

Report of the Director of City Development and the Director of Environment & Housing

Report to Executive Board

Date: 14th February 2014

Subject: Progress in Delivering Housing on Council Brownfield Land

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

This report provides an update on the Brownfield Land Programme that was approved by Executive Board in January 2013 and sets out a proposal to accelerate the development of housing on long standing brownfield land in Council ownership.

At its meeting of January 2014, Full Council reaffirmed and resolved that there is a genuine need for new housing throughout the city to provide affordable homes and also recognised that there is a need for good housing design and planning to meet the health and wellbeing needs of residents. It resolved to lobby the coalition government to restore the formal sequential approach to land release and prioritisation of brownfield sites over greenfield sites.

Full Council's resolution, together with the Council's activities to support and enable house building on brownfield sites are in recognition that development of housing on previously used surplus land has a critical role to play in delivering Best City ambitions to grow the city in a sustainable way and to deliver the housing growth requirements set out in the draft Core Strategy. It is an important component of neighbourhood regeneration, where the Best Council objectives for the city to be child friendly, to meet the needs of older people, to ensure high quality public services and to promote sustainable and inclusive economic growth can be achieved through targeted investment and development in accordance with local plans and aspirations.

Many of the Council's brownfield sites are within or close to residential areas where there are existing facilities and services or opportunities to enhance them. These are inherently sustainable as locations for new homes, but have been affected by market conditions that

have prevented their development for housing. This report sets out an overall strategy to take forward the development of some of this land for housing purposes, linked to the Council's Council House Growth Programme and maximising the potential allocation of resources through the HCA's affordable housing programme grant regime for 2015-18, which makes £2.8 billion available for the development of new affordable homes, £1.7bn of this is to be available nationally outside of London.. Work is underway to identify sites from the Housing Investment Land Strategy agreed by Executive Board in July 2013, and which includes the brownfield land programme sites.

In developing these sites, at scale, the Council can make a significant contribution to housing growth and can offset some of the pressure to develop less sustainable greenfield sites.

Over the last financial year, 7 sites have been sold or committed through this work, with capacity for development of 195 new homes. It is anticipated that over the remainder of 2013/14 and 2014/15 sites will be sold or committed with capacity for further 750 new homes.

Consideration has also been given to how the Council might take advantage of existing framework arrangements that the Homes and Communities Agency has in place, the Development Partner Panel, in order to accelerate the development of housing on Council owned sites, including for the Council's own build programme.

Recommendations

Executive Board is asked to:

- i) Note progress to date in bringing the Council's brownfield land forward for development through the Housing Investment Land Strategy and progress on the first phase of due diligence and disposals under the Brownfield Land Programme as set out in paragraphs 3.8 – 3.19;
- ii) Support the proposed packaging and phasing of disposals under the Brownfield Land Programme over the remainder of 2013/14 and 2014/15, to be taken forward by the Chief Asset Management & Regeneration Officer, as set out in paragraphs 3.21 – 3.26;
- iii) Agree that the Chief Asset Management and Regeneration Officer, on behalf of the Director of Environment and Housing, further develops the Council Housing Growth Programme to include a proposal for a package of investment that would enable the development of exemplar design and energy efficient housing, as set out in paragraphs 3.27 – 3.29 and that a report on this is brought back to a future meeting of Executive Board;
- iv) Request that the Chief Asset Management & Regeneration Officer reports back to the April 2014 meeting of Executive Board with details of sites proposed for allocation to the 2015-18 Affordable Housing Programme for the purposes of maximising grant and investment to the city, as set out in paragraphs 3.30 – 3.36;

- v) Support the proposal that the Chief Asset Management & Regeneration Officer uses the Homes & Communities Agency's Development Partner Panel to procure a small number of developer interests to work with the Council from 2014/15 in delivering housing on the Brownfield Land Programme sites, as set out in paragraphs 3.36 – 3.44.

1. Purpose of this report

- 1.1 This report provides an update on the Council's activities to deliver new housing on previously developed land in its ownership, as a contribution to the delivery of the Best City ambition for Leeds. It includes a progress update on the first year of the Brownfield Land Programme and sets out proposals for how the next phases of this work could be taken forward. The report also sets out the opportunity for the city to access significant funding to support affordable housing delivery.

