

Report of: Head of Regeneration
Report to: Director of Environment & Housing
Date: 28th May 2015
Subject: Sites for Disposal through the HCA's Delivery Partner Panel

Are specific electoral Wards affected?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, name(s) of Ward(s): Killingbeck & Seacroft Temple Newsam Chapel Allerton		
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 type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, Access to Information Procedure Rule number: 10.4.(3) Appendix number: 2		

Summary of main issues

1. The Council owned sites detailed in this report provide the opportunity for major residential redevelopment which will contribute to the overall regeneration of the Seacroft, Halton Moor, Osmondthorpe and the Beckhills. Moreover, the scheme will contribute to the delivery of the Leeds housing targets set within the Core Strategy of 70,000 net new dwellings to meet housing needs in the city by 2028.
2. The sites form part of the Councils Brownfield Land Programme which was established by Executive Board in January 2013 with the aim of bringing sites forward for redevelopment in a proactive and coordinated way. Market testing has been undertaken in summer/ autumn 2014 to test the basis of marketing these sites using a packaged approach to delivery. This has received a positive response from a number of experienced developers who will be interested in these site packages.
3. It is proposed that the sites detailed in this report are marketed via the Homes and Communities Agency's Delivery Partner Panel (DPP) for market housing. In November 2014, Executive Board agreed to the principle of using the DPP to progress the Brownfield Land Programme. The outcome of the DPP disposal process will be reported back to Property Panel to seek approval to the terms and select a party or parties. The decision will be reported to Executive Board for information purposes only.

Recommendations

4. It is recommended to
 - a. Declare the sites included in this report, vested with Environment & Housing, surplus to the Directorate's requirements to allow for disposal via the DPP.

1 Purpose of this report

- 1.1 The purpose of this report is to seek approval for the Council owned sites vested with Environment & Housing, as outlined in this report, to be declared surplus to the Directorate's requirements to allow for sites to be marketed via the Homes and Communities Agency's Delivery Partner Panel (DPP) to deliver new homes in the neighbourhoods of Seacroft, Osmondthorpe, Halton Moor and the Beckhills.
- 1.2 As detailed in this report, tenders will be invited via the DPP process, and following consideration by officers will be reported to the Director of City Development for consideration with a recommendation for approval to the terms and the Preferred Delivery Partner(s). The final terms of any agreement will be reported to Executive Board for information purposes only.

2 Background information.

- 2.1 The Local Development Framework Core Strategy targets the delivery of 70,000 new homes through to 2028. The Core Strategy plans for the longer term regeneration and growth of the District over a 16 year period, as part of an overall and integrated framework. Central to this approach is the need to give priority to sustainable development in planning for economic prosperity, seeking to remove social inequality, securing opportunities for regeneration, and planning for infrastructure, whilst maintaining and protecting and enhancing environmental quality for the people of Leeds.
- 2.2 Underpinning these broad objectives and supported by the Core Strategy evidence base, is need to develop new housing within the inner urban area, with a minimum of 60% of new homes to be built on previously developed brownfield land over the plan period.
- 2.3 This report details a mechanism to seek to deliver housing on 15 Brownfield sites in Seacroft, Osmondthorpe, Halton Moor and the Beckhills which are included in the Council's Brownfield Land Programme which was established by Executive Board in January 2013. The delivery of sites within these neighbourhoods will also make a significant contribution to the regeneration of the areas, where sites have been vacant for a number of years. In the Beckhills and Seacroft delivery of sites will contribute to the objectives set out in neighbourhood frameworks for the areas.
- 2.4 On 19th November 2014, Executive Board approved the use of the Homes and Communities Agency's Delivery Partner Panel (DPP) to progress some of the sites in the Council's Brownfield Land Programme for the delivery of new homes.
- 2.5 The report delegated authority to the Director of City Development to determine how the sites are to be included in each development package and to incorporate other cleared development sites into the procured partnership as may be appropriate, as a means of increasing the capacity and pace of housing delivery in the city.
- 2.6 Authority was also delegated to the Director of City Development, in consultation with the Executive Member for Economy & Transport, to enter into a development agreement with a preferred developer or developers selected through the procurement exercise, with the final terms of any such agreement to be reported back to Executive Board for information.

