

Building Sustainable Communities in the Tees Valley

Tees Valley Living's Submission to the Comprehensive Spending Review 2007

Tees Valley
Living



Better homes for a brighter future

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Preface



The Tees Valley as a whole is now actively demonstrating a new found confidence and a collective will to succeed. Our aspirations and plans are powerfully described within our area's City Region Development Plan and it presents a compelling case for a better future.

Implicit within that case, however, is the need for policy makers and practitioners alike to recognise some of the very major challenges that we still face in addressing the needs of some severely marginalised elements of the community.

Within the Tees Valley there remain a number of communities facing terminal decline and the onset of spiralling decay. They are characterised by a major deterioration in the quality of life, declining health and an inevitable lack of aspiration. These massive problems confront not only the communities and the individuals themselves, but also the taxpayer through the ongoing financial support needed to alleviate (rather than solve) these major issues.

From the outset Tees Valley Living has seen the concept of Housing Market Renewal (HMR) as a fundamental aspect in the wider economic regeneration of the emerging Tees Valley city region. We have started a massive job, engaged the interest and, critically, the support of both our communities and the private sector and are now well placed to deliver on behalf of the people and organisations that we serve.

The Government has provided the resource that will enable us to make a considerable start in arresting this process of decay, but this is only the start. There are no quick fixes or blue prints and the process will require long-term and considerable support.

The success of our Partnership to date extends beyond merely the attraction of resource and the actual start of physical regeneration. Through our partners we have reached in to the heart of affected communities and we have engaged in exhaustive and extensive public consultations. We have taken on board the issues and preferences of those that we are seeking to benefit and their participation, now and beyond, is key to our future success.

Equally we have prepared our case thoroughly with a well-researched assessment of both needs and solutions and through our organisation we have a well-equipped structure and wider partnership that is capable of both managing and delivering this vital process of change.

We must confront these issues. We are convinced that market forces alone will not build sustainable communities in our failing areas. We know that private sector investment holds the key to long-term success, but the early phases of work will continue to rely upon significant levels of public sector support to attract in the private sector.

In turn, we know that maintaining the status quo is not an option and that the ongoing revenue costs of supporting failed communities is both massive and untenable. In short, an important aim of our intervention is to reduce the demands on the public purse made from the presently failing areas by transforming them into truly sustainable communities.

The role of both ourselves and Government is to remain resolute and committed to the task ahead. Resource is an issue, there is no question about that. But holding our collective nerve, honouring the commitments that we have made to our communities and delivering on their behalf, is an objective with very real and tangible returns. Until this task is complete the urban renaissance will continue to elude the most disadvantaged and, to a degree, invalidates effective regeneration elsewhere.

Our aspiration is to create a true quality and sense of place in those areas that have been stigmatised by inherent failure. We wish to build confidence, to create properly sustainable communities, to build new homes in which people will want to live and want to stay and new communities that will attract – not deter – new residents and investors alike.

Neil Etherington
Chairman, Tees Valley Living
September 2006

1. The purpose of this submission

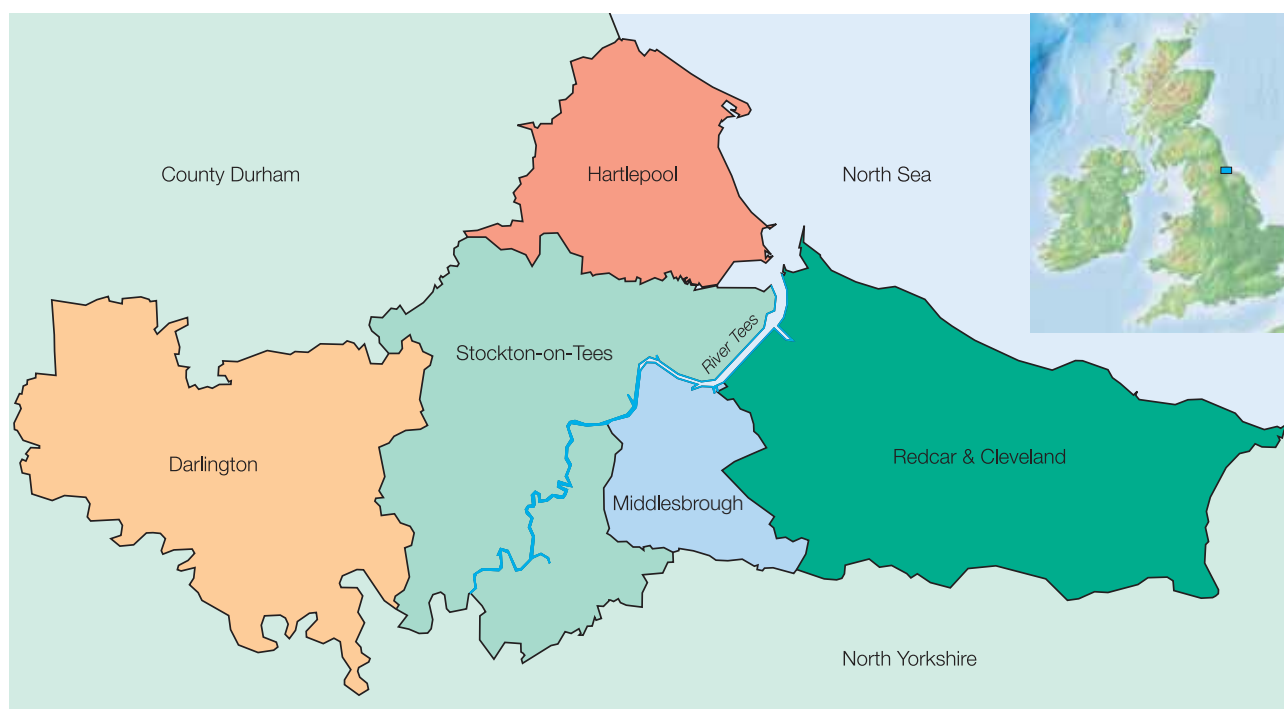
1.1 This submission is a 'daughter' document of the Tees Valley City Region Development Plan. It sets out what we require from Government, over the next 10 years, to be able to complete the process of transformation of the urban core of Tees Valley. Promises have been made to the local community. Master plans have been prepared. Work has begun on site. An effective governance structure for delivery is in place. Stakeholders are already working collaboratively for the benefit of the city region. Community consultation is being undertaken with great success by the local authorities. A great measure of public support can be demonstrated in all identified Housing Market Renewal (HMR) areas. House builders and developers are already expressing an interest in areas which have seen very little of their attention for many years.

1.2 In essence we must continue the momentum established in Tees Valley over the last three years to ensure that all communities experience the benefits of forecast growth in the local economy. This will not be achieved unless we fundamentally alter the appeal of the inner city areas. For this reason our whole approach to HMR is focused on 'quality of place'.