2. Background information

- 2.1 At its meeting of January 2014, Full Council resolved that there is a genuine need for new housing throughout the city to provide affordable homes and also recognised that there is a need for good housing design and planning to meet the health and wellbeing needs of residents. It resolved to lobby the coalition government to restore the formal sequential approach to land release and prioritisation of brownfield, as currently there is an unnecessary emphasis on green field sites.
- 2.2 Development of brownfield land for housing is key to delivering on some of the success factors that will define Leeds as the Best City. This ambition includes priorities to secure investment in new homes, to attract maximum investment from the private sector and government, whilst growing the city in a sustainable way and maintaining the distinctiveness of communities and the city's green character.
- 2.3 Supporting the conditions in which brownfield land can be developed will allow the benefits of Leeds' growth to be distributed across all parts of the city, enable local housing need to be met in those neighbourhoods where it is most pressing and support the creation of liveable and sustainable neighbourhoods through investment in new homes and neighbourhood infrastructure. Development of these sites will also assist in housing growth being targeted on previously developed land instead of less sustainable greenfield sites.
- 2.4 Vacant brownfield land can often have a hugely negative impact on quality of life for local people. These sites can attract anti-social behaviour or uses, create a perception of poor community safety that limits the way in which local people use and experience their local environment and contribute to a negative outside perception of the local area. Where such sites are in Council ownership there can also be an implication for the cost of managing and maintaining them.
- 2.5 There is therefore clear potential for the Council to use its brownfield sites in a way that contributes more positively to the growth of the city and to local regeneration and in doing so deliver on the Best Council objectives:

- To ***promote sustainable and inclusive economic growth*** by enabling development and investment opportunities, accommodating new homes and affordable homes within existing neighbourhoods, providing local employment and training opportunities through construction and contributing to the provision of accessible quality housing choices;
- To ***ensure high quality public services*** by reducing the cost of managing surplus Council land and assets, addressing their negative local impacts, increasing New Homes Bonus income to the Council, contributing to improved local amenity and public health, improving housing and local infrastructure and improving residents' satisfaction with their local area;
- To ***create a child friendly city*** through the design of new housing areas, drawing on the Council's best practice design and place-making guidance, including the provision of play and leisure facilities and by meeting the needs of young people to grow up with active lifestyles in a safe, welcoming child-friendly neighbourhood;
- To assist in delivery of the ***better lives*** programme by creating opportunities for new specialist older people's housing and in the design and development of neighbourhoods to meet the needs of all local communities.

2.6 The Local Development Framework (LDF) Core Strategy sets out the broad spatial and land use planning framework for the district (to 2028) and will be a key tool in delivering the Best City ambition. Central to the Core Strategy is the desire to plan for the people and places of Leeds in a sustainable way and to meet the needs of anticipated population growth through the allocation of land for 66,000 net new dwellings over the plan period. Identification of sites to meet this housing requirement is taking place through the LDF site allocations process.

2.7 The Submission Draft Core Strategy sets out a range of principles to support housing growth, which includes the need to link this to the creation of sustainable neighbourhoods and to work in partnership to facilitate delivery. It also sets out the need to develop brownfield and regeneration sites as part of the overall approach. The Core Strategy is at a very advanced stage and the Inspector has not indicated any specific concerns around the broad planning principles supporting the development of brownfield sites for housing.

2.8 At its meeting in January 2013, the Executive Board approved a Brownfield Land Programme through which 29 Council-owned sites would be targeted by a range of measures to stimulate and support development interest to enable sale of the land for new housing. At that meeting Executive Board asked for an update on progress after the first 12 months.

2.9 Further to that discussion, at its meeting in July 2013 the Executive Board approved a Housing Investment Land Strategy, which incorporated the Brownfield Land Programme. The Housing Investment Land Strategy provides an up to date view of all the surplus brownfield land in the Council's ownership that has potential for residential development and brings together all proposals for market-led or public sector funded housing on these in a co-ordinated approach to how, when and where housing could be delivered.

