

**TITLE OF REPORT:** Strategic Acquisition in the Exemplar Neighbourhood

**REPORT OF:** Mike Barker, Strategic Director, Corporate Services and Governance  
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### **Purpose of the Report**

1. To seek Cabinet approval to purchase land within the Exemplar Neighbourhood, in Central Gateshead, to consolidate the Council's land ownership and provide a more developable and valuable site for new housing development.

### **Background**

2. The Exemplar Neighbourhood (ExNe), in Bridges ward, is allocated for housing led regeneration in the Core Strategy and Urban Core Plan (2014). The Council owns the majority of land within ExNe, however, a number of smaller sites are owned by private landowners.
3. The 0.4 hectare site of the former Heaton Paper Company ("the Site") is privately owned and is located at the centre of the ExNe. It is shown for identification purposes only as edged red on the attached plan at Appendix 2.
4. At its meeting of 18 November 2008, Cabinet agreed to commence the procurement of a Joint Venture partner to deliver housing regeneration across the borough; and were presented with the 19 sites to be allocated to the Joint Venture vehicle.
5. The Site, and adjacent land owned by the Council, are known collectively as Sunderland Road West, and formed one of the 19 sites which have been allocated to the Joint Venture, called Gateshead Regeneration Partnership (GRP) for housing development. The site has capacity for approx. 200 new homes.
6. On 27 March 2012, Cabinet approved the formation of the GRP, the appointment of Evolution Gateshead as the Council's partner and the execution of the Members Agreement. The Members Agreement endeavours the Council to assemble land within the agreed 'red line' boundaries of these 19 allocated sites.
7. To the north of the Site lies vacant land (the former Chandless council housing estate), which was demolished between 2012-2015. This land is also allocated for housing, with capacity for approximately 150 homes, and the Council will make a decision on its future later in 2017.
8. The Exemplar Neighbourhood Project is allocated in the 2017/18 Capital Programme for strategic acquisitions to consolidate Council land ownership to

facilitate housing growth. In November 2016, the Council instructed its property agent BNP Paribas to conduct a valuation of the Site, which concluded that a land value of between £250,000 and £300,000 was realistic. Subsequently, the Council's agent made contact with the landowner, and began exploratory dialogue to determine whether an offer to purchase the Site would be welcome, and at what price. Following this contact, the agent has now informed the Council that an offer of £300,000 would secure the sale and provisional acquisition terms have been agreed.

9. The current landowner's proposed development scheme for the Site comprises a residential estate of 20 dwellings which will be made up of 16 one bedroom Gemini bungalows and 4 two bedroom semi-detached houses. Vehicle access will be from Eldon Street reached via the A184 (Felling Bypass) through the former Chandless estate, with a secondary pedestrian access to the north west corner which will lead on to Lindisfarne Drive. In October 2016, this scheme was granted outline planning permission.
10. As it stands currently, the Site remaining in private ownership and the planning permission being implemented, will have a negative impact on the wider aspirations for quality, family homes on the Exemplar Neighbourhood (see Appendix 1, para. 2) and the two neighbouring Council development sites – the former Chandless estate and Sunderland Road West.
11. If the proposed development was pursued the landowner would require the right of access to his land, currently via Lindisfarne Drive across Council land. This would be a constraint on future development of the Council owned land as access must be maintained to the site at all times, which would:
  - reduce the developable area of the Council's land,
  - create an inefficient construction process by needing to maintain a route through a working site that protects the health and safety of vehicles and pedestrians, and
  - limit the ability to create a new neighbourhood and road layout to optimise the use of the wider site.

## **Proposal**

12. It is proposed that the Council purchases the Site now, in advance of implementation of the landowner's planning approval, and the delivery of new homes in the ExNe by GRP, so that the Council will ensure the maximum possible return on its investment, ensuring that the price is best value, and the wider site is able to be planned and constructed in the most creative and efficient manner.

## **Recommendations**

13. It is recommended that Cabinet:
  - (i) approves the acquisition of the site of the former Heaton Paper Company for the provisional sum of £300,000, subject to contract and the outcome of a site investigation, and

(ii) authorises the Strategic Director, Corporate Services and Governance, to agree the final price within a budget of £310,000, and then complete the purchase of the former Heaton Paper Company site.

For the following reasons:

- To achieve maximum value from Council land assets and facilitate the best possible development on the Exemplar Neighbourhood
- To support the delivery of the objectives of the Exemplar Neighbourhood
- To consolidate land ownership in the Exemplar Neighbourhood
- To support delivery of new homes, with Gateshead Regeneration Partnership.