1.3 This report describes the ways in which we are 'investor ready', the importance of the link between 'quality of place', our economic development prospects and an integrated approach to urban regeneration. Further information is also given on the strength of our evidence base and the strategic response leading directly to our delivery programme

1.4 Tees Valley can now boast considerable expertise in developing solutions to housing problems, in which:

- all interested parties are entitled to have their say;
- the objectives of diversity and choice underpin development activity;
- proposals are not confined to housing issues, but include complementary elements needed to sustain communities and support economic growth;
- place making and innovation provide the rationale for new design; and
- the value of limited resources and the need to maximise their impact is fully appreciated.



The five local authority areas within the Tees Valley.

2. How can the Government help?

2.1 The ability of five excellent-rated Tees Valley councils to work in effective partnerships with their communities and key stakeholders to harness public funding towards urban renaissance and build sustainable mixed income communities deserves further recognition by the Government.

2.2 The Government is therefore asked to:

Acknowledge the evidence that transformational change is needed in the urban core of Tees Valley to provide modern homes in an attractive setting;

Recognise that house price rises in failing areas are typically driven by buy-to-let investors, which may be unlikely to create sustainable communities (see page 5 for an estate agent's view);

Endorse Tees Valley's 10-year strategy, balancing housing demolition and redevelopment with extensive refurbishment and improvement to provide choice in critical neighbourhoods;

Support the sub-region's commitment to managing change that ensures the housing offer reflects both household aspirations (as confirmed by our evidence base) and the commitment to place-making and image change, and is responsive to future change;

Contribute additional funding to speed the process up, to minimise disruption and to hand over to the private sector at the earliest opportunity;

Grant further freedoms and flexibilities – changes are needed to a number of programmes, such as 'Homebuy'; borrowing capacities; spending/budgeting exercises and funding timescales;

Choose Tees Valley as a pilot area for its proposed Multiple Area Agreements. The Tees Valley city region business case recognises the potential that this status may offer; and

Guide the Tees Valley authorities by nominating a 'critical friend' to aid the process of learning from best practice, in a similar way to the facility available to the HMR Pathfinders.

2.3 The five Boroughs of Tees Valley have a population of 651,000 within 287,000 dwellings. The TVL evidence base

was used to define a HMR area. It has a population of 193,000 within 90,000 dwellings. The HMR area captures the core of the challenge but also follows the established boundaries of relevant initiatives like New Deal for Communities, Neighbourhood Renewal Pathfinder and the Greater Eston study. There 14 intervention areas inside the HMR area. Some predate Tees Valley Living and are funded by individual Councils, Registered Social Landlords and the private sector, eg. former Council estates at Grove Hill, Middlesbrough and Hardwick and Mandale in Stockton.

2.4 In the remaining 11 intervention areas, 5,500 demolitions are necessary, to create opportunities to transform the "housing offer" at the heart of the city region. We also aim to improve 4,800 existing dwellings and revitalise their neighbourhoods.

2.5 Local Authorities are fully committed to programme implementation. Single Housing Investment Pot and the HMR funding, has allowed a good start to be made. Public sector resources need to rise to £30m per annum to enable us to complete the task in the ten years to 2016. This will generate private sector leverage of more than £450m.

2.6 If funding continues at less than £16m pa, the programme will take significantly longer to implement. This will prolong the agony for all concerned and further delay the renaissance of the Tees Valley City Region. The need for public money will taper over time. £30m pa over the CSR period will give the TVL HMR programme the impetus it needs.



3. Changing housing markets and economic regeneration

3.1 We think that the need for housing market renewal to create sustainable communities, cannot be viewed in isolation. Nor do we accept that short-term rises in average house prices in the last two years have triggered a regeneration process at the core of the city region.

3.2 Tees Valley City Region Development Plan confirms that there are genuine prospects for growth in the local economy, particularly within the chemicals, advanced engineering, logistics and the renewable energy and environmental technology business sectors. The forecast growth is crucial to the stated Northern Way objective of narrowing the gap in economic performance between north and south.

3.3 The current housing offer at the core of the city region is a major impediment to the full realisation of the potential for growth. The stock of obsolete housing and concentration of deprivation deters prospective new entrants, be they companies investing or people re-locating. Similarly we're concerned that the households in the HMR areas will neither benefit from, nor contribute effectively to, improvements in the economy while the unrelieved core of disadvantaged neighbourhoods is allowed to persist. We firmly believe that short-term rises in average house price will not facilitate self sustaining regeneration in these areas. They are often fuelled by speculators buying to let, rather than owner-occupiers.

3.4 A range of approved policy documents recognise the vital importance of HMR and 'place-making' to the achievement of the full economic potential of the North East



"...there is now very little if any demand for housing within the South Bank/Grangetown, central Middlesbrough and central Hartlepool areas from owner occupiers. The market there is investment led, predominantly "buy to let" ...we need to create a desire for owner occupiers to return back to the central areas and this will only be achieved by providing adequate housing and a safe environment in which to live..."

Michael Poole, North East Secretary of the National Association of Estate Agents and Principal of Michael Poole, Estate Agents.

'Leading the Way' RES Consultation document 2005

'Quality of place' is an essential component of the quality of life offer and attractiveness of an area and is likely to influence the attitude of skilled workers, entrepreneurs and business visitors.

"...The region's offer in terms of choice and quality of place is crucial in making the North East a competitive place to do business. The future prosperity of the North East depends on retaining and attracting individuals with the skills, creativity and motivation to generate and sustain knowledge based industries in a globally competitive economy. The expectation of such individuals will be different from what can currently be provided, particularly in terms of housing. The lack of choice in the housing market disadvantages existing residents and makes it difficult to retain and attract individuals with valuable skills and qualification, for the region to prosper. Housing market restructuring is a key objective to ensure the right balance is achieved"



Parkfield Phase 1, Stockton.

The Tees Valley City Region Development Plan (CRDP)

Two main themes of the CRDP strategy are to:

1 *“Secure the renaissance of the main urban areas to reduce migration and create demand from business investors and skilled and talented people who want to live and work in the Tees Valley... provide jobs close to areas of deprivation and develop programmes to enable people to access those jobs... Improve the quality of the built-environment...”*

And

2 *“Remove barriers to growth by tackling issues such as obsolete housing, poor transport links within the sub-region, low levels of skills and entrepreneurship coupled with high levels of worklessness. The key challenge is to provide housing choice and quality of housing in our inner areas to reverse the migration of people out of the Tees Valley and North Yorkshire and the outer suburbs”.*



Economic growth is predicted around the Tees estuary in chemical manufacturing; research and development into renewable energy; advanced engineering and logistics.



mima – the Middlesbrough Institute of Modern Art.



New public buildings in Redcar & Cleveland.

4. The challenge

4.1 Our comprehensive analysis of the TVL evidence base demonstrates that major intervention is necessary. The evidence base has the following components:

The Baseline Study – rounding up of all relevant HMR projects underway in 2003.

Tees Valley Neighbourhood Vitality and Viability Index (VVI) – developed to identify the relationship between areas of acute and persistent deprivation and the nature of the housing offer in those areas.

