £1.4bn available for "economic development" in the public and private sectors nationally, compares to a £1bn budget exclusively available to the 10 HMR Pathfinders in the North and Midlands over the past three years 2008/11and a further £832m allocated to 75 Growth Points over the same period.

3. HMR Pathfinder reaction

3.1. A Pathfinder Directors meeting was held in Leeds on 1st November to discuss the impact of the CSR announcements. A research document entitled "Housing Market Renewal: Origins, Progress and Challenges" has been produced on behalf of the group by Professors Brendan Nevin and Phillip Leather. The authors were responsible for the major research which underpinned the establishment of the whole HMR programme. Brendan Nevin is currently Acting Director of the Merseyside HMR Pathfinder. The report will be submitted to CLG, HCA the Audit Commission, the National Audit office and other stakeholders. It highlights that the programme has levered in more than £4bn of private investment between 2003-10, into areas which have been starved of major investment for decades.

3.2. Many Pathfinders have now got rid of their surplus unpopular stock and have a rebuilding programme well underway. In terms of creating sustainable communities great progress, against acknowledged criteria, has been achieved. It does identify however that that much more success has been achieved in HMR in the "core cities" such as Newcastle and Manchester, due to their proximity to thriving city centre economies. Smaller towns such as Blackburn, Burnley, Stoke, Hull and the Tees Valley towns have not fared so well and still need substantial assistance.

3.3. This view was confirmed a year ago, by the chair of the Homes & Communities Agency Robert Napier during his visit to all 10 Pathfinders in the autumn of 2009. His conclusion was that to discontinue the programme in five of the 10 Pathfinders could have catastrophic results. They are Merseyside, Hull, East Lancashire, North Staffordshire and Tees Valley. The impact report provides evidence to support that view.

3.4. The Nevin Leather report also points out that as the Coalition are not formally closing HMR, they are not proposing a clear view of the future after HMR. There is no coherent alternative to HMR, yet the funding available to continue will be minimal by comparison with the recent past. A pertinent example of a coherent alternative after a major policy change is where "slum clearance" programmes of the 1950s and 1960s were discontinued in the 1970s, to be replaced by General Improvement Areas and Housing Action Areas.

3.5. The Pathfinder Chairs group meets on 16th November to consider the next steps. They are currently seeking a dialogue with Eric Pickles on the future of the HMR. They have been offered a meeting with senior civil servants to discuss the future. Their principal interest is to find out further details of how the Regional Growth Fund bids will be assessed and the status and importance to be given to HMR. They also wish to discuss the implications of any potential blight notices issued against Councils who may be forced to discontinue their programmes.

3.6. The Nevin Leather report also states that there is no precedent for closing down a government programme on this scale in mid-stream. The "value for money" implications need to be considered in terms of not honouring commitments, by the Audit Commission.

3.7. A further research document is being commissioned by the group from Professor Ian Cole of Sheffield Hallam University, to be paid for from a Pathfinder conference fund. A detailed brief will be approved by the Pathfinder Chairs group on 16th November.

4. The Homes and Communities Agency view

4.1. Anne Mulroy will give verbal update at the Board meeting. Robert Napier, Chair of HCA spoke at the CIH conference in Durham on 3rd November and made a number of points outlining his view of the future role of HMR and Growth to the HCA. In the future the HCA will be a smaller, more "strategic" organization, with more of an "enabling role". It will seek to "withdraw from areas which are better led by others".

4.2. It is clear that the HCA core functions will be the provision of new affordable homes and the regulation of RSLs (taken over from the Tenant Services Agency). There may be other funding streams directed towards "place-making" and the "existing stock". The existing Property and Regeneration budget will only be available to complete existing contractual commitments. There will not be a Regional Housing fund to replace the Single Housing Investment Pot (SHIP). The full details of the future role of a slimmed down organisation and the extent of its regional presence are still in the process of being finalized.

4.3. Robert Napier's very clear view was that HMR must still be regarded as a priority in the five of the ten HMR Pathfinders listed above. His advice was to include their future HMR proposals within their bids for Regional Growth Funding and to send their bids in as much before the 21st January deadline as possible.

5. Audit Commission view

5.1. The following is an extract from the Audit Commission's Strategic Review of Tees Valley Living which will be published before the end of November.

"Future plans / succession strategies

There is a strong need for continuing investment in Tees Valley. Some Housing Market Renewal (HMR) projects are more complete than others. Current interventions in areas of housing market weakness need to be completed, not least to ensure that promises to communities are met.