- 2.7 Market testing was undertaken in 2014 to inform the approach to delivery as set out in the Executive Board report. The market responses stated that sites were more viable in these market locations if they were packaged together in order for developers to achieve economies of scale in the development of the sites.
- 2.8 Additionally, the Council has been successful in securing funding through the Local Growth Fund which forms part of the Government's Growth Deal for the Leeds City Region. £1.1m of loan funding has been secured to undertake works to eight sites included within the brownfield land programme to enhance their attractiveness and viability through directly undertaking ground condition works to reduce abnormal development costs. Seven of the eight sites receiving the loan are included in the sites proposed for disposal via the DPP, these are shown in the table below. It is worth noting that the value achieved for these sites must meet the best consideration requirements to allow the loan funding to be state aid compliant.

3 Main issues

The sites

- 3.1 The sites are shown on the attached plan at appendix 1. The sites are situated in the neighbourhoods of Seacroft, Osmondthorpe, Halton Moor and the Beckhills, and are part of the brownfield land programme. The majority of have previously been developed with council houses or schools that have now been demolished due to a range of sustainability issues.
- 3.2 The sites have been cleared and are vacant and available for redevelopment. The Council has full title of each of the sites.
- 3.3 As stated above, the delivery of these sites for new housing will contribute to the delivery of housing targets for the city on brownfield land, as well as significantly contributing to the regeneration of these neighbourhoods.
- 3.4 The sites that are proposed for disposal via the DPP are shown in the table below and on the plan at appendix 1. The table below also includes information on whether the site was named in the Executive Board report in November 2014 for disposal via the DPP and where sites are receiving Local Growth Fund loans for remediation works as mentioned in 2.8 of this report. The table also shows the vesting information for the sites.

Site	Neighbourhood	Size (Ha)	Executive Board named site (Y/N)	LGF loan site (Y/N)	Site vesting department
Former Asket Hill Primary	Seacroft	5.28	Y	N	E & H
Kentmere Approach	Seacroft	4.35	Y	N	E & H
Old York Road	Seacroft	0.98	Y	N	E & H
Brooklands Avenue	Seacroft	5.47	N	Y	E & H
Parkway Close	Seacroft	1.24	Y	Y	E & H

Brooklands Drive	Seacroft	1.58	Y	Y	E & H
Bishop's Way	Seacroft	4.33	N	N	E & H
Seacroft Crescent North	Seacroft	0.56	Y	Y	CD
Cartmell Drive	Halton Moor	1.33	N	Y	E & H
Kendal Drive	Halton Moor	0.43	Y	Y	E & H
Rathmell Road	Halton Moor	2.28	N	Y	E & H
Wyke beck Mount (west)	Osmondthorpe	1.57	Y	N	E & H
Wyke beck Mount (east)	Osmondthopre	1.53	Y	N	CS
Beckhill Approach (housing and schools site)	Meanwood	5	N	N	CS and E H
Beckhill Grove	Meanwood	0.4	N	N	E & H
	TOTAL	36.33			

- 3.5 The sites that were not identified within the Executive Board report in November 2014 for disposal via the DPP were at the time being progressed for disposal through a separate marketing exercise. However, due to the potential benefits of packaging the sites as part of the DPP exercise, they are now proposed for inclusion within this process to maximise housing development in the neighbourhoods of Seacroft and Halton Moor, providing increased economies of scales within the delivery packages and wider regeneration of the areas. The Director of City Development will be asked (as per delegated approvals) to approve the inclusion of Brooklands Avenue, Bishop's Way, Cartmell Drive, Rathmell Road, Beckhill Approach and Beckhill Grove in the programme for disposal via the DPP alongside sites previously agreed at Executive Board on 19th November 2014. This approval will be sought once the sites have been declared surplus.
- 3.6 The Beckhill sites provide an opportunity for housing development alongside estate regeneration improvements as detailed in the Beckhills Neighbourhood Framework which was approved as informal planning guidance by the Council in September 2014.
- 3.7 Detailed descriptions of each of the sites can be found in the draft Sifting Brief which is included within confidential appendix 2.
- 3.8 It is recommended that the sites listed at 3.4 vested with Environment & Neighbourhood, and shown at appendix 1, are declared surplus to the Directorate's requirements to allow for disposal via the DPP.
- 3.9 When sites have been declared surplus to the Directorate's requirements a report will be taken to the Director of City Development to request that all sites in the table above are declared surplus to the Council's requirements, approvals sought to include the additional sites and approval for the marketing of the sites via the Delivery Partner Panel.