Tees Valley Housing Market Assessment (HMA) – provides a fuller understanding of the dynamics of the housing market. First sub-regional HMA completed in the UK.

A Housing Toolkit and Guidance Framework – a framework enabling councils to undertake assessments to a common methodology.

Local Housing Assessments (LHAs) – provide a common understanding of the housing requirement.

Housing Needs of Black and Minority Ethnic (BME) Groups – provides understanding of the needs of the BME population.

Tees Valley Sub-Regional Housing Strategy – ensures that the HMR Strategy is fully embraced within future housing policy.

Heritage and Design Study – a toolkit to assess the heritage value and plans to retain appropriate elements of townscape.

Tees Valley Financial Model – developed to determine the scale of intervention required within individual projects by modelling a range of scenarios. It identifies the minimum public sector funding requirement.

Our analysis shows that the key elements of the challenge are:

Deprivation, obsolete housing and urban flight

4.2 At the core of the city region there are major concentrations of deprivation and obsolete housing. The VVI helped to define the HMR area which houses 130,000 people.

4.3 The economic and social history of Tees Valley has produced extensive areas dominated by what are now two unpopular dwelling types. The core offers little other than, first, the high density, low specification, small, back of pavement terraced built in surges between 1850 and 1900 for unskilled manual workers in heavy industry and, secondly, the large sprawling council estates of the mid-20th century.

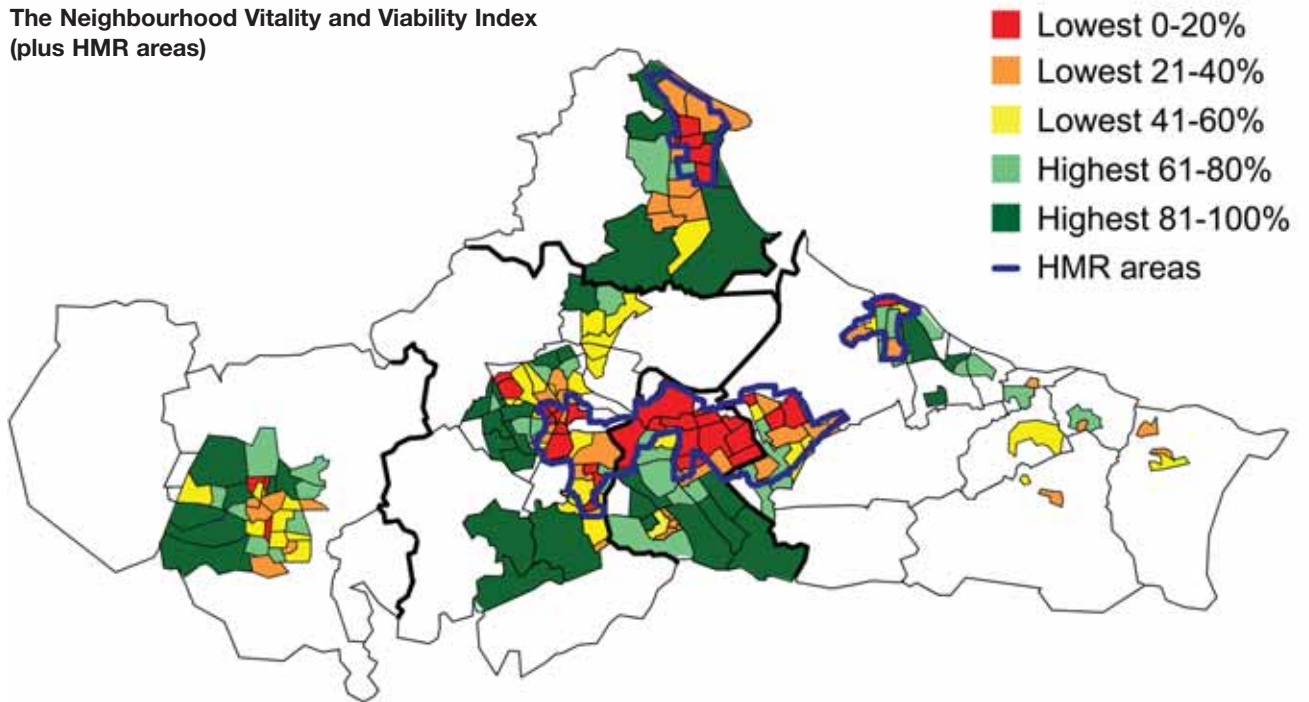
4.4 Some of the nation's lowest average house prices make owner-occupation relatively affordable which in turn has led to a declining demand for social rented accommodation. In addition, more desirable and often new housing largely on the urban periphery has been relatively more affordable, enabling first time buyers to enter the housing market 'higher up the ladder'. Low prices have

Table A – Average House Prices by Type of Property April-June 2006 (000's)

	Detached	Semi-detached	Terraced	Flat/ maisonette	Overall
Region/Area	Average price £	Average price £	Average price £	Average price £	Average price £
Tees Valley	217,557	125,494	84,391	105,669	125,159
North East	232,609	135,048	104,187	108,162	134,558
North Yorkshire	309,548	180,167	159,593	144,331	208,558
South East	382,696	222,085	184,071	155,727	236,915
Greater London	600,218	348,620	336,077	270,146	317,679
England and Wales	300,349	180,170	158,493	185,703	199,184

Source: Land Registry

**The Neighbourhood Vitality and Viability Index
(plus HMR areas)**



allowed them to bypass the older town centre terraces. The core areas have therefore been losing population in three decades of urban flight of the young and economically active, leaving the residual population with a very poor quality of life, with high levels of worklessness, crime and anti-social behaviour, poor educational attainment levels, poor health and a deteriorating environment.

4.5 The TVL Housing Market Assessment and the Regional Housing Aspirations Study confirm that a move to the countryside is still the aspiration of many urban dwellers and the housing offer at the core of the conurbation holds little appeal for them. This is even more the case amongst the higher socio-economic groups. The pressure imposed upon the housing market in North Yorkshire (NY) from Tees Valley (TV) employees is partly responsible for the NY average housing price consistently being almost double the TV figure (see Table A).

4.6 Not surprisingly the HMA also confirms that the core areas of deprivation are very unattractive to more affluent inward migrants, which again seriously limits their capacity for self-sustaining regeneration and further hastens their decline in vitality and viability.



5. Delivery

TVL progress to date

5.1 We believe that we have created the conditions necessary to secure a successful delivery programme. Our comprehensive evidence base allows us to measure the impact of our programme on the vitality and viability of our neighbourhoods. We have also assembled an effective governance structure, which is fully aligned with the democratic process. Our positive track record and open attitude on collaborative working will also enable us to continue to form productive partnerships with the private sector. We believe we are 'investor ready'.