Future arrangements for management of the HMR programme and broader regeneration and economic development across Tees Valley have been unclear for some time. Uncertainty about the level of future funding, and requirements for accessing funding, have made it difficult to plan effectively. However, Tees Valley Unlimited's (TVU) bid for Local Enterprise Partnership (LEP) status has been approved. Although the granting of LEP status will not *automatically attract additional funding, it has helped to galvanise proposals for continued partnership working – albeit in a more streamlined way. TVU will become will become the LEP, taking responsibility for implementation of the Tees Valley Economic Regeneration Implementation Plan (TVERIP)[1]. Housing, including the future of the HMR programme, is included within the TVERIP…...*

. ……As part of work to develop the TVERIP, partners in Tees Valley had begun work to prioritise housing and economic regeneration priorities prior to the government's spending review. The announcement that HMR schemes will need to bid competitively for funding from the government's new Regional Growth Fund (RGF) is likely to mean that not all projects can be delivered quickly. Partners recognise that a greater degree of prioritisation between different schemes is likely to be required.

Intervention in areas such as Central Middlesbrough, Greater Eston, Central Hartlepool and Central Stockton is far from complete. Partners will now be required to bid competitively to the RGF to secure resources to complete these projects. Each of the councils is working on alternative approaches to delivering schemes, using their own assets and funding, but new arrangements will not be in place immediately from 2011 onwards. At this stage there is a significant risk that clearance and acquisition stalls, leaving communities living in a poor quality environment indefinitely.

There is a long history of partnership working in Tees Valley. Joint working on the HMR and New Growth Point programmes, and through TVU and towards the aims of the Multi Area Agreement should provide a sound basis for the LEP."

6. Conclusions and Recommendation

6.1. It is recommended that TVL Board members discuss how housing issues are incorporated into the bid for Regional Growth Funding to be made in January 2011.

6.2. The Board are recommended to endorse the approach being taken by the Pathfinder group to produce evidence demonstrating the positive progress of the programme and emphasise that it must continue.

6.3. The Board are recommended support the presentation of our own research on the positive impact of housing investment in Tees Valley generally and in HMR in particular to key individuals, placing emphasis on the scale of the work remaining.

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Agenda Item 8

Tees Valley unlimited

Report of:	Director – Tees Valley Living
Report to:	TVL Board
Date:	18th November 2010
Subject:	Tees Valley Economic and Regeneration Investment Plan and the Regional Growth Fund
Item for:	Information

SUMMARY

The following report is an item approved by the Tees Valley Unlimited Leadership Board on 9th November 2011 on the TVERIP and the process involved in preparing bids for the Regional Growth Fund.

It is presented for information to TVL Board members. Chris Duffil of Shared Intelligence the consultants commissioned to help prepare the Tees Valley Economic Regeneration and Investment Plan, will attend the Board meeting and will answer questions regarding content and progress.

Tees Valley unlimited

Agenda Item 6
(TVU Leadership Board
9/11/10)

Report of:	Director - Policy and Strategy
Report to:	**TVU Leadership Board**
Date:	**9 November 2010**
Subject:	Tees Valley Economic and Regeneration Investment Plan and the Regional Growth Fund
Item for:	Discussion and decision

SUMMARY

1. This paper details progress on the development of the Tees Valley Economic and Regeneration Investment Plan. It sets out proposals for prioritising those projects that will deliver the Tees Valley Statement of Ambition in the context of the new Regional Growth Fund and the significant reduction in Homes and Communities Agency funding over the period to 2014/15.

2. The report sets out a proposed process and timetable for completion of the plan by December and provides details of the suite of documents that are being prepared as part of the Investment Plan.

3. It also considers the core principles which should underpin a Tees Valley bid to the Regional Growth Fund. It is recommended that the Leadership Board:

   - note progress to date on preparation of the Economic and Regeneration Investment Plan;

   - endorse the process for final prioritisation of those projects which will require public sector funding support through the Regional Growth Fund and Homes and Communities Agency;

   - endorse the approach to the development of the Regional Growth Fund bid set out in the report;

   - seek early clarification from Government on various matters raised by the RGF guidance.

1 PROGRESS AND EMERGING PRIORITIES

1.1 TVU has been developing the Tees Valley Economic and Regeneration Investment Plan (TVERIP) since April 2010 and the work has now entered its final phase.

1.2 The political and operational context within which the TVERIP has been developed has changed dramatically during this period. The abolition of the Regional Development Agencies and their replacement with a network of Local Enterprise Partnerships; significant changes in the policy and delivery of adult skills and employment support and major reductions in CLG's housing budget have all had a significant impact on the development of the plan.