- 2.10 The Housing Investment Land Strategy provides an overarching framework within which the Council will manage resources to bring forward its land to directly deliver housing growth and undertake development to meet housing need. It comprises the residential land elements of the mainstream Capital Receipts programme, the Affordable Housing Programme (AHP), the Council Housing Growth Programme, the Brownfield Land Programme and support to assist with self-build in the city.
- 2.11 The Brownfield Land Programme sites cover 58ha in total with an indicative total capacity of over 1200 homes based on an average development density of around 30 units per ha and allowing for retention of existing open space on some sites. The majority of the sites are located in East or North East Leeds (20no.) and South Leeds (8no.) with a small number in West Leeds (4no.).
- 2.12 The majority of the sites are in locations where there is limited recent history of successful market development. Also included are the sites that form part of the original EASEL development agreement with Bellway, which has yet to be completed.
- 2.13 Where the disposal and development of brownfield sites is being proposed in regeneration areas, work is being closely aligned with emerging neighbourhood strategies, to ensure development is of the right sort and at the right time to fit with local needs. Development of housing cannot be pursued in isolation, particularly where there are aspirations amongst community stakeholders and Ward Members, to ensure an integrated and sustainable approach to change in neighbourhoods that have long-standing regeneration challenges.
- 2.14 This is particularly relevant for sites clustered in Seacroft, Halton Moor and Middleton.
- 2.15 The market for private housing in these areas is likely to be for entry level up to mid-market owner occupation, to offer accessible first or second steps on the housing ladder for local households seeking to move on from social or affordable rented accommodation or to trade up from existing owner-occupied homes. They are on the whole unlikely to offer high value capital receipts.
- 2.16 The Brownfield Land Programme has a financial ring fence within which receipts through the sale of sites will be retained, enabling these monies to be recycled into measures that will support disposal and development on other sites in the programme. Such measures will initially include legal and technical due diligence, site checks, and planning and design guidance but could also extend to advance remediation, provision of enabling infrastructure or supporting sales risk through, for example the offer of equity shares to prospective home buyers.
- 2.17 Some sites may achieve better value to the overall programme by selling in standalone deals to generate a receipt that can support these preparation or marketing activities on other sites. Others may lend themselves to a packaged approach, where more profitable sites are paired with less viable sites and development agreements used to manage delivery across the two.
- 2.18 The main part of this report sets out progress in taking forward this work and how the programme may be further developed alongside other activities to maximise both the pace of delivery and the scale of external investment in housing.

3. Main issues

3.1 Progress made on the Brownfield Land Programme, other brownfield development activities and issues for Executive Board to consider in moving forward can be summarised under the four main headings, which are addressed in more detail in the following sections:

- Local Planning & Regeneration Frameworks
- Site Disposals
- Council Housing Growth Programme
- Affordable Housing Programme
- The Right To Buy Receipts Programme
- The HCA Development Partner Panel

Local Planning & Regeneration Frameworks

3.2 In those areas where brownfield land is concentrated and where there is the most potential for positive change through investment in new housing, it is important that the nature and timing of development proposals brought forward fit with local aspirations for regeneration.

3.3 Executive Board in September 2013 agreed the Neighbourhood Framework for Belle Isle and Middleton, which will now be used to help guide investment interest in the area, providing a context for all development proposed in the area.

3.4 In Seacroft, local stakeholders have formed an interim neighbourhood forum with an aspiration to bring forward a Neighbourhood Plan that will promote development across an agreed plan area. Officers are working with Ward Members to support this exercise as this area has the largest concentration of land in the Brownfield Land Programme.

3.5 There are also aspirations amongst some Ward Members and the MP for Leeds East to create similar frameworks for Halton Moor and Osmondthorpe, where there are also significant brownfield sites.

3.6 Any disposal and development of sites in these areas will need to be brought forward with a clear understanding of local housing needs, essential local infrastructure such as the provision of sufficient school places and with delivery partners and mechanisms that will enable local people to access a variety of housing tenures. This involves close working with Ward Members, community stakeholders and other Council services to ensure land disposals are in pace with other changes and investment planned for their respective areas.

3.7 It is acknowledged that this is a slower process to deliver new homes for sale than might be the case through site disposals through the mainstream Capital Receipts programme, but it will reflect local and Ward Member concerns to create clear plans for better places in areas that have traditionally had limited private sector investment. It is anticipated that the process of creating these local planning and regeneration frameworks will in due course provide greater certainty for local

interests and developers and represent an investment in time that will help secure gains in housing growth on brownfield sites

Site Disposals

- 3.8 Early activity in the Brownfield Land Programme has focused on prioritising and organising resources so that sites can be brought forward in a co-ordinated way alongside the Council's other brownfield disposal and housing investment activities. The schedule attached shows those sites sold or committed to housing development in 2013/14 and future pipeline activity for each element of the Housing investment Land Strategy.
- 3.9 During the current financial year 7 brownfield sites have been sold or committed for development of **195** new homes. In addition 13 buildings have been sold for conversion into residential dwellings or redevelopment for new housing and are expected to deliver a further **111** residential units. These figures include:
- Under the **Capital Receipts programme** 1 site with an area of 1.4ha has been sold for residential development and is expected to result in the development of 60 new homes based on the planning approval secured. In addition 13 buildings have been sold for residential conversion or redevelopment which will deliver a further 111 residential units.
 - Under the **Affordable Housing Programme**, 1 site of 0.6 ha has been sold to a Registered Provider partner, with development of 18 units now underway;
 - Under the **Council Housing Growth Programme** four sites of a combined area of 1.9 ha have been committed, with detailed design now progressing to deliver 150 new homes.
- 3.10 Under the **Brownfield Land Programme** a first phase of work has progressed to realise opportunities for disposal of sites that have had some prior due diligence and de-risking activities undertaken and on generating initial capital receipts to be used in completing work for the next phase of sites to be taken to market. These first phase sites are set out below.