The Delivery Partner Panel process

- 3.10 Delivery options were presented to Executive Board on 19th November 2014. Approval was given to use the HCA's Delivery Partner Panel (DPP) as a means of procuring and contracting a development partner or partners to progress the delivery of new housing on the Council's brownfield land, through large packages or 'lots' of sites to ensure economies of scale and critical mass.
- 3.11 This was agreed on the basis that the DPP is readily available for use by the Council and that panel members have shown an interest in these sites via the market testing. The timescales to select developers is also streamlined as the OJEU process has been undertaken by the HCA.
- 3.12 Executive Board were keen to progress with a number of development packages to ensure that there was opportunity to work with more than one developer and also to spread the development risk between packages.
- 3.13 The delivery requirements are set out in the sifting brief at confidential appendix 2, which details requirements for design, packaging and phasing, construction benefits, financial offers, and contracting arrangements.
- 3.14 The sites have been split into the following packages, which are represented on the plan at appendix 1.

Package	Sites
Package 1	Former Asket Hill Primary Kentmere Approach Old York Road Depot Wykebeck Mount (east), Osmondthorpe Rathmell Road*, Halton Moor Kendal Drive*, Halton Moor
Package 2	Brooklands Drive Parkway Close Brooklands Avenue Seacroft Crescent (North) Bishop's Way Wykebeck Mount (west), Osmondthorpe Cartmell Drive (North)*, Halton Moor
Package 3	Beckhill Approach (cleared housing and school site) Beckhill Grove

3.15 Each development package proposed will be subject to the preferred partner entering into a development agreement with the Council to govern the delivery of sites. The development agreement will detail the phasing of sites within the packages. As detailed in the sifting brief at appendix 2, it is proposed that sites are drawdown within in any one package on an incremental basis in order to ensure delivery and progress within a package without land banking .

3.16 The timescales for the DPP process are shown in the table below.

DPP Stage	Timing
Initial expressions of interest to be returned	11 th June – 25 th June 2015
Sifting brief sent out	6 th July
Sifting brief returns	27 th July 2015
Select panel members invited to tender	3 rd August 2015
Mini tender return (10wks)	3 rd August – 5 th October 1015
Interviews	October 2015
Confirmation of selected bidder	November 2015
Legal agreements completed	March 2016

3.17 It is anticipated that development will commence on site in spring/ summer 2016.

4 Corporate Considerations

4.1 Consultation and Engagement

4.1.1 The Executive Member for Regeneration, Transport & Planning has been briefed on proposals and is supportive of delivery via the DPP and the sites that are to be included.

4.1.2 The Killingbeck & Seacroft Ward Members have been consulted on the process and the sites for inclusion. The inclusion of sites is in line with the proposals contained

within the Seacroft Neighbourhood Framework and ward members are supportive of the disposal of these sites.

- 4.1.3 Seacroft Ward Members have however requested that provisions are made within the Council Housing Growth programme to support the purchase of properties off the shelf on these sites. This matter will be subject to approval by the Council Housing Programme Board in due course.
- 4.1.4 The Temple Newsam Ward Members have been briefed on the DPP approach and the inclusion of sites. They are supportive of this approach on the basis that land has now been identified for new school provision in the area.
- 4.1.5 The Chapel Allerton Ward Members were heavily involved in the preparation of the Beckhill Neighbourhood Framework and are supportive of the proposal to dispose of sites using the DPP and seek wider neighbourhood improvements as set out in the Neighbourhood Framework.

4.2 Equality and Diversity / Cohesion and Integration

- 4.2.1 Equality, Diversity, Cohesion and Integration screening has been undertaken and is attached at appendix 3.
- 4.2.2 There are no current equality issues arising from the proposal to market these sites. However, this should be reviewed once the preferred partner is selected and prior to entering into the development agreements.
- 4.2.3 In general terms the project will have a positive equality impact by increasing the number of new homes, type of homes, and affordable homes on the sites and will increase the level of housing choice for people wishing to live in Seacroft, Osmondthorpe, Halton Moor and the Beckhills.

4.3 Council Policies and City Priorities

- 4.3.1 The Brownfield Land Programme and more generally the development of new housing on previously developed land relates strongly to the Best City agenda, in particular Best City to Live and Best City to do Business. Securing development on previously developed land ensures growth of the city in a sustainable way, minimising the need to develop on greenfield sites. In addition the proposed approach gives the potential to secure investment in new homes and attract investment from both the private and public sectors.
- 4.3.2 This programme also supports the Best Council Plan objectives to promote Sustainable and Inclusive Economic Growth; Build a Child Friendly City; support the delivery of The Better Lives Programme, Delivering High Quality Public Services and Creating an Efficient and Enterprising Council.