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## Policy Context

1. The project directly supports the delivery of Vision 2030, specifically the big ideas of City of Gateshead and Sustainable Gateshead.
2. The project directly supports the goal of a Prosperous Gateshead in accordance with the 2015-20 Council Plan, and the implementation of the Core Strategy and Urban Core Plan (CSUCP). Policy SG2 of the CSUCP allocates and sets out requirements for the Exemplar Neighbourhood, superseding or replacing some of the SPD objectives:
  - 1) The Exemplar Neighbourhood is allocated for a minimum of 1000 homes (C3) at an average of 50 dwellings per hectare across the site.
  - 2) Development will provide a new sustainable neighbourhood through:
    - i. Provision of small-scale ancillary uses that support the needs of the new community including small shops, cafes and community facilities along primary pedestrian routes and other main routes,
    - ii. Mixed-use development which will be directed to the ground floors of development on sites along the route of the future City Boulevard,
    - iii. Developing a scheme that achieves “green” against all Building for Life 12 questions or equivalent,
    - iv. Provision of good quality accessible external private or semi-private space
    - v. Creation of the Exemplar Neighbourhood Urban Green Infrastructure Corridor, meeting the following criteria: minimum corridor width of 10m, encompassing a footpath with a minimum width of 3m, an avenue of trees and at least 2 usable multifunctional open green spaces,
    - vi. Creation of the Primary Pedestrian Route, integrated with the green infrastructure corridor, and creating the pedestrian and cycle bridge over the rail line and a pedestrian and & cycle crossing at Park Lane,
    - vii. Provision of a series of connected green and/or public spaces, forming part of the key pedestrian and cycle routes that connect to locations outside the neighbourhood, and
    - viii. Provision of communal parking spaces for car clubs and electric car hook up points to promote sustainable transport.
  - 3) On Council-owned land development will:
    - i. Achieve the minimum space standards set out in English Partnerships Quality Standards. Delivering Quality Places, Revised: from November 2007 or equivalent,
    - ii. Use of Building Research Establishment Green Guide materials at ratings between A to C or equivalent, and
    - iii. Deliver a good level of sustainability required by relevant government schemes/ guidance, aspiring to achieve zero carbon
3. The proposal is consistent with the overall vision for the Exemplar Neighbourhood Supplementary Planning Document (SPD; adopted July 2013):

*A new sustainable residential community at the heart of NewcastleGateshead providing contemporary, energy efficient and spacious homes suitable for families, young professionals and older people. A pedestrian friendly network of green spaces and routes will provide a quick and direct access to public transport and all the shopping, working and leisure opportunities that NewcastleGateshead has to offer.*

The SPD Objectives are summarised below:

*A Neighbourhood with a Special Identity* – inventive, attractive and distinctively urban, reflecting its gateway location fronting onto the new Boulevard.

*A Family Neighbourhood 'in the City'* – higher density form, but with generous internal and external space, with a mix for younger, family and older households.

*A Sustainable Neighbourhood* – ensuring social, economic and environmental benefits.

*A Connected Neighbourhood* – good connections to local facilities and green spaces in and around the area, fostering a sense of community.

*An Active Neighbourhood* – opportunities for exercise, play and amusement built into its fabric.

4. The proposals as set out in this report accord with the provisions of the Corporate Asset Strategy and Management Plan 2015-2020. In particular the development of the Council's land to support regeneration and economic growth.
5. The Council has been awarded Housing Zone status by the Government for the whole ExNe, supported by an investment proposal by the GRP for residential development.

### **Consultation**

6. In preparing this report, consultation has taken place with the Leader, Deputy Leader and Cabinet Members for Housing. Ward Councillors have also been consulted and have raised no objections.

### **Alternative Options**

7. Cabinet could elect not to acquire the former Heaton Paper site. This would leave the site in private ownership, with the potential that the current owner progresses the Outline planning permission granted in October 2016. The development of the scheme would not meet the objectives of the Exemplar Neighbourhood, and would be detrimental to the redevelopment of the wider site, in terms of construction, layout and value. For this reason this option has been discounted.

## Implications of Recommended Option

8. **Resources:**
  - a) **Financial Implications** – The Strategic Director, Corporate Resources confirms that the cost of the proposed acquisition, estimated to be £300,000, can be accommodated from within the Council's capital programme.
  - b) **Human Resources Implications** – There are no implications arising from this report
  - c) **Property Implications** – 0.4ha of land will be added to the Council's land portfolio, and will consolidate land holdings within the ExNe, creating one larger site that is allocated to the Gateshead Regeneration Partnership.
9. **Risk Management Implication** – A risk register has been prepared for the project and is being managed by the Project Team. At this stage, the significant risks are:
  - The landowner does not accept the initial offer – the Strategic Director, Corporate Services and Governance, has scope to negotiate on price up to £310,000.
  - The maintenance costs of the site are high/increase – the site is currently secure, with no recorded incidents of anti-social behaviour.
10. **Equality and Diversity Implications** – There are no implications arising from this report.
11. **Crime and Disorder Implications** – There are no implications arising from this report.
12. **Health Implications** - There are no implications arising from this report.
13. **Sustainability Implications** – There are no implications arising from this report. Environmental, economic and social sustainability are key considerations in developing and implementing development on this site in the future. As the Council would be the landowner, it can promote higher standards of development than if it were acting solely as the local planning authority.
14. **Human Rights Implications** – There are no implications arising from this report.
15. **Area and Ward Implications** – Bridges Ward

# Appendix 2 - Site Plan