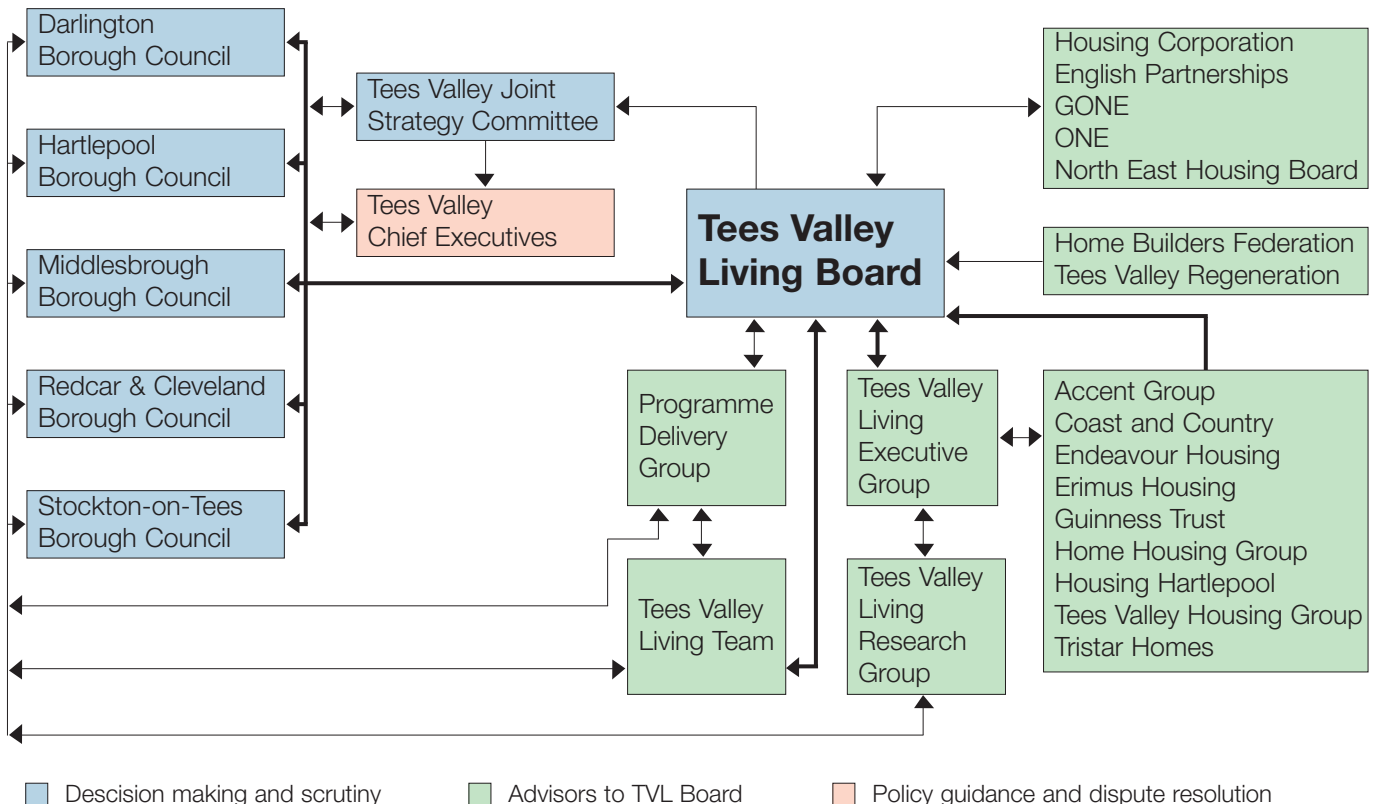
5.2 We've made a start, but there is still a long way to go. During 2003-06, the funding available allowed some 'early wins' in the process of tackling low demand, both within and outside the eventual HMR area. This has seen the acquisition of over 1,300 dwellings, the demolition of almost

600 properties and a healthy start on redeveloping affected areas, with the construction to date of almost 250 new homes and many more already in the pipeline.

Governance arrangements

5.3 A new governance structure was established in September 2005 to ensure an efficient delivery process. The TVL board includes senior level representation and critically the Leaders and Mayors from our five councils. The board is responsible for all TVL decisions. An Executive Group has been established with senior personnel from all partner organisations to work up proposals in detail to present to the board. A Programme Delivery Group (PDG) of senior council officers has been formed which, in the event of any potential under-spends, is responsible for recommending action to the TVL board for virement between councils.

Delivery structure



5.4 Tees Valley is ‘investor ready’

Public funds and value capture

5.4.1 We have always recognised that the attraction of private sector resources is the key to successful housing market renewal. Public sector resources are being deployed for the purpose of maximising private sector involvement.

5.4.2 The Partnership’s approach has therefore been to minimise the call on public funds by ensuring that subsequent site value is captured to allow sufficient incentive for the private sector to be involved while enabling public sector objectives to be met.

5.4.3 Renewal also includes the provision of services and facilities to sustain the communities which will occupy new and improved housing and contribute to the vitality of the new neighbourhoods.

5.4.4 In the short-term, public funding is vital to get the process underway. Resources will be deployed to maximise the contribution of the private sector and to ensure that communities benefit from the improving land values. Once longer-term partnerships develop, the amount of public subsidy required will reduce. Provided there is a willingness on the part of local authorities to exercise their statutory functions eg. compulsory purchase, and there is some access to public funding for added certainty, the lead role can devolve to the private sector.

Financial model

5.4.5 To fully engage the private sector, we need to offer scale of opportunity, certainty, clarity in relation to governance and management of projects, and an appropriate risk/return profile. We must understand the market value of our opportunities before going to the market. To enable us to gain this understanding and allow us to showcase potential opportunities in the most favourable light, we have developed a financial model that provides the facility of modelling programme delivery across the whole TVL intervention area. The model is beginning to inform our view on resource needs, value capture mechanisms, project

phasing and overall project scale and timing. Scenarios to be tested include varying housing mix and quality, and the financial implications of modern and eco-friendly methods of construction. Evaluation of each project before procurement, and their possible association with each other, allows us to understand potential private sector returns, to ensure that schemes are competitive yet commercial.

Packaging of sites

5.4.6 A number of projects can be combined to explore the consequences of offering a package of different sites. Higher land values may be used to promote action on sites with weaker land values.

5.4.7 The model will provide stakeholders with a range of data to improve decisions on priorities for intervention and how best to manage the release of public funds across the life of a project.

5.4.8 Additional affordable housing provision can be achieved by capturing an element of the value of other relevant sites with planning permission for housing development, and/or securing either a financial contribution towards the provision of affordable housing or by requiring some provision within the mix of the approved development.

Planning gain and Section 106 obligations

5.4.9 Councils are examining the best means of securing appropriate ‘planning gain’ from development sites. Further thought is being given to whether the benefits from one council can be employed to the advantage of HMR areas in other council areas inside the city region.