1.3 Substantial reductions in the availability of conventional public sector grant support have highlighted the requirement for the Tees Valley to develop innovative funding mechanisms - for example through prudential borrowing, tax increment financing or leveraging public sector assets – to deliver the priority economic, regeneration and transport projects that will realise the Statement of Ambition.

1.4 The TVERIP operationalises the Statement of Ambition by developing

- a strategic 'narrative' which sets out our aspirations for economic growth and regeneration over the next decade; and
- a detailed action plan which identifies priority economic, regeneration, transport, housing and related initiatives over the four years from 2011/12 to coincide with the timeframe for the Comprehensive Spending Review.

1.5 The plan mirrors the structure of the Statement of Ambition, detailing the priorities for private/public sector investment to realise its dual aims of 'driving the transition to a low carbon economy' and 'creating a diversified and inclusive economy'. It also shows how investment in quality of place, including widening housing choice and developing the economic role of our major urban centres, is vital to realising our aspirations for economic growth and diversification.

1.6 The emerging priorities under Aim 1 – driving the transition to a low carbon economy – include projects that will:

- support further growth of the *chemicals and petrochemicals* sectors by creating a more competitive business environment, exploring opportunities for industrial symbiosis, pioneering opportunities for resource recovery and developing new feedstock technologies;

- promoteTees Valley as a *world class location for low carbon energy* including development of both the offshore wind and nuclear energy sectors, developing new energy hubs for North and South Tees and developing the first large scale *Carbon Capture and Storage network in the UK*;

- develop our world class expertise in *advanced engineering and materials* to capitalise on the low carbon opportunities being created in the Tees Valley and to export our skills across the globe;

- *deliver the infrastructure to support large scale, low carbon industrial investment*, including strategic site assembly and investment in transport infrastructure; and

- *build the skills for a low carbon economy* including the expansion of Apprenticeships programmes and the development of Wilton as an integrated training facility for low carbon industry.

1.7 The emerging priorities under Aim 2 – Creating a Diversified and Inclusive Economy – include projects that will:

- *place science and innovation at the heart of our economy* by strengthening the research, innovation and enterprise capacity of our Universities, Colleges and other key innovation institutions and supporting local delivery of BIS's national innovation and business support programmes;

- *attract inward investment and delivering investor development/aftercare in support of UKTI*;

- reduce barriers to enterprise and private sector investment in those sectors with the greatest potential for output and employment growth – the *digital and creative industries; government department relocations; business and financial services; logistics and distribution; health and social care and retail and leisure;*

- stimulate enterprising behaviours and capacity in individuals and organisations, including through the new Work Programme;

- develop the skills of the Tees Valley workforce with a particular focus on stimulating demand for Apprenticeships and reducing barriers to take up by SMEs;

- ensure there is an effective supply of high quality office and industrial space to meet the needs of Tees Valley businesses.

1.8 Although the intention is to finalise the current version of the plan by December, the TVERIP will remain a 'living' document to be kept under regular review as circumstances and priorities change.

2 PRIORITISATION

2.1 Building on the direction provided by the Leadership Board in July, to date the prioritisation process has focused on identifying those economic, regeneration and transport projects which:

- demonstrate a strategic fit with the Tees Valley Statement of Ambition;
- are legally committed (recognising that there is some variation in the nature of these commitments across all five local authorities); and
- represent strong moral commitments for local authorities; the projects in this category are typically housing market renewal initiatives and there is considerable variation in the scale and nature of these commitments.

2.2 This process has identified just over £17 million of legally committed housing/regeneration projects including the key developments at Greater Middlehaven, Central Park and North Shore. In addition, there are a number of project commitments being delivered through the Tees Valley Industrial Programme which were scheduled to carry over activity/funding into 2011/12 but which remain subject to RDA funding restrictions – including Apprenticeships support and local enterprise initiatives. The future of these projects is to be resolved very shortly.

2.3 At their meeting on 20th October, the Chief Executives highlighted the requirement for further prioritisation of the programmes and projects set out in the plan to reflect the funding opportunities likely to be afforded through the Regional Growth Fund and the implications of the Comprehensive Spending Review for public investment in housing. The RGF is considered in more detail in section 3 of this paper.