4.4 Resources and Value for Money

- 4.4.1 The Council's brownfield sites are actual or potential liabilities in terms of management and maintenance costs. They detract significantly from the neighbourhoods in which they are located and have a negative impact on the delivery of council and other public services (through health and safety issues and anti-social behaviour).

- 4.4.2 Disposing of the sites included in this report (listed at 3.4 above), via site packages, will support viable development, generate New Homes Bonus and maximise the capital receipts from these sites.
- 4.4.3 The approach using the HCA's DPP is free of charge, with established processes and draft legal documents. This will save the Council considerable time and resources compared to establishing another procurement route for a multi-site approach.
- 4.4.4 Executive Board has previously approved the principle that receipts achieved through the sale of sites should be used to support disposal and development of other sites within the programme.
- 4.4.5 In addition, as outlined in the report the Council has been successful in securing an allocation of funding through the Local Growth Fund to undertake works to de-risk sites prior to marketing.
- 4.4.6 The delivery of this scheme will be resourced from existing resources within the Asset Management and Regeneration Service, working in a coordinated way with the Housing Growth Team.

4.5 Legal Implications, Access to Information and Call In

- 4.5.1 Under Part 3 Section 3E Paragraph 2(a) of the Council's Constitution (Officer Delegation Scheme (Executive Functions)) the Director of City Development has authority to discharge any function of Executive Board in relation to the management of land (including valuation, acquisition, appropriation, disposal and any other dealings with land or any interest in land) and Asset Management.
- 4.5.2 The proposal constitutes a significant operational decision and is therefore not subject to call in.
- 4.5.3 Analysis of the responses to the tender process will determine whether the sites can be sold and a capital receipt realised. It is currently being recommended that sites be marketed and any recommendation regarding the terms for sale and issues relating to the Council's obligations to achieve best consideration will be addressed in a subsequent report. In the event that offers are considered to be less than best consideration it will be reported to Executive Board for consideration.
- 4.5.4 The information contained in the confidential Appendix 2 attached to this report relates to the business affairs of the Council. This information is currently not publicly available and is confidential at this point in time as it contains information about a future disposal procedure that is yet to be agreed. It is considered that this information is likely to prejudice the Council's commercial interests at this point in time. It is therefore considered that this element of the report should be treated as exempt under Rule 10.4.3 of the Access to Information Procedure Rules. It should be noted that this information will be made publically available once the disposal process is agreed and initiated.

4.6 Risk Management

- 4.6.1 Risks associated with the proposal to market the sites via the DPP are considered below:

- a) No interest is generated – this is considered to be unlikely as the responses to the market testing revealed interest in developing the sites. The responses indicated the Council's expectations to realise capital receipts should be managed, but prospects increase when sites are packaged. New housing could be delivered on site.
 - b) Development proposals may not be acceptable – Significant planning guidance is provided in the sifting brief which refers to planning statements and guidance documents where appropriate. Delivery partners will be able to meet with Planning Officers during the tender period and will be asked to agree a planning agreement prior to entering into the Development Agreement.
 - c) Delay in Delivery - The risk of delay in delivery via the DPP will be mitigated by limiting the packaging of sites and keeping some sites within the overall Brownfield Land programme outside of the DPP process for single site disposal. The documentation will provide for an incentive mechanism to require delivery partner(s) to continue to deliver on their programme as far as is possible.
- 4.6.2 A high level risk register has been developed and will be monitored and managed through established project management arrangements.

5 Conclusions

- 5.1 The delivery of sites through the DPP has the potential to develop c800 new homes on the sites identified in this report over a 5-7 year period. This will make a significant contribution to housing growth targets and the regeneration of the Seacroft, Osmondthorpe, Halton Moor and Beckhill neighbourhoods.
- 5.2 It can be concluded that these sites should be disposed of via the DPP with tenders being received by a closing date. Any tenders received will be reported to the Director of City Development with a recommendation for approval.
- 5.3 It is anticipated that tenders will be received by Autumn/ Winter 2015 with preferred developer(s) in place by March 2016. Commencement on site is anticipated for Spring/ Summer 2016.

6 Recommendations

- 6.1 It is recommended to
 - a. Declare the sites included in this report, vested with Environment & Housing, surplus to the Directorate's requirements to allow for disposal via the DPP.

7 Background documents¹

N/a

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.