5.4.10 Developer contributions are secured by Planning Obligations under Section 106 of the Town and Country Planning Act 1990. Recent guidance on the use of Section 106 Obligations, recommends that councils should develop a range of consistent obligations across the sub-region. They will give appropriate weight to the problem of dealing with obsolete housing and the need to dramatically improve the housing offer and mix in inner city areas.

Long-term partnerships with the private sector

5.4.11 The outputs from the TVL Financial Model will help to inform all parties on project viability, the potential for value capture and the benefits that will accrue. In so doing it will help to foster a closer working relationship with the private sector. Developer partners, selected through competition will be part of the process of validating model inputs and the co-creation of new solutions to meet the needs of future generations. Our approach to working with our partners is informed by three key principles: transparency, predictability and certainty.

5.4.12 Councils already have a number of partnerships with house-builders in preparing plans for the future. For example, Hartlepool BC, Housing Hartlepool, Hartlepool Revival and Yuill Homes and George Wimpey North for HMR schemes at North and West Central Hartlepool; Middlesbrough BC and Bellway Homes and Tees Valley Housing for HMR at Whinney Banks estate; and Stockton-on-Tees BC partnership with Barratt, Haslam and Nomad Homes for HMR at Mandale estate in Thornaby. Redcar & Cleveland BC has disposed of a site within the South Bank HMR which has established a new market within the area and further disposals and partnerships with the public and private sectors are currently being investigated to build upon this early success. Each council is developing its proficiency in HMR delivery from experience. The majority involve demolition of selected streets of the older terraces and their replacement by modern eco-friendly dwellings, available to buy, rent or equity share.

Sharing best practice

5.4.13 The partnership is keen to share best practice and the following examples demonstrate the value of experience which can be assimilated amongst partner organisations:

Hartlepool – ‘Developer contributions’ from development sites are being used to support housing regeneration activity and underpin investment programmes within the town centre.

Middlesbrough – A long-term relationship with a housing association is enabling cross subsidy from land values in the east of town to support regeneration of Grove Hill, which will be delivered with the minimum of public subsidy.

Redcar and Cleveland – The investigation of establishing a long-term strategic partnership in the form a ‘Trust’ between a landowner, developers and the Council and Joint Venture Agreement’s (JVA) are being worked on at the present time so that land values can be captured and recycled to achieve mixed communities. A Supplementary Planning Document for part of the HMR area will define obligations that need to be met using Section 106 powers, and these will be supported by delivery outcomes defined within the JVA. An overall Masterplan for the whole of the Greater Eston HMR is about to be commissioned to co-ordinate public and private sector interest in the regeneration of the area. The Council, landowners and other partners including training agencies, RENEW Tees Valley and CABA have submitted a bid as part of the Northern Housing Challenge to bring forward an ‘eco-village’ concept and pump prime innovations in community ownership and stakeholder management.

Stockton-on-Tees – A scheme to assist home ownership has commenced which allows homeowners displaced through demolition to purchase a council house and then 100% of the capital receipt received from the sale of the new council house is recycled back into the scheme through the new provisions of the Local Government Act 2004. An innovative partnership with a private developer has seen recycled capital receipts from land sales used to provide a state-of-the-art £4m primary school.

5.4.14 Developers already appreciate the potential of HMR areas. Where public funding is available, they are more willing to discuss the fuller provision for the needs of new communities. Private sector partners are keen to ensure that if they are involved in creating a market where there is none at present then they would like to be involved in reaping the benefits at a later date.

Innovative tools to assist householders

5.4.15 A range of financial tools and support measures have been developed to ensure that households affected by redevelopment proposals are compensated sufficiently for the disruption to their lives, are assisted to achieve or maintain owner-occupation and are enabled to remain in the improved neighbourhood if they desire.

5.4.16 Complementary investment in the improvement of retained houses will further arrest decline and prevent the displacement of the effects of low demand beyond neighbourhoods experiencing major intervention.

5.5 Long-term value

5.5.1 Delivery of HMR is already underway with mixed communities being built by the partnerships mentioned above. For a limited amount of continued investment in a partnership that is delivering results, the Government can ensure a programme of housing-led regeneration that supports the economic future of the Tees Valley and achieves a long-term change in communities, avoiding further crisis intervention in the future.

5.5.2 The priority areas highlighted in the TVL HMR strategy all receive disproportionate amounts of public expenditure and investment to sustain them, under such headings as housing benefit subsidy, social security payments, social/health care expenditure.

5.5.3 Many of these neighbourhoods have also been subject to previous regeneration initiatives which, whilst delivering beneficial outcomes to many individuals, have tended to be too short-term in nature and have not physically altered the area to make them attractive to inward migrants.

5.5.4 With the highest concentrations of deprivation figures, the transformational change currently happening in the Tees Valley is addressing the core of the issues and delivering change to these communities. The cost of not intervening, given the strength of the evidence base collected, will far outweigh the investment required by TVL to continue its work with communities and partners.

5.5.5 In order to ensure a sustainable programme TVL is supporting local authorities to capture value and ensure a long-term delivery plan. This is a partnership that has a proven ability to join up and is at the forefront of capturing and adding value and is delivering. TVL is 'investor ready' and will continue to deliver results as we move into sub regional commissioning.

5.6 Tees Valley working in partnership

5.6.1 The Tees Valley sub-region of the North East was established by local government re-organisation in 1996. Since then the five 'excellent rated' councils have forged an impressive track record in working collaboratively with each other and with external partners. Much of this has been facilitated by the Joint Strategy Committee of senior councillors and the Joint Strategy Unit executive. This has enabled the evolving city region to take a broad overview of its issues and opportunities for over a decade. TVL has added a further refinement to this process.

Strategic leadership/vision

5.6.2 By 2003 key partners in Tees Valley had recognised that housing market failure had become a major challenge, not only for affected communities but also constraining the city region's growth potential. The TVL Board first met in May 2003. A team was appointed to prepare an evidence-based strategy for HMR and to lobby for resources. The Tees Valley Partnership (TVP) provided £700,000 to make up the bulk of the revenue funding for the first two years of the project, to get things started. All partners made a contribution. The TVP recognised HMR as an essential part of the achievement of their 'Tees Valley Vision'.

Strategic links

5.6.3 Tees Valley Living has an important role to play as the sub regional implementation facilitator of a wide range of regional and sub-regional policy documents. The Government's Northern Way initiative encompasses the eight City Region Development Plans. Both recognise the importance of sustainable communities to the future vitality and viability of the north.

5.6.4 The Regional Economic, Housing and Spatial Strategies for the North East all provide a framework for the TVL HMR strategy to propose an implementation programme to realise their objectives for the region.

Sub-Regional Housing Strategy

5.6.5 The Sub-Regional Housing Strategy funded by TVL provides a context for the Tees Valley HMR Strategy. It aims to ensure that provision is inclusive, in a cost effective and efficient manner which avoids duplication of supply while choosing locations that do not disadvantage vulnerable clients.