Amberton Close, Gipton

- 3.11 0.3ha of a 2.1ha site at that was cleared of the majority of its original housing under the Decent Homes programme and originally allocated to development by Bellway under the East and South East Leeds (EASEL) project was released from the contract and sold in October 2013 to accommodate a new GP surgery, to replace two separate out-dated local facilities. This has given rise to a capital receipt of £182,000 that is now being used to fund further due diligence activity on other sites.

Thorn Walk, Gipton

- 3.12 Disposal of a 1.6ha site to Bellway Homes under the EASEL programme in November 2013, for the development of 51 new homes, giving rise to a capital receipt of £59,400, which will be used to support other sites in the Brownfield Land

Programme to be brought to the market. This valuation was agreed at the time the original EASEL agreement was signed.

- 3.13 The Council will acquire 23 of these homes under its Council House New Build scheme, which has encouraged Bellway to take development risk on the remaining 28 units. Without this commitment the developer was not in a position to move forward with this site with the potential for further delays in completing the original EASEL development sites. Whilst the Council acquisitions will be 'off the shelf' further investment of up to £115,000 has been secured from the Homes & Communities Agency to increase the specification of these to meet Code for Sustainable Homes Level 3, with emphasis on an uplift in the thermal efficiency to reduce fuel costs for tenants.
- 3.14 Work will now proceed with Bellway to revise proposals and programme for three remaining sites (Amberton Close and Oak Tree Mount in Gipton, Old York Road Depot, Seacroft), which have an indicative capacity of up to 200 units, to complete the original EASEL agreement. Any sale receipts from these will be used to support the remainder of the Brownfield Land Programme.

Asket Drive, Seacroft

- 3.15 Two sites with 3.4ha of land on the edge of the north Seacroft estate have outline planning permissions in place for 120 homes, which were secured with funding support from the HCA. The sites have frontage to the A58 Wetherby Road and it is expected that there will be a land value to be derived from disposal.
- 3.16 In January 2013 Executive Board noted the intention to proceed with a marketing exercise for disposal of these sites, subject to acquisition of two remaining owner-occupied properties if required to enable full development of the site. Subsequent discussions were held with these house holders, confirming their unwillingness to sell their properties to the Council. Their location of the edge of the site was not considered detrimental to the ability to develop the site and therefore acquisition was not further pursued.
- 3.17 Following discussions with Ward and Executive Members about the timing of release of these sites for disposal in the context of the wider exercise to establish a Neighbourhood Plan for the area, the Askets were marketed from early November to 20th December 2013. A number of offers have been received which suggest that development of these sites for 120 – 150 homes is viable and that a capital receipt could be expected – these are being assessed with a view to confirming a developer, securing a conditional disposal and progressing reserved matters planning approvals over the next 12 months. This will enable housing delivery to move forward in this area whilst the scope for development of other sites is set out.

Brooklands Ave, Seacroft

- 3.18 In June & July 2013 a 4.9ha site in the central part of the Seacroft estate was marketed for informal offers to test a pilot approach to how housing for people over 55 could be secured and to specifically identify how issues of under occupancy in local social housing stock could be addressed by providing homes for older tenants at or below affordable rent levels as a part of a mixed tenure scheme. Informal offers were received from this exercise for schemes of between 151 – 164 units for

general needs owner occupation, private rented and affordable accommodation for older people, with the potential for an Extra Care scheme also put forward.

