

**CABINET
8 NOVEMBER 2022**

DISPOSAL OF LAND AT NEASHAM ROAD FOR HOUSING DEVELOPMENT

**Responsible Cabinet Member –
Councillor Scott Durham, Resources Portfolio**

Responsible Director – Ian Williams, Chief Executive

SUMMARY REPORT

Purpose of the Report

1. To approve in principle the delivery of residential properties for private sale on Neasham Road, Cell C, as shown at **Appendix 1**.
2. To approve the release of funding for Esh Homes Ltd to undertake the preliminary surveys to seek detailed planning permission for the proposal so that sale terms can be agreed by the Council and reported back to Cabinet for consideration.

Summary

3. In accordance with the Cabinet resolution on the 15 September 2020, planning permission was obtained at Neasham Road for circa 450 homes, of which one third 150 would be affordable, one third private built by the Joint Venture (JV) and for the remaining Cell C outline planning permission was obtained for a 100% affordable scheme most likely via a Registered Social Landlord.
4. To date the development has been a success with the Joint Venture company having received over 50 reservations for new homes on site. Furthermore, the Council has commenced development of 150 Council owned properties.
5. In the original Cabinet report (September 2020) it was proposed that Cell C be marketed as an opportunity for a Registered Social Landlord (RSL) to deliver additional affordable homes. However, an affordable scheme on Cell C is not now considered viable. This is due to the changes since the first report in 2020, with new building regulations introduced, biodiversity net gain, nutrient neutrality and cost increases in the sector more generally that have all contributed to increased development costs and strain on viability. Independent commercial advice has been obtained and further details are given in **Appendix 2 Part III** report.
6. Given these challenges it is therefore considered prudent to explore the opportunity for Cell C to be developed for 100% private homes. It is proposed ESH Homes Ltd are appointed to undertake the preliminary survey work required for the submission of a

planning application on behalf of the Council with detailed sale terms being reported back to Cabinet for consideration.

Recommendations

7. It is recommended that: -
- (a) Members approve in principle the delivery of new housing for private sale on Cell C.
 - (b) Members approve the release of funding for Esh Homes Ltd to undertake the preliminary surveys and seek detailed planning permission for the Cell C site with sale terms being reported back to Cabinet for consideration, in accordance with **Appendix 2 Part III**.
 - (c) Authorise the Assistant Director of Economic Growth and Assistant Director Law and Governance to deal with any related matters and associated documents accordingly.

Reasons

8. The recommendations are supported by the following reason – accelerates the building of new homes helping to meet the demand in Darlington.

Ian Williams
Chief Executive

Background Papers

No background papers were used in the preparation of this report.

Jenny Dixon : Extension 6320

S17 Crime and Disorder	This report has no implications for crime and disorder
Health and Well Being	There are no Health and Well Being Issues
Carbon Impact and Climate Change	There are no sustainability issues
Diversity	There are no diversity issues
Wards Affected	Hurworth
Groups Affected	Not Applicable
Budget and Policy Framework	This report does not represent a change to the budget and policy framework
Key Decision	This is not a key decision
Urgent Decision	This is not an urgent decision
Council Plan	Growing Darlington's Economy by delivering more homes
Efficiency	If the site moves forward on a Joint Venture basis there will be an investment return which will assist the Council's MTFP position.
Impact on Looked After Children and Care Leavers	Not applicable

MAIN REPORT

Information and Analysis

9. Neasham Road was acquired to provide a mixture of homes available for market sale and the delivery of affordable housing. The acquisition formed part of a wider strategy that presented several key benefits detailed below: -
 - (a) Facilitated the relocation of the cattle mart operation from a site close to the town centre to a new purpose-built facility on the outskirts of town capable of delivering a new agricultural cluster.
 - (b) Allowed the inclusion of the cattle mart site to be a part of the multi-million-pound regeneration investment into Bank Top station area and in time will deliver a capital receipt for disposal of Clifton Road.
 - (c) Facilitated accelerated build out at Stag House farm through the JVC and Barratts together with the £2.8m HIF grant funding from Homes England, that was recycled through this development.
10. The development of the Neasham Road site has had its challenges but is going well. The Council's Joint Venture development is well underway with the construction of 155 private homes for sale. This part of the development has procured 75% of contractors using local sub-contractors and supply chain, employing up to 50 people per day on site, including 4/5 apprentices. The Council's development of 150 new affordable homes has also commenced.
11. The remaining third of the site was originally earmarked for a Registered Social Landlord (RSL) to deliver additional affordable homes. However, an affordable scheme on Cell C is not now considered viable. This is due to the changes since the first report in 2020, with new building regulations introduced, biodiversity net gain, nutrient neutrality and cost increases in the sector more generally that have all contributed to an increase in development costs. It is therefore proposed to explore the opportunity for Cell C to be developed for 100% private homes.
12. Once the preliminary surveys have been completed that are needed for the submission of a new planning application, the Council will be able to agree sale terms and these will be reported back to Cabinet for consideration.

Financial Implications

13. Following the conclusion of the preliminary surveys and planning permission being obtained, the cost relating to the development will be finalised. A further report will be provided to Cabinet for consideration of any proposed sale terms and conditions.

Legal Implications

14. Under the provisions of the S.123 Local Government Act 1972 the Council is subject to a general duty to obtain 'best consideration' in the exercise of its functions.

Procurement Advice

15. All procurement activity will be undertaken in accordance with the Council's Contract Procedure Rules and the Public Contracts Regulations 2015.