Joint local housing assessments

5.6.6 All councils are preparing Local Housing Assessments, following guidance commissioned by TVL. Darlington is already using its findings to develop a Supplementary Planning Document (SPD) on Affordable Housing and a Planning Obligations SPD that seeks off-site financial contributions from developers to address areas of obsolete housing. Stockton, Middlesbrough and Redcar & Cleveland have jointly instructed consultants. Hartlepool has commenced its assessment. TVL will commission a further study to join up the completed works.



Victoria Harbour, Hartlepool.

Joint bidding for Single Housing Investment Pot (SHIP) Funding

5.6.7 Over £13m has been awarded to Tees Valley councils from the SHIP Round 2 to deliver four linked projects that are

Table B – Relationship Between Strategic Regeneration Projects and Housing Market Renewal Projects

Regeneration Project	HMR Project	
Victoria Harbour, Hartlepool	North Central Hartlepool 1	Demolition of 267 dwellings; construction of 173 new homes
	West Central Hartlepool 1 & 2	Demolition of 347 dwellings; construction of 156 new homes
	Central Hartlepool, Future Phases	Demolition of 700 dwellings; construction of 450 new homes
Middlehaven, Middlesbrough	North Ormesby	Demolition of 275 dwellings; construction of 188 new homes
	St Hilda's	Demolition of 283 dwellings
	West Lane	Demolition of 212 dwellings; construction of 138 new homes
	Older Housing	Demolition of 1,500 dwellings; construction of 750 new homes
North Shore, Stockton	Parkfield Phase 1	Demolition of 186 dwellings; construction of 114 new homes
	Parkfield Phase 2	Demolition of 340 dwellings; construction of 290 new homes
	Parkfield Phase 3	Demolition of 183 dwellings; construction of 150 new homes
Greater Eston	South Bank	Demolition of 500 dwellings; construction of 900 new homes in mixed income community



Middlehaven, Middlesbrough.



North Shore, Stockton-on-Tees.

fundamental to secure sustainable neighbourhoods and a well-maintained housing stock:

- Filling the empties
- Decent Homes
- Energy Efficiency
- Building Research Establishment (BRE) Stock Modelling.

Governance structure

5.6.8 The TVL governance structure (see page 8) ensures delivery of an efficient programme. A great deal of proficiency has been acquired over the past five years. The governance structure includes Council Leaders and Mayors on the board to ensure democratic accountability and the recognition that it is a statutory duty of the councils to manage community engagement in the HMR process. Massive public support has been shown across the four HMR councils.

Joint understanding of issues

5.6.9 Our capacity for collaborative working has been enhanced by the joint commissioning of a series of studies. Studies are kept 'in-house' within the TVJSU's 'Information and Forecasting' team wherever possible. External commissions are managed by the TVL Research Group – a sub-group of the TVL Executive. Key personnel are developing a mutual respect and common understanding of the challenge and potential solutions.

Joint procurement

5.6.10 We are exploring opportunities for significant economies of scale by joint procurement of services, e.g.

legal services, joint consultants studies and demolition contracts. This represents the establishment of a high degree of trust between the partners.

Tees Valley Regeneration and Tees Valley Living

5.6.8 The relationship between the quality of the housing offer in the city region and the prospects for economic growth have been referred to opposite (see Table B). Tees Valley Regeneration was established in 2001. The importance of housing in the context of regeneration is acknowledged by the presence on the Tees Valley Living Board of a representative from Tees Valley Regeneration.

5.6.9 Tees Valley Regeneration has five flagships; Middlehaven, North Shore, Central Park, Victoria Harbour and the south side of Durham Tees Valley Airport. Over the next decade these projects will deliver the redevelopment of 800 acres of brownfield land, the provision of 2 million sq ft of office accommodation, 6,500 homes, 1 million sq ft of education facilities, 12,000 jobs and £1.2 billion of private sector investment. These initiatives will create vibrant and stimulating places at the heart of our towns.

5.6.10 Unfortunately, many areas close by are characterised by deprivation and an ageing and limited housing stock. To ensure we complement the successes of the regeneration company, we are targeting resources on neighbourhoods where a modern and more varied housing offer and associated facilities will add to the positive impact of strategic regeneration initiatives.

6. How will we judge success?

6.1 We've made a good start at building sustainable communities at the heart of the city region. It will not be judged as a success until a number of basic objectives have been achieved. The evidence base led the TVL Board to conclude that transformational change inside the HMR area is both necessary and overdue. The City Region Development Plan recognises the importance of transformational change at the core of the city region to fully realise its potential.

Transformational change

6.2 Although it is being suggested that rising house prices within the intervention area are a reflection that the market is adjusting and will solve the problem of low demand, this is not borne out in Tees Valley, where the majority of recent property purchases in the 'low demand' areas have been by speculators in the buy-to-let market rather than families. The short-term average house price rises will not foster sustainable communities within the HMR area. Without considerable intervention, neither the housing stock nor the neighbourhoods themselves will meet modern aspirations or energy efficiency standards. Renewed interest in the property market is considered to be fuelled by investors and not first time buyers or owner-occupiers of any description. This issue is being monitored and will be the subject of further investigation in the near future.

Gradual renewal

6.3 Gradual renewal of the urban area as a continuous process was practiced until the early 1970s. The TVL HMA

and the Regional Housing Aspirations Study endorse the message that owner-occupation is the tenure of choice for the majority and that owner-occupiers do not and will not find high density, low specification Victorian terraces and former council estates attractive. We believe that renewal of the housing offer in the core areas is essential to build sustainable communities.

Breaking the concentration of deprivation

6.4 It is essential to break up the existing concentrations of deprivation. We consider that high levels of worklessness limit both job networks and employment ambitions within the local community. This is the very antithesis of the Northern Way plans to exploit economic development opportunities. Local schools struggle to educate overwhelmingly poor populations, which ultimately leads to low attainment levels, which in turns deters potential inward migrants in family groups with school age children, hence compounding the decline. Poor neighbourhoods also experience higher levels of crime and disorder, which is a primary cause of net outward migration. Area based deprivation exacerbates health inequalities, there is a massive gulf in both life chances and life expectancy between the affluent and poorer communities in the Tees Valley. Concentrations of deprivation reduce private sector activity and raise prices for the poor. The cost of living is not only dearer for the residents, but excessive demands are also made on the public purse by unrelieved concentrations of poverty.

Table C – Tees Valley Housing Market Renewal Programme 2006-2016

	2006-08		2008-11		2011-16		Total	
	Units	£	Units	£	Units	£	Units	£
Acquisition	829	45,345,102	1,274	71,108,500	1,769	95,611,400	3,872	212,065,002
Demolition	2,058	7,813,805	1,560	5,847,775	2,176	10,383,530	5,794	24,045,110
Improvement	1,283	8,500,000	1,933	13,260,400	1,563	4,832,000	4,779	26,592,400
New build	557		2,218		2,777		5,552	
Private leverage		85,259,202		185,211,597		184,100,995		454,571,794



Mandale, Stockton.