2.4 On 3 November the TVU Programme Group agreed the following criteria for prioritisation of the programmes and projects set out in the plan:

1: strategic fit with the Statement of Ambition – how well are projects aligned with the priorities for 'driving the transition to a low carbon economy' or 'creating a diversified and inclusive economy' with particular reference to priority economic sectors or skills/employment priorities

2: deliverability – will the project be completed over the period to 2014/15; are all the necessary consents in place (e.g. planning permission); are there any other significant barriers to delivery

3: risk assessment – are there any long-term liabilities associated with the project? Are these offset by any income generated through the project? Is the sponsor prepared to underwrite any liabilities which may occur?

4: leverage – is the project sponsor able to commit funding to the project and are other sources of public and private sector funding already committed, including ERDF or other funding sources which may be 'at risk'

5: economic impact – how many, and what type of jobs (e.g. intermediate, high skilled) will be created by the project? Will these be delivered over the period to 2014/15? What are the wider economic, social and environmental impacts?

6: value for money – what is the unit cost per job (or increase in GVA or other output); how does this compare with accepted BIS/RDA/HCA benchmarks?

7: project geography – can the project demonstrate that communities/individuals strongly dependent on public sector employment will benefit

8: additionality – would the project proceed in the absence of public sector support?

9: type of investment – does the project provide support to businesses or infrastructure (including housing) to unlock private investment/employment creation? Is it directly related to specific business investment?

2.5 Subject to the views of the Leadership Board, it is proposed to adopt these criteria to:

- prioritise projects for inclusion in a Tees Valley Regional Growth Fund bid;

- prioritise projects for investment by the Homes and Communities Agency through the investment planning process (criteria 5 and 7 will not be applied to these projects);

- identify those projects which are critical to realising the Statement of Ambition but are unlikely to be eligible for RGF and for which alternative sources of private or public sector funding / alternative means of delivery should be identified.

3 REGIONAL GROWTH FUND

3.1 BIS presented its White Paper to Parliament on *Local Growth: realising every place's potential* on 28th October, and also issued more detailed guidance on the Regional Growth Fund. The White Paper also confirmed that Tees Valley is to be one of twenty four initial Local Enterprise Partnerships.

3.2 The White Paper identifies two clear objectives for the Regional Growth Fund, namely to:

- stimulate enterprise by supporting projects and programmes with significant potential for economic growth and create additional sustainable private sector employment; and,

- support in particular those areas and communities that are currently dependent on the public sector make the transition to sustainable private sector-led growth.

3.3 Whilst the White Paper notes that the Government has avoided being overly prescriptive in relation to the types of bids which will be accepted, it further suggests that:

- all areas of England are eligible to bid for RGF, but some areas which have 'high employment, low levels of deprivation and a vibrant private sector may struggle to demonstrate how they meet the second objective of the fund;

- the fund has been extended to £1.4bn over three years from 2011/12; this will be comprised of £580m capital and £840m resource funding to maintain flexibility;

- the size of the fund will be broadly the same in each year and around half the first year allocation (@£230m) will be awarded in the first round;

- real private sector 'ownership' and investment in RGF projects will be a critical factor for successful bids;

- funding for the programme will be drawn from CLG, DfT and DEFRA but will be 'unringfenced'; it is not clear whether resources from BIS or other Government departments are included;

- a minimum funding threshold of £1m will apply to individual projects; to 'project packages' (where individual initiatives may be below the threshold) or to 'strategic partnerships of individual projects which individually already meet the threshold, but collectively represent a more compelling proposal';

- bids must 'set out the extent to which people living in areas where the local economy is reliant on the public sector will benefit';

- they must also demonstrate clear additionality – i.e. that the project(s) would not go ahead without RGF support – evidencing commercial and market failure arguments, and also demonstrate clear value for money as set out in the HM Treasury Green Book; and

- bids must be State Aid compliant.

3.4 Paragraph 4.15 of the White Paper is also material, identifying the potential contribution of infrastructure and housing projects:

'Infrastructure provision might include interventions to improve housing supply; services such as energy and transport; or land remediation and improvements to the physical environment, ***where it can be demonstrated that these would lock specific business investments which lead to sustainable employment.'***

3.5 RGF guidance, published simultaneously with the White Paper, further notes that:

- RGF support must result in either goods or services being offered to the market;

- projects that 'involve intermediate investments with no guarantee of sustainable private sector economic activity are not considered a priority for support under RGF'; and

- bids should identify the minimum amount of RGF required for individual projects to proceed.

3.6 Whilst the guidance does not refer to specific outputs which should be realised through RGF support, it does highlight a 'non-exhaustive list' of potential impacts including employment of otherwise unemployed labour and capital; productivity enhancements; research, development and other innovative activity; and upskilling of the workforce.