- 3.19 These offers are currently being reviewed in detail to determine the most appropriate development solution for the site and the area and that will meet the intentions of the Older People's Pilot. It is anticipated that the assessment will be completed within 2014/15 to enable discussions towards a possible disposal, conditional on planning approvals.
- 3.20 Over the remainder of 2013/14 and the next financial year sites will be marketed for disposals with potential for development of **611** new homes. These will comprise 16 sites under the capital receipts programme with potential for delivery of 383 homes; 3 sites with potential for 53 homes for older people to be marketed to specialist providers; and 16 sites marketed as self-build opportunities for up to 46 new homes.
- 3.21 It also includes a next phase of sites is currently being prepared for marketing and disposal under the Brownfield Land Programme, with supporting guidance and site information, with capacity for up to 129 new homes.
- 3.22 This will include four sites in Middleton, with potential to dispose as a single package, subject to discussions with ward members:
- Thorpe Road East, Middleton (0.16ha, c.2 units)
 - Throstle Terrace, Middleton (0.45ha, c.14 units)
 - Thorpe Square, Middleton (0.76ha, c.23 units)
 - Towcester Avenue, Middleton (1.9ha, c.57 units)
- 3.23 Two separate sites outside of the geographical clusters in the Brownfield Land Programme will also be in a position to be marketed in early-mid 2014/15:
- former Liberal Club, New Wortley (0.2ha, 7 units)
 - Westerton Walk, Tingley (0.9ha, 12 units)
- 3.24 A further separate site is being brought forward as part of a master plan for the proposed redevelopment and investment in and around the Beckhill estate:
- former Hill Top public house, Meanwood (0.5ha, 14 units)
- 3.25 Initial development land at the former Miles Hill School site could be taken to market by mid-2014, with the former public house site following later in the year as part of a phased approach to realising value and development potential. There is also potential to attract investment in the main Beckhill site through the HCA's Build to Rent programme and an expression of interest has been submitted for this. If successful the component parts of the wider site would be designed, disposed and developed in such a way to deliver tenure mix in the area.
- 3.26 Further de-risking activities will be undertaken on remaining sites in the Brownfield Land Programme in a phased way as resources allow. Information from Stage 1 checks and site assessments will also be reviewed to identify whether and where physical interventions (for example site remediation or infrastructure investment) would be required to unlock development. This will support further sites being taken to the market in 2015 and 2016.

Council Housing Growth Programme

- 3.27 The Council House Growth Programme is currently planning to deliver 400 new homes up to 2018, using income through the Housing Revenue Account. The first developments are now being taken forward including five new build sites delivering 145 units, 25 off plan purchases, and the acquisition and refurbishment of c100 long term empty homes.
- 3.28 The ability to deliver investment in new council homes through new flexibilities in the HRA offers the opportunity for higher specification and build quality and to create exemplars in quality design, high domestic energy efficiency and therefore lower running costs for tenants. Alongside this, there may be scope to consider the total cost of housing for tenants, taking into account rent and fuel costs. This approach would be subject to much more detailed assessment and a further report by the Director of Environment and Housing to Executive Board. Recent new housing development in Middleton by a partner housing association has demonstrated the positive effect of delivering new high quality mixed tenure homes in neighbourhoods.
- 3.29 There are also opportunities to consider how this investment in new Council homes can be used to support the development of other sites through mixed tenure solutions, in partnership with either Registered Providers or developers of market housing, particularly if it would assist in resolving viability issues on some sites. Such an approach would offer reciprocal benefits to the Council Housing New Build Programme and grow the overall number of homes deliverable on brownfield sites.

Affordable Housing

- 3.30 In addition to the disposals completed and planned as described above the Council is working with Registered Provider partners to identify how the city can access significant new grant resources under the 2015-18 Affordable Housing Programme (AHP), which makes £2.8 billion available for the development of new affordable homes, with £1.7bn of this to be available nationally outside of London.
- 3.31 The alignment of investment and asset management activities through the Housing Investment Land Strategy already make the Council well placed to work with development partners and to agree a basis on which sites may be made available to support development and access grant.
- 3.32 There is an opportunity to make a step-change in the scale and pace of delivery of affordable homes in the city, by ensuring Leeds obtains a significant share of the grant resources that will be available nationally and commits the necessary land to convert this into new homes. If Leeds is able to maximise the proportion of the national programme, a programme of between 800 and 1200 units might be expected for the delivery of affordable homes over the period - it is proposed that the Council sets 800 units as a minimum target to achieve for the city, but sets an aspiration to improve on this to c1200 subject to the availability of sites and the interest of Registered Providers.
- 3.33 Work is progressing to identify which of the Council's brownfield sites can be allocated to the programme. Twelve sites have already been advertised to

registered providers, and further 40 are proposed to include as possible sites the Registered Providers could include in their bids to the HCA (either in whole or in-part as part of mixed tenure solutions where appropriate). The details of these will be presented to Executive Board in April. The twelve sites are:

- The Ancestor Pub – Armley
- St Hilda's Crescent Cross Green
- Harley Green / Pudsey
- Harley Walk Pudsey
- Beech Mount Gipton
- Beech Walk Gipton
- Neville Close/ Osmondthorpe
- Neville Garth, Osmondthorpe
- Manor Farm Road, Belle Isle
- Manor Farm Rise, Belle Isle
- Newhall Chase, Belle Isle
- Newhall Croft, Belle Isle

3.34 Applying an average density of 30 units per hectare, between approximately 30-40 ha of land would be required to deliver the AHP. Coupled with the predicted land requirements to deliver the Right to Buy receipt funded programme and to complete the current Council Housing Growth Programme in the region of 40-60 ha of land in total is required. The Housing Investment Land Strategy identifies 32 ha of land with capacity for 1050, which could support the delivery of affordable homes through the range of programmes, leaving a residual need of 12-20 ha to be identified.