Tees Valley Living Housing Market Renewal Strategy

6.5 The TVL HMR strategy issued in January 2006, recognised the implications of the divided neighbourhoods in terms of the city region's economic prospects. It stated that the:

“Increasing economic activity rates generally result in increased demand for accommodation through increased household formation rates and increased ability to realise household aspirations. This is often accompanied with a reduction in demand for social rented stock and increased incidence of lower demand and abandonment of less desirable areas. In order to maintain economically active residents there is a need to ensure that new build reflects aspirations otherwise increased levels of outward migration may be experienced to areas where appropriate stock is available.”

6.6 Our strategy aims to create a network of sustainable communities. Table C highlights the minimum intervention we consider necessary to influence housing markets and begin to create conditions within which self-sustaining communities and neighbourhoods can evolve. The demolition of almost 5,500 houses in strategic locations and their replacement with more than 5,000 modern homes will change the character of the neighbourhoods affected. Increased confidence in a sustainable future will stimulate

further improvement, which will be achieved by encouraging owner-occupiers and private landlords to invest in their property, encouragement coming in the form a limited amount of grant for the more vulnerable households but principally by way of loans linked to the equity in the property.

6.7 The objective is to create new urban housing environments which meet the aspirations of and appeal to a new generation of potential urban dwellers. Our strategy is to replace the previous housing offer by creating new environments which meet the aspirations of a new generation of existing and potential urban dwellers offering a natural progression within (rather than away from) the same locality.

6.8 Table C provides what is at present a crude estimate of the cost of acquiring, demolishing and improving houses in the next 10 years. The objective is to minimise the amount of public funding required to support housing regeneration projects and to foster private sector investment over the longer-term. Initially, there will be a need to continue to concentrate public funding on site assembly (acquisition, relocation assistance and demolition). Ultimately, as confidence in an area builds and land values improve, the



Consultations between residents and prospective developers.

role of the private sector in site assembly will increase, with public sector funds being employed in a more strategic way to:

- guarantee variety and quality in new housing;
- provide the means by which households can access owner-occupation;
- ensure an appropriate level of affordable housing; and
- deliver non-housing facilities.

6.9 Table C profiles the public funding that would be desirable to ensure the delivery of the programme. The proposed programme can be successfully delivered with a continued annual commitment of £6.65 million from SHIP, supplemented by a reducing contribution from the HMR Fund. For the period 2008-11, a combined SHIP and HMR figure of £30 million would allow the momentum of change already generated to be maintained. Thereafter, the requirement from the HMR Fund will reduce.

6.10 As indicated above, private sector financial involvement will increase as public subsidy decreases. It is likely that the change in emphasis will begin to take place towards the end of the 2008-11 period. While the private sector takes a lead on site assembly and redevelopment,

public involvement will increasingly be with home improvement and refurbishment to which there will need to be a continuing public commitment. As private finance increasingly substitutes for public investment in the matter of site assembly, public funding will need to be maintained at a level sufficient to enable large-scale improvement to be promoted. Ultimately, improving house conditions and encouraging settled, mixed income neighbourhoods will lead to a reduction in crime levels, the incidence of sickness and low educational achievement. This, in turn, will lead to the saving of considerable sums from the public purse.

Inhibiting development potential

6.11 Many of the prime economic development opportunities are strongly geographically linked to the most deprived housing areas. This has tended to constrain opportunities for expansion and development of key elements of the urban economy and served to deter inward investors and clients.

'Place-making'

6.12 Tees Valley stakeholders are committed to securing a higher standard of urban design as a means of re-branding urban areas. Large-scale sites with prominent frontages are a key to effecting the necessary change in quality, image and sense of place. Large sites allow the incorporation of complementary uses – for example education, health and retail. New places must be dominated by owner-occupied family housing.

6.13 Our strategy will also learn from previous regeneration experience. Attention will be given to place making. There are currently fourteen active HMR sites identified within Tees Valley. The 15-year implementation programme will see them through to completion. Interventions will enable large-scale new developments which secure mixed income communities where residents have a wide range of choice from social renting, starter homes, shared equity to 4/5 bedroom detached homes and bungalows. This will empower residents to trade up or down without having to move from the locality. All developments will incorporate high specification, energy efficient, family homes.



The Turnstile, Ayresome, Middlesbrough – successful inner area housing.



Residents are fully consulted on the plans for their area.

HMR as an integral part of the City Region Development Plan

6.16 Our strategy is an integral part of the City Region Development Plan and its business case for delivery. Transformational change at the core of the conurbation is essential in enabling the city region to address the economic challenges of the 21st century. Mixed income and self-sustaining communities are essential to retain and attract the right calibre of workforce to pursue economic renaissance. The redevelopment of areas should include predominantly family homes to ensure that mixed income communities are firmly embedded and that the next generation grows up without the existing prejudices about inner city living. The success of the City Region Development Plan is dependent upon a successful Housing Market Renewal programme.

Self-sustaining communities

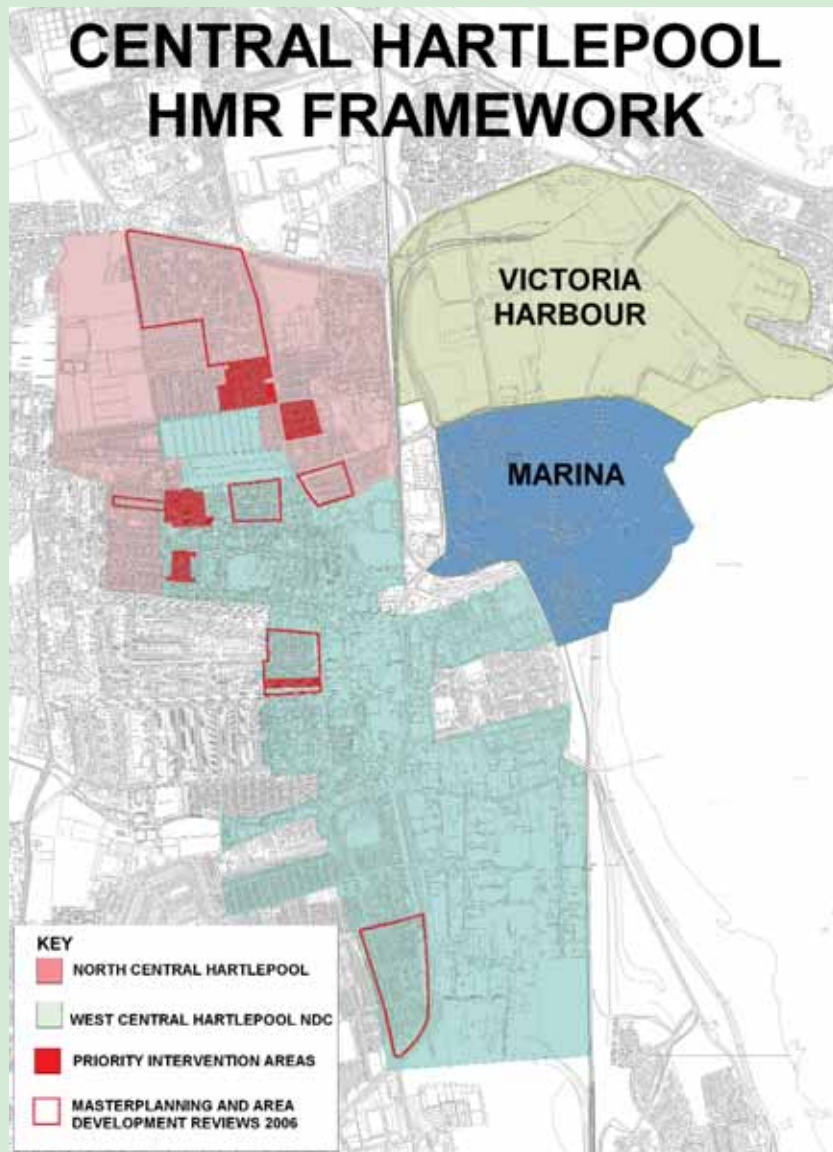
6.14 We will use redevelopment within the existing concentrations of deprivation to introduce mixed income communities where owner-occupation will be the dominant tenure. They will be supported until they are self-sustaining, that is until there is investment in renewal by existing stakeholders, schools achieve significantly improved attainment levels, shops and services are provided to high levels and the areas are attractive to inward migrants.

