

---

**COMMUNITY INFRASTRUCTURE FUND  
AND HOUSING GROWTH POINT SUBMISSIONS**

---

**Responsible Cabinet Members - Councillor John Williams, Economy Portfolio  
Councillor David Lyonette, Transport Portfolio  
Councillor Bill Dixon,  
Neighbourhood Services and Community Safety Portfolio**

**Responsible Directors - Richard Alty, Assistant Chief Executive (Regeneration)  
Cliff Brown, Director of Community Services**

---

**SUMMARY REPORT**

**Purpose of the Report**

1. The purpose of this report is to:
  - (a) Update Cabinet on the current position regarding the Housing Growth Point (HGP) and Community Infrastructure Fund (CIF) bids, and outline the idea behind the newly established Tees Valley Credit Crunch Task Force;
  - (b) To seek Cabinet's retrospective endorsement of the submitted joint Tees Valley Community Infrastructure Fund - Expression of Interest;
  - (c) To seek delegated authority to approve the joint Tees Valley Housing Growth Fund - Programme of Development.

**Summary**

2. At the meeting on 18 March 2008, Cabinet agreed that the Council be a partner in the Tees Valley Housing Growth Point – Expression of Interest (EoI). The EoI was successful enabling Local Authorities to access potentially significant funding from two main funding streams - Community Infrastructure Fund (CIF) and Housing Growth Fund (HGF).
3. CIF is designed to complement mainstream transport funding, linking funding for transport infrastructure with the delivery of housing. The 5 Tees Valley authorities have put together a joint programme of strategic infrastructure investment capable of immediate delivery and fulfilling the objective of unlocking significant housing delivery between 2008-2016/17 and to accelerate the pace of development of housing in the sub-region. Two projects, with estimated costs totalling approximately £3.3m, have been submitted under the project name 'Darlington Urban Package'. Given the short preparation time provided and the 15

September deadline, the Expression of Interest has been submitted, following consultation with Members, and Cabinet is therefore asked to endorse the submission retrospectively

4. The HGF provides unringfenced block funding for local authorities to prioritise how funding is used in their area. A Programme of Development (POD) must be submitted which sets out the local authorities plans and ambitions for growth, including the trajectory for housing delivery and the infrastructure needed to achieve it, any identified resources available to deliver and an assessment of the extra funding needed to support it. Again a joint bid is being submitted by the Tees Valley authorities, and to meet the October 27 deadline officers are seeking delegated authority to sign off the POD.
5. Despite the Credit Crunch and housing market slump, the Government remains committed to increasing housing supply to meet long term demand. Locally, a "Task Force" including public sector, private sector and RSL partners has been established to consider ways in which sub-regional initiatives could help to alleviate the effects of the credit crunch. This work is ongoing and will report its findings and recommendations at a later date, feeding its initial findings into the POD.

### **Recommendation**

6. It is recommended that Cabinet :-
  - (a) Approve the Community Infrastructure Fund: Expression of Interest submitted to CLG on 15 September 2008 on behalf of the 5 Tees Valley Authorities including the 'Darlington Urban Package' element;
  - (b) Delegate authority to the Assistant Chief Executive(Regeneration), in consultation with the relevant portfolio holders (Economy, Transport, and Neighbourhood Services and Community Safety) to approve the Housing Growth Fund: Programme of Development.

### **Reasons**

7. The recommendations are supported by the following reasons :-
  - (a) To confirm the officers actions carried out to meet the required deadlines.
  - (b) To ensure the Programme of Development is submitted by the deadline of 27 October 2008.