3.35 Sites included in the AHP may need to be sold at less than best consideration in order to facilitate some grant funded developments, although some Registered Providers will put forward proposals to include sale properties, enabling an element of market value to be included and some sites will be viable as affordable housing sites even when valued on an open market basis.

3.36 A further report will be brought to Executive Board in April to set out those sites that it is proposed to put forward in support of grant bids, the number of units these will support and the additional land Registered Providers will need to acquire or allocate themselves to deliver the aspiration. If it is evident that a greater amount of grant could be secured for the city through acquisition of third party land, to create new, larger or more viable sites for affordable housing, then opportunities for this (and any potential role for the Council) will also be set out.

The Right To Buy receipts programme

3.37 Associated with this programme is the use of Right To Buy receipts to support the development of new affordable homes by Registered Providers. The receipts are being used as grant funding to Registered Providers and can fund up to 30% of the cost of building a new home – significantly higher than the grant rate typically associated with the Affordable Homes Programme. Following recent increases in the sale of properties through the Right To Buy, this has produced additional resources to develop new housing and is predicted to generate receipts of £6m over the next two years, equating to an overall resource of around £19m (sufficient for

approximately 190 units at an average standard build cost). Using the flexibility afforded by the potential higher grant rate, these resources are initially being targeted at producing properties which might not otherwise be delivered through the main AHP, for example larger properties for households with a disabled family member, properties with very high energy specifications and so on, which can be more expensive to deliver. The receipts programme forms part of the overall strategy for increasing social housing stock and through the use of its nomination rights, enables the Council to make better use of its existing housing by providing appropriate properties to meet needs, contributing in turn to reductions in the Adaptations and other budgets.

The HCA Development Partner Panel

- 3.38 Consideration has been given to other ways in which development interest can be secured in the Council's sites, to deliver more certainty for the Council. By securing earlier commitment to sites from a small number of developers and working with these to bring them to a point at which viable development proposals and ultimately disposals for these could be obtained, it is anticipated that the full development potential of sites could be realised more quickly.
- 3.39 Formal partnership arrangements and SPVs have previously been considered and ruled out as an approach to these sites due to the likely cost and timescale involved in establishing and managing these and the limited prospect of significant commercial returns to support market interest in this approach.
- 3.40 Flexibility in the approach to bringing forward brownfield sites for development could include making use of the HCA's Development Partner Panel in order to dispose of sites as part of a strategic approach to housing growth. This national framework obviates the need for local authorities to expend time and resources on their own procurement exercises and would facilitate house builders putting package proposals together and enabling continuity of delivery.
- 3.41 The DPP is a pre-qualified framework panel of leading house builders, developers and contractors who have a sound track record of delivering housing-led development. The framework has been procured via OJEU by the Homes & Communities Agency (HCA) and is made available free of charge to a wide range of public sector bodies as part of the HCA's facilitative role in delivering the public land agenda.
- 3.42 As the framework was procured through a fully compliant OJEU process it can be used to procure development speedily via mini competition, as opposed to a full OJEU tender. It can be used to procure a developer to take responsibility for all stages of the development process, from obtaining planning permission, through design and construction of houses and associated infrastructure, to marketing and sales. Quality standards can be set to meet the needs of each individual project.
- 3.43 Also, in relation to the potential to access Affordable Housing Programme funds, companies on the DPP can deliver affordable housing in association with Registered Providers.
- 3.44 It is proposed therefore that further discussions with the HCA are undertaken to establish how the DPP could be used to speed the pace of delivery on the

Brownfield Land Programme and to identify how such an approach could assist in leveraging Affordable Housing Programme investment into the city.