Complementary investment

6.15 Our strategy is not only aligned with regional and sub-regional strategies, but also intends to take a holistic approach to regeneration by linking HMR investment with a wide range of other investment streams such as health, education, transport, retail and service provision, culture and environment. We will also ensure that local labour agreements are in place to ensure that employment opportunities for local communities are maximised. This joined-up approach to regeneration will secure long-term efficiencies and savings for the public purse.



Central Hartlepool – community driven housing regeneration



Public consultation.



Hartlepool Marina.



Victoria Harbour site showing Hartlepool Headland and Marina.

Hartlepool Revival

The Hartlepool New Deal for Communities programme embarked on an ambitious community consultation exercise in 2001, to develop a plan to make improvements to the older terraced housing in the area. Over 1,200 residents were involved in 60 street workshops, where a 'planning for real' style approach was used to find out what improvements residents wanted for their area.

The resulting Community Housing Plan was published in 2003. It proposes acquisition and demolition of over 450 homes, with support and relocation packages for residents and also includes investment plans. It also includes

investment plans for the remaining homes. Traffic calming, environmental improvements, alleygates, lighting and the provision of green spaces are also included.

Hartlepool Revival (a resident led Housing Regeneration Company), was established to deliver the plan. Company services are provided by Endeavour Housing Association and the Guinness Trust. The Company was recently highlighted by the Secretary of State for Communities and Local Government, Ruth Kelly, as "an effective approach to neighbourhood empowerment" as she set out her agenda for devolution that will see communities in control of their services and local quality of life'.

DCLG News Release, 11 July 2006.

The Respect Agenda in the Gresham Ward, Middlesbrough

In Middlesbrough's older housing area a combination of factors have resulted in the creation of areas suffering multiple deprivation, where levels of crime and anti-social behaviour have concentrated. The community has suffered from loss of longer-term residents who have steadily been replaced by a more transient population.

The council has adopted a multi-agency approach to tackle the problems on a number of fronts and to present a co-ordinated strategy involving the police, social services, fire service, community protection and regeneration officers.

A 'patch-based' officers working group currently co-ordinates activities in the area until the emerging Neighbourhood Management Team is fully in place, and street warden services patrol the area. A Neighbourhood Action Plan (NAP) is being developed through consultation with local residents and stakeholders in the Gresham/Middlehaven NAP area. This will inform the way forward for Neighbourhood Management, environmental improvements, and the redevelopment of cleared streets in this area.



Gresham in Bloom.

Plans to designate the area as a pilot landlord licensing scheme – 'Selective Licensing' by late 2006 are progressing. This will be a useful tool in encouraging good management of the private rented sector. Comprehensive regeneration plans link the housing areas to new retail, cultural and transport plans to transform the area as shown in the map below.

Some of the major regeneration plans for central Middlesbrough



- | | |
|---|---|
| <ul style="list-style-type: none"> 1 Sub-Regional Shopping Centre – including Linthorpe Road central specialist shopping and leisure corridor 2 Central Gardens – mixed use development 3 Cultural Quarter – new art gallery and public square 4 University of Teesside – development of new facilities 5 Gresham/Middlehaven – NAP to guide housing regeneration | <ul style="list-style-type: none"> 6 Cannon Park – town centre expansion 7 Middlesbrough Leisure Park – leisure and hotel expansion 8 Boho – creative industries quarter 9 Gurney Street Triangle – redevelopment of key link site 10 Westbourne Renewal Area – housing improvement |
|---|---|

Mixed communities pilot project at South Bank, Redcar & Cleveland

Redcar & Cleveland Borough Council and its development partners are working with the Government on the joint DCLG/HMT Mixed Communities Initiative. The intention is that there will be up to eight new demonstration projects, in addition to the three already established in 2005. The pilot is concentrated on the South Bank/Low Grange Masterplan, which is a blueprint for the creation of a sustainable and cohesive community, regenerating South Bank and building a growth pole for the wider area.

This is the only demonstration project in the north east region, and is based on the potential of the project to deliver an investment-led solution to housing market failure and low demand. It is linked to investment in education, retail and community services, leisure and recreation, environment and health improvement, and includes innovative approaches to energy efficiency and sustainable design.

Apart from the benefits that the Mixed Communities Demonstration Project can bring to the Tees Valley in terms of profile and reputation, there are tangible advantages in the capacity to share and learn from experiences across a range



New housing in Guisborough.

of projects nationwide, and in access to expert advice on critical issues such as design and sustainability, finance, delivery mechanisms, and procurement.

SOUTH BANK MASTERPLAN - housing renewal & mixed communities



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‘Homeownership Toolkit’ – Stockton-on-Tees

Stockton-on-Tees Borough Council has developed a toolkit of initiatives to assist homeowners who are required to move due to demolition proposals, to purchase a new home.

The range of initiatives include an innovative scheme which allows homeowners to purchase a council house. Then 100% of the capital receipt received from the sale of the new council house is recycled back into the regeneration scheme through the new provisions of the Local Government Act 2004. An equity share scheme is also under development which will ensure that public funds are recycled and that Stockton will be able to offer assistance to its aspiring homeowners in perpetuity. This approach has enabled Stockton to successfully relocate over 250 homeowners to date.



Robert & Joyce Hobson who moved from Guisborough Road, Mandale to a new home at Islay Court, Mandale.



Ken & Lillian Crawford who moved from their existing home on High Newham Road, Hardwick to a brand new home on High Newham Road, Hardwick.



New family homes on the former council estate at Mandale, Thornaby.



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