**Richard Alty,**  
**Assistant Chief Executive (Regeneration)**

**Cliff Brown,**  
**Director of Community Services**

### **Background Papers**

- (i) Housing Growth Point Bid
- (ii) CIF: Expression of Interest

Steve Petch : Extension 2627

S17 Crime and Disorder	No implications for crime and disorder.
Health and Well Being	The quality of, and accessibility to, housing can impact on the overall health and well being of the population
Sustainability	Both the CIF and HGP have sustainability as a key underlying objective.
Diversity	Housing growth point status is aimed at creating a more sustainable/affordable housing market with increased accessibility to meet local needs across all groups
Wards Affected	Potential to impact on all Wards in terms of the implications for housing development and the general housing market across the Borough and wider Tees Valley
Groups Affected	Potential for all groups to be affected as the HGP projects aim to increase the housing offer across the full range of types and tenure.
Budget and Policy Framework	As part of a Housing Growth Point partnership, Darlington would have access to potentially significant funding, which could be used to support the delivery of the Council's Housing strategy and recently adopted Regional Spatial Strategy
Key Decision	Yes – will access significant amounts of external funding
Urgent Decision	Yes – to meet deadline for submission of external funding bid. However, there will be opportunities for Scrutiny to consider the schemes in the CIF expression of interest, and the Housing Growth Point, as they progress.
One Darlington: Perfectly Placed	Sustainable housing development will potentially make significant contributions to the Prosperous Darlington and Greener Darlington themes.

## MAIN REPORT

### Information and Analysis

#### Background

8. In September 2007, the five Tees Valley local authorities were advised by Tees Valley Living of an opportunity to submit a bid to the Department for Communities and Local Government (CLG) to become what is known as a Housing Growth Point (HGP).
9. HGPs represent one of the Government's policy strands to facilitate accelerating the building of new homes by as much as 200,000 nationally by 2016. Tees Valley had been encouraged by CLG to submit a bid to become the first Northern Growth Point.
10. It was agreed that a joint-submission by the five Tees Valley authorities should be made to CLG, to be coordinated by Tees Valley Living. Consultants DTZ were appointed to compile the bid and, within the Council, the submission of information was coordinated by the Council's External Funding Team, working closely with the Estates, Planning, Transport, Transport Policy, Highways and Housing teams. The bid was not for a specific sum of money or for a definitive set of projects or activities; but was submitted to place the Tees Valley Local Authorities in a position to access potentially significant and flexible central government funding, targeting sustainable housing development and growth. The bid proposed that the local authorities will endeavour to achieve residential development completions at 20% above the figures set out in the Regional Spatial Strategy (RSS).
11. It should be noted that the information provided was purely an indicator of possible actions/areas of potential development and in no way prejudiced the Council's position in relation to its statutory planning role, any new possible sites would be subject to statutory planning procedures and consultation.
12. At the meeting on 18 March 2008 Cabinet agreed that the Council be a partner in the Tees Valley Growth Point: Expression of Interest.

The Tees Valley authorities aim to achieve the following through the HGP initiative:

- (a) Accelerated and Additional Housing sites** – we will endeavour to achieve a 20% uplift in the 2,000 new dwellings per annum (dpa) specified in the NE RSS Inspector's report of August 2007 ie 2600 dpa to 2016. Detailed consideration will be given to the priority phasing of site development and the right development mix to achieve the necessary uplift in the city region's housing offer
- (b) Environmental, Social and Economic Impacts** – without a radically different housing offer our economic renaissance may suffer. Sustainable communities will not be achieved, especially at the core of the city region. At the same time the growth until recently experienced in Darlington and Stockton can be capitalised upon and accelerated, to increase housing provision and strengthen the economy, without undermining the renewal needs elsewhere

- (c) **Environmental Infrastructure** – There is significant spare capacity in the region's water supply and a relatively low risk of flooding. Detailed consideration needs to be given to power supply and sewage requirements on specific sites. A great deal of pioneering work is being undertaken in Tees Valley into the use of renewable energy
- (d) **Transport Infrastructure Requirements** – there is an existing co-ordinated sub regional transport strategy giving a clear understanding of the requirements for improvements to the strategic rail, bus and road networks. These can now be prioritised to facilitate an accelerated housing development programme. The City Region (Darlington) has two national demonstration projects in sustainable travel which are demonstrating that growth can be achieved whilst reducing car use; the experience of these will be applied to the HGP
- (e) **Sustainable Communities** – the Tees Valley authorities have developed a bespoke system of monitoring neighbourhood vitality and viability, which can be applied to the "Growth" Plan. 80% of proposed development sites are brownfield. "Renew Tees Valley" will assist in the delivery of the low carbon agenda. The bid will also facilitate an increase in the provision of affordable housing, which is insufficient as a result of affordability having become an issue in (parts of) the Tees Valley relatively recently
- (f) A higher standard of urban design and reduced environmental impact – there are already have several flagship developments which are securing the highest standards of both design and sustainability at Victoria Harbour, Hartlepool; Middlehaven, Middlesbrough; North Shore, Stockton and Central Park, Darlington. The Councils are ready to embrace the place-making challenge through their Local Development Frameworks and Supplementary Planning Documents
- (g) **Deliverability** – this is the Unique Selling Point. There are robust and proven mechanisms for delivery and governance. Tees Valley Unlimited includes all the necessary components to drive, monitor and manage the "Growth" programme ie. responsibility for Housing; Planning and Economic Development; Transport; Skills and Tourism, There is an effective partnership between the public and private sectors and a collective will to succeed.