3.7 Although the objectives of the Regional Growth Fund are very clear and strongly focused on facilitating private sector-led economic growth, analysis of the White Paper and programme guidance highlights some uncertainties which require early resolution with CLG/BIS:

- the extent to which the programme is truly 'unringfenced' – or will need to respond to individual Departmental objectives and outcomes; the White Paper suggests that the fund is strongly geared towards achieving BIS growth objectives but this is not reflected in the source funding for RGF;

- the nature of private sector ownership and investment in RGF projects; taking the White Paper and guidance at face value, it is apparent that successful bids will feature projects which are private sector led, at a comparatively advanced stage of development and which can provide tangible evidence of leverage; and

- the role of infrastructure and housing projects, including housing market renewal activity; the White Paper suggests that these will only secure RGF support where they result in specific business investments which create economic impacts.

3.8 It is proposed that the Leadership Board seek early clarification from Ministers on these and any other matters raised by the White Paper and RGF guidance.

4 PRINCIPLES OF A TEES VALLEY RGF BID

4.1 Based on analysis of the White Paper and bid guidance, the TVU Programme Group on 3 November agreed the following principles for a Regional Growth Fund bid. These are proposed for consideration by the Leadership Board:

- if possible there should be a **single Tees Valley bid** which should present a **coherent package of projects** – all of which are likely to be above the £1m threshold – which relate closely to the core themes developed through the Statement of Ambition and the Investment Plan;

- the bid should be built around a **core of private sector-led business investment projects** that would **deliver substantial leverage and jobs** within the three year RGF timeframe; these might include currently unfunded TVIP projects, pipeline GBI proposals or other projects drawn from the £6bn inward investment pipeline;

- **it should include supporting infrastructure and housing market renewal projects where these would unlock further business investment** – subject to further clarification from Government on the issue of ringfencing and the lack of housing/transport outputs cited in RGF guidance;

- **early engagement of the TVU Business Investment Team and local authority Key Account Managers to identify 'oven ready' project proposals from the private sector is critical** to the development of the bid; liaison with NEPIC, CPI and other businesses who may be considering bidding will also be vital to ensure complementarity;

- the bid should be supported by a **short statement** (a summarised and tailored version of the Investment Plan) which will show how proposed RGF projects will **complement wider efforts** to promote economic growth in accord with the Statement of Ambition and the Local Growth White Paper;

- it should aim to optimise opportunities for ERDF and other sources of matched funding; and

- **the RGF bid must show how it can add value to some of the complementary economic development initiatives identified in the *Local Growth* White Paper** including the development of an online Business Link service; emerging proposals for 'growth hubs' to deliver support to high growth business start ups alongside a network of Technology and Innovation Centres; local delivery of national inward investment and export development programmes in partnership with UKTI; the development of the Green Infrastructure

Bank; and the cessation of the Grant for Business Investment programme for all bar exceptional projects.

5 NEXT STEPS

5.1 The next steps to finalise the Investment Plan and develop the RGF bid over the next 6 weeks are as follows:

- early identification of potentially eligible private sector projects by the TVU Business Investment Team and the Directors of Regeneration to feed into the RGF bid; these will then be subject to prioritisation using the proposed criteria outlined in section 2 of this paper;

- a further paper is being prepared on the detailed timetable for the preparation of the RGF bid, the process to ensure that all potential activity (particularly private sector led activity) has been considered, how activity that TVU is asked to consider (including from businesses / partners outside of Tees Valley) will be considered and the process to ensure that the bid has support from the private sector across Tees Valley;

- a review of the economic development and regeneration, infrastructure and housing projects already proposed in the Investment Plan to test their eligibility for RGF; those which are considered ineligible but which score highly will be subject to further development to identify other funding sources;

- further prioritisation of the housing proposals set out in the Investment Plan using the criteria in section 2; this will be subject to advice from the Homes and Communities Agency on its budget for 2011/12 onwards and on the implications for delivery of affordable housing of the Government's proposals for a new 'Affordable Rent' social housing tenure;

- preparation of a summary (15 page) Investment Plan which can be used as a supporting document to the RGF bid to be considered by the Leadership Board at its December meeting;

- submission of a draft RGF bid to the Leadership Board at the December meeting.

6. RECOMMENDATION

6.1 Leadership Board is recommended to:

- note progress to date on the preparation of the Economic and Regeneration Investment Plan;

- endorse the process for final prioritisation of those projects which will require public sector funding support through the Regional Growth Fund and Homes and Communities Agency;

- endorse the approach to the development of the Regional Growth Fund bid set out in the report; and

- seek early clarification from Government on various matters raised by the RGF guidance.

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