4.0 Corporate Considerations

4.1 Consultation and Engagement

- 4.1.1 Detailed discussions have been held with the relevant Ward Members in respect of the sites referred to in this report in Gipton, Seacroft and Middleton.
- 4.1.2 In Middleton the principles of development of brownfield sites across the area and the overall approach to regeneration were consulted upon extensively with local residents and stakeholders through the drafting of the Belle Isle & Middleton Neighbourhood Framework, as previously approved by Executive Board.
- 4.1.3 In Seacroft, council officers and ward members are working with local stakeholders on the formation of an interim Neighbourhood Forum to support the aspirations to establish a Neighbourhood Plan for the area. This group is already considering the scope of development in the area and potential for new housing on brownfield sites.
- 4.1.4 Specific development proposals for each site will also be subject to statutory consultation with all interested parties upon the submission of any planning applications.
- 4.1.5 A report has also been taken to the 4th February Housing & Regeneration Scrutiny Board regarding the Council's approach to enabling development of its previously used land for housing.

4.2 Equality and Diversity / Cohesion and Integration

- 4.2.1 An Equality Impact Screening was undertaken at the inception of the Brownfield Land Programme and has been reviewed and updated in January 2014. This has indicated that there would be no specific implications for equality groups – the programme would be addressing land predominately in deprived areas and its outcomes would potentially result in an improvement in the external perception of these, greater access to and choice of housing and opportunities for local people in training and employment.
- 4.2.2 Individual site proposals will come forward through the planning process and applications will be subject to statutory requirements in respect of site design and accessibility of housing developed.

4.3 Council Policies and City Priorities

- 4.3.1 The development of brownfield sites relates strongly to the Best City ambition, through the potential to secure investment in new homes and to attract investment from the private sector and government, whilst growing the city in a sustainable way by developing previously used land, minimising the need for development on green field or unallocated sites and thereby maintaining the distinctiveness of communities and the city's green character.

4.3.2 The background to this report sets out how the Council's work on brownfield land supports the Best Council Plan objectives to promote sustainable and inclusive economic growth (particularly through the delivery of new and affordable housing), build a child friendly city, support delivery of the better lives programme and the delivery of high quality public services.

4.4 Resources and Value for Money

4.4.1 As work progresses to secure investment through the Affordable Housing Programme and to use the HCA Development Partner Panel to make packaged disposals, cross-cutting teams using staff from across services in City Development and Environment & Housing will be formalised to ensure there is a dedicated and collaborative resource that can deliver on the potential for a step-change in brownfield development and affordable housing delivery. Where appropriate the potential for this work to be resourced through recharges to the delivery programmes (in whole or part) will be proposed through submission of a business case to Strategy & Resources, which will include details of the New Homes Bonus income that these activities would be anticipated to generate for the Council.

4.4.2 The work to manage the overall Brownfield Land Programme is being conducted as part of the Housing Investment Land Strategy, through Asset Management & Regeneration, where there is a range of expertise in project management, affordable housing, housing investment and surveying together with comprehensive knowledge of the local housing market and development sector. This work is currently funded predominately through General Fund revenue, although surveyors' fees are charged on each disposal at 3.5% of the value of receipts.

4.4.3 The Brownfield Land Programme is a capital programme, though within the ring fenced arrangement a range of expenditures can be capitalised if it relates to the support required to enable future disposals and to realise further capital receipts.

4.4.4 The first receipts have been injected into the capital programme and the Director of City Development has given delegated approval to spend on the range of technical checks and due diligence activity as set out in this report.

4.4.5 Spend on the programme to-date is £17,400. This is for two Stage 1 Checks for sites in Middleton and topographical surveys for three sites across Middleton and Halton Moor. Stage 1 checks have been commissioned for two further sites in the same areas.

4.4.6 As receipts on the initial disposals were only confirmed in Q3 of 2013/14, there has been a limit on the extent to which expenditure within the Brownfield Land Programme could be committed, but further spend on de-risking activities will now proceed to inform the next phases of disposal activity.

4.4.7 Governance for the delivery of Housing Growth will be strengthened by the establishment of a programme board to be chaired by the Director of City Development and including the Director of Environments & Housing. The board will prioritise and allocate resources across each of the component work streams to ensure there are appropriate planning, highways and project management support to the whole programme of housing delivery.

4.5 Legal Implications, Access to Information and Call In

4.5.1 In disposing of land and assets and in considering how development may be supported through use of Council resources, State Aid will need to be avoided. Further detailed advice will be obtained in bringing forward each disposal and in identifying the appropriate use of ring-fenced funds to support the viability of sites. Any procedural constraints affecting the disposals will also have to be addressed (for example the need to advertise the intention to dispose of any land that falls into the definition of open space and to consider any objections).

4.6 Risk Management

4.6.1 The principle risk in the proposed Brownfield Land Programme concerns viability and market response. Initial exercises for open market disposal of sites in Seacroft indicate that these sites will individually be capable of development for market housing. It is also evident from the work with Bellway in Gipton that there are mixed-tenure solutions to enabling development of other sites.