### **Current Position**

13. In July 2008 the Government announced that the Tees Valley HGP: Expression of Interest had been successful. HGP status enables Local Authorities to access potentially significant funding from two main funding streams - Community Infrastructure Fund and Housing Growth Fund.
14. **Community Infrastructure Fund (CIF)** – is a joint fund administered by CLG and the Department of Transport. It is designed to complement mainstream transport funding, linking funding for transport infrastructure with the delivery of housing. CIF can help fund small to medium scale transport schemes which are vital to unlocking housing development sites enabling development of housing to be brought forward and improving the sustainability of major locations of growth.
15. CIF is a capital grant. Revenue funding is not available. Given the appraisal timetable most projects will be funded during 2009/10 -2010/11 and it is essential therefore that schemes are

able to spend and complete in this period (or have agreed third party funds to cover costs beyond that period). It is also important that Expressions of Interest (EoI) support the Housing Growth Point bid, and the emerging Programme of Development (see paragraph 24 below).

16. The CIF expressions of interest are to be assessed against the following criteria:
  - (a) A description of the proposal
  - (b) Strategic Fit against national regional and local strategies
  - (c) The impact of the proposal upon "Trip Demand"
  - (d) The impact of the proposal upon "Journey Reliability"
  - (e) The impact of the proposal upon "Safety" considerations
  - (f) The impact of the proposal upon "Sustainability"
  - (g) The "Deliverability" of the proposal within the timescale
  - (h) The contribution to the proposal will make towards the generation and uplift of housing numbers in Tees Valley
17. The new Round 2 Housing Growth Points (including Tees Valley) have been invited to bid for a share of about £100m. In light of this fact, the Tees Valley Authorities have revisited the shortlist of transport schemes, and applied reality checks, against the key criteria of deliverability (by 2011) and links to housing development, to prioritise those schemes. The resulting schemes are included in the attached EoI (**see Appendix 1**) submitted as a joint case for the Tees Valley.
18. Tees Valley has put together a programme of strategic infrastructure investment capable of immediate delivery and fulfilling the objective of unlocking significant housing delivery between 2008-2016/17 and to accelerate the pace of development of housing in the sub-region. The programme involves six individual but related schemes, one strategic and of sub-regional importance, while the remaining five are important to the delivery of structurally-significant housing growth. Separate EoI's have been completed for the strategic project and the local projects, both are provided as part of the submission.
19. Each EOI is able to stand on its own merits and can be subjected to individual scrutiny, however the package of proposals has been submitted on behalf of respective Local Transport Authorities by Tees Valley Unlimited, the organisation charged with the implementation of the Tees Valley Multi-Area Agreement (MAA) with Government and also with ensuring the coordination of investment across specific themed sectors, including housing and transport.
20. Two projects, with estimated costs totalling approximately £3.3m, have been submitted under the project name 'Darlington Urban Package'. Community Infrastructure Funding is seen as critical to mitigating expected traffic congestion at a pinch point on A167 North Road, arising from the additional trips generated by the Central (Gateway) Darlington, North Darlington and Former School Site Housing Growth Point sites. Funding is also required to "pump prime" the Former School sites' infrastructure to prepare them to be "ready to go" in a recovering housing market.
21. CIF2 will follow a two stage bidding process: Stage one - Expressions of Interest and Stage 2 - Full Business Case. The indicative timetable is as follows:

15 September	Deadline for Expressions of Interest
January 2009	Announcement of schemes to go forward to full business case
April 2009	Deadline for full business cases
July 2009	Announcement of successful schemes

22. Given the short preparation time provided and the above 15 September deadline, the Expression of Interest has been submitted following consultation with Members, and Cabinet is therefore asked to endorse the submission retrospectively.
23. **Housing Growth Fund** – the latest stage of the Growth Points Programme, this Fund is to support the delivery of up to 75,000 homes in twenty towns and cities. These will combine increased housing with new jobs, town centre regeneration, and higher design and environmental standards.
24. The Growth Fund was announced in December 2007 to support the delivery of infrastructure in local areas. Instead of providing ringfenced funding for individual projects, the Growth Fund provides unringfenced block funding with no grant conditions about how and when it is spent. It is for local authorities to prioritise how funding is used in their area. Funding decisions are based around the assessment of a Programme of Development (POD) submitted to CLG. The POD is a document that sets out the local authorities plans and ambitions for growth, including the trajectory for housing delivery and the infrastructure needed to achieve it, any identified resources available to deliver and an assessment of the extra funding needed to support it.
25. The POD is being co-ordinated by Tees Valley Living and specialist consultants, in association with officers from the 5 Tees Valley authorities. A draft outline for the POD is included at **Appendix 2** and detailed information is currently being provided by officers on all sites included. Again the deadlines are very tight and the POD has to be submitted to CLG by 27 October 2008. The Council's endorsement of the POD is required by then, but Cabinet meeting dates will prevent its consideration after the 7 October. It is recommended therefore that Cabinet give delegated authority to the Assistant Chief Executive (Regeneration), in consultation with the relevant port folio holders (Economy, Transport, and Neighbourhood Services and Community Safety) to approve the Council's contribution to the Tees Valley POD.

### **Credit Crunch**

26. The credit crunch has had a major impact on the volume house builders. In one case a house builder in the NE that normally sells 1500 new homes/year had, by the end of June, only sold 85. The impact of the credit crunch on the availability of mortgages, the value of residential land and house prices has resulted in major challenges for the industry.
27. The result has been for house builders to stop some developments, make redundant large numbers of staff both actually building houses but also those involved in buying sites, design and development work. The implications are that new homes built nationally will fall to about 100,000 next year, which is well below the Government's target of 240,000. It also means that the industry will take a long time to gear up even to existing levels when the anticipated recovery comes in two years time. Nevertheless, the Government remains committed to increasing supply to meet long term demand.

28. Discussions with house builders currently active in the Tees Valley reflect the national situation in terms of a significant slowdown in completion levels and number of sales. Company responses to the common challenges vary between developers, as does their views of the likely recovery of the market. The general view is that the recovery from the credit crunch will not start until 2010/11. It is therefore vital that given the length of time development takes that we should plan for the upturn.
29. In the immediate term, Tees Valley Living has put together a "Task Force" including public sector, private sector and RSL partners to consider ways in which sub-regional initiatives could help to alleviate the effects of the credit crunch on regeneration programmes within Tees Valley. This work is ongoing and will report its findings and recommendations at a later date, feeding its initial findings into the POD.
30. The Task Force will in due course be broadened to consider property and development issues more broadly than just housing.

### **Outcome of Consultation**

31. Internal officer consultation has informed the CIF Expression of Interest. At the Tees Valley level cross authority working has been key to establishing a co-ordinated strategic approach. In addition stakeholders including the JSU and Highways Agency have informed the deliverability assumptions. If the Expression of Interest is successful, Members will have the opportunity to scrutinise the Darlington Schemes as they progress.
32. The Housing Growth Fund Programme of Development is currently taking shape and will be informed by stakeholder consultation at local, sub-regional and regional level. Again, Members will have the opportunity to scrutinise the Housing Growth Point initiative as it moves forward.
33. The Credit Crunch Task Force again incorporates the views and input from the housing industry, public sector and social landlords.