4.6.2 Officers continue to engage with developers in respect of the Council's brownfield land opportunities and it appears to be the case that there is interest across the portfolio of sites. This will be drawn out further in taking the next package of site to market. These risks could be further mitigated through the proposed use of the HCA's Development Partner Panel.

5. Conclusions

5.1 Meeting the challenge of the city's brownfield land and targeting it for housing delivery will be critical in delivering the Best City ambition and in ensuring the growth of the city is sustainable.

5.2 The report has presented an updated position on work being undertaken through the Housing Investment Land Strategy, to target resources on housing delivery across all the Council's surplus brownfield land holdings. Sites with potential for 195 new homes have been sold or committed in 2013/14. Sites with potential for a further 750 new homes will be marketed for disposal over the remainder of this year and the next financial year 2014/15.

5.3 Work to bring forward disposal of sites in the Brownfield Land Programme and clustered in the marginal housing market areas in South and East Leeds, is being co-ordinated with emerging area plans and in discussion with Ward Members to ensure housing developments will fit with local regeneration strategies, will be sustainable and can be supported by appropriate social and physical infrastructure.

5.4 A range of delivery options were considered for the Brownfield Land Programme but it was determined that a disposal strategy that offered the potential to retain and recycle receipts, package sites and retain programme flexibility for the council would be most appropriate and provide the quickest route to realising investment interest.

5.5 Since the formal establishment of the Brownfield Land Programme by Executive Board in January 2013 £241,400 of capital receipts have been secured, which are now being deployed in de-risking activities for sites in the programme.

- 5.6 One site has been disposed of, for a 51 unit mixed market and social housing scheme at Thorn Walk in Gipton. Marketing is underway for two sites at the Askets in north Seacroft, with offers to be received by 20th December 2013, with proposals for up to 120 units anticipated.
- 5.7 Marketing of a further site in Seacroft has taken place and offers received, though disposal has not been progressed, pending further assessment of the offers and the proposed type and mix of older peoples' housing.
- 5.8 The next phase of disposals under the Brownfield Land Programme is being prepared for the start of 2014/15, comprising sites with potential for delivery of 129 units that could be in a position to be marketed. Work will proceed with Bellway on the potential for disposal of the remaining EASEL sites with capacity for development of up to 200 units, subject to re-design of sites, also from 2014/15. Work will continue on technical and legal due diligence for further phases of disposal.
- 5.9 Work to identify the potential opportunity presented by the Affordable Homes Programme including how it could be complemented by the Council Housing Growth and Right to Buy receipts grant funding programmes is ongoing including identifying the combined land requirements to support delivery.
- 5.10 However there is an opportunity to explore the use of the HCA's Development Partner Panel, a pre-procured framework that could help the Council create earlier and more certain strategic development relationships with a small number of developers and ultimately realise development of sites quicker. This may also assist in maximising investment into the city through the 2015-18 Affordable Housing Programme.

6. Recommendations

6.1 Executive Board is asked to:

- i) Note progress to date in bringing the Council's brownfield land forward for development through the Housing Investment Land Strategy and progress on the first phase of due diligence and disposals under the Brownfield Land Programme as set out in paragraphs 3.8 – 3.19;
- ii) Support the proposed packaging and phasing of disposals under the Brownfield Land Programme over the remainder of 2013/14 and 2014/15, to be taken forward by the Chief Asset Management & Regeneration Officer, as set out in paragraphs 3.21 – 3.26;
- iii) Agree that the Chief Asset Management and Regeneration Officer, on behalf of the Director of Environment and Housing, further develops the Council Housing Growth Programme to include a proposal for a package of investment through that would enable the development of exemplar energy efficient housing, alongside the potential for differential rent levels, as set out in paragraphs 3.27 – 3.29 and that a report on this is brought back to a future meeting of Executive Board;

- iv) Request that the Chief Asset Management & Regeneration Officer reports back to the March 2014 meeting of Executive Board with details of sites proposed for allocation to the 2015-18 Affordable Housing Programme for the purposes of maximising grant and investment to the city, as set out in paragraphs 3.30 – 3.36;
- v) Support the proposal that the Chief Asset Management & Regeneration Officer uses the Homes & Communities Agency's Development Partner Panel to procure a small number of developer interests to work with the Council from 2014/15 in delivering the Brownfield Land Programme, as set out in paragraphs 3.38 – 3.44.

7. Background documents¹

7.1 There are no unpublished background documents.

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.