

**Report of:** Housing Growth Team and Land and Property

**Report to:** Director of Environment and Housing

**Date:** 21/07/2015

**Subject:** 'Property Acquisitions' (Council Housing Growth Programme) – Former Lord Cardigan PH Site

Are specific electoral Wards affected?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, name(s) of Ward(s):	Bramley & Stanningley	
Are there implications for equality and diversity and cohesion and integration?	<input checked="" type="checkbox"/> Yes	<input 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: 1		
Appendix 1 to this report has been marked as confidential under Access to Information Procedure Rules 10.4 (3) on the basis that it contains information relating to the financial or business affairs of any particular person (including the authority holding that information) which, if disclosed to the public, would, or would be likely to prejudice the commercial interests of that person or of the Council.		

## Summary of main issues

- 1 The Leeds' Core Strategy has set a target to build 70,000 homes between 2012 and 2028. To achieve this high priority breakthrough project for the Council, there are a number of key initiatives in place in order to meet these challenging objectives. One of the main work streams is to increase council housing by purchasing off the shelf or off plan housing units from private development sites across the City, especially in areas where the Council is low in housing stock and demand exceeds supply.
- 2 In September 2012, the Executive Board endorsed the development of an investment programme to deliver new council housing in the city by various means. Through a series of subsequent reports the latest being 15th July 2015, the Executive Board approved the opportunity for the Council to enter into a programme of acquisitions which included the purchasing of privately developed housing units. These opportunities are an effective way of increasing Council House stock especially in areas where demand exceeds available supply. The other benefits are that the units can be delivered quickly and represent value for money particularly as there has been the opportunity to negotiate a value for money price.

- 3 The detailed development of the investment programme was delegated by the Executive Board to the Directors of City Development (in respect of land use) and Environment and Housing (in respect of programme, scheme details and cost).
- 4 In March 2015, the council approached RDF Building Services to establish the possibility of acquiring the development of 8 residential units being built on the former Lord Cardigan Public House site, which is now cleared and vacant.
- 5 This report is to request approval in connection to the acquisition of the development.

## **6 Recommendations**

The Director of Environment and Housing is recommended to approve the terms of the acquisition of the 8 residential units from RDF Building Services at Town Street, Bramley, in respect of programme, scheme details and cost on the terms as set out in the confidential appendix as part of the Council House Growth Programme approved at Executive Board 15 July 2015

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### **1 Purpose of this report**

- 1.1 The purpose of this report is to recommend the proposal that the Council acquires the residential development (8 no units) being constructed by RDF Building Services on the former Lord Cardigan Pub site, which will contribute to the aims of the Council Housing Growth Programme.

### **2 Background information**

- 2.1 The derelict former Lord Cardigan public house was demolished as part of Leeds City Council's Derelict and Nuisance Property Programme in 2012, since then the cleared site has been left dormant.

### **2.2 Council House Growth Programme**

Executive Board on 17 July 2013 approved a report from the Director of Environment and Housing on the Council Housing Growth Programme. This programme aims to increase the number of council owned residential dwellings available for Council letting in line with demand. As part of this, a value for money option is to increase the number of new council houses by purchasing properties directly from developers, either off the shelf or off plan.

### **3 Main issues**

#### **3.1 Acquisition of the 8 properties**

- 3.1.1 The 0.48 acre site was granted planning permission (ref: 15/00155/FU) on 09 March 2015 for 8 no. 3 bedroomed mews type properties. The site layout is attached (appendix 2).

- 3.1.2 Proposals are:

8 x 2 bedroom Town House dwellings each with 2 x allocated parking spaces.

- 3.1.3 The site had planning permission and the developer had a proposed a 3 bedroom specification for the properties. The Council has requested that the design is altered to accommodate Leeds Standard specifications allowing for two sizeable bedrooms with an easy option incorporated within the property's design to enable conversion back to 3 bedrooms should the size of the tenanted family increase. In addition to the variation to the bedroom numbers, further variations to the original specification have been agreed to include the removal of the en-suite bathroom and upgrades to incorporate elements of the Leeds Standard. Details of the variations are attached in Appendix 3.
- 3.1.4 The provisionally agreed purchase price is contained in the confidential appendix (Appendix 1) accompanying this report, purchase costs and costs of specification changes have been valued by a surveyor within the Council's Land and Property service.
- 3.1.5 Properties are to be built in accordance with the approved planning permissions, building regulations and will be transferred with the benefit of Professional Consultants Certificates (A Six Year Structural Certificate).

Demand in the area is for 2 bedroom houses as seen below which corresponds with these proposals. Figures as seen below show high demand for Bramley Town Street and also across the board in the rest of Bramley area.

<b>Bramley Town Street</b>	Number Let	Number of bids	Average bid per property let
1/2 Bed House	2	86	43
<b>2 Bed House</b>	<b>5</b>	<b>753</b>	<b>151</b>
3 Bed House	6	380	63
<b>Wider Bramley area</b>			
1/2 Bed House	1	77	77
<b>2 Bed House</b>	<b>60</b>	<b>7488</b>	<b>125</b>
3 Bed House	36	1879	52

- 3.8 The Director of Environment and Housing is recommended to approve the terms detailed in the confidential appendix for the Council's acquisition of the residential properties from RDF Building Services.

## **4 Corporate Considerations**

### **4.1 Consultation and Engagement**

- 4.1.1 In May 2015, the then Deputy Leader and Executive Member for Neighbourhoods, Planning and Support Services and the Bramley & Stanningley Ward Members were briefed on these proposals. Ward Members were very supportive of proposals for the acquisition of the dwellings. A briefing note to the new Executive Member for Statutory Housing will be prepared and her approval sought prior to conclusion of the acquisition.

## **5 Equality and Diversity / Cohesion and Integration**

- 5.1 An EIA screening exercise was carried out and this demonstrated that the proposal will assist in advancing equality by increasing much needed affordable housing in the Bramley area. The EIA screening document is attached (Appendix 4).

## **6 Council Policies and City Priorities**

- 6.1.1 Housing Growth is one of the Council's key priorities. In order to meet the challenges of a growing population and ensuring the right infrastructure is in place to keep pace with it, 70,000 new homes will be needed for Leeds between 2012 and 2028.
- 6.1.2 The Housing Growth and Jobs is one of the Council's Breakthrough Projects and the Council Housing growth programme which forms part of it was approved by Executive Board in July 2013 and in an updated report dated March 2015. Its aims are to deliver a programme of £134m investment in new council stock using Housing Revenue Account funding
- 6.1.3 The site locations within the programme are determined by evidence of demand which is drawn from an analysis of the waiting list supplemented by Housing Needs Assessments. The programme provides opportunities to meet a range of corporate objectives including supporting housing growth through assisting stalled sites and addressing derelict and nuisance sites.
- 6.1.4 The Council also aims to set a high standard for homes in Leeds, to help create safer, stronger and healthier communities. The newly implemented Leeds Standard will make the best use of space, energy efficiency and design quality. Key elements of the Leeds Standard have been incorporated (where appropriate) into these proposals, especially in terms of energy efficiency. These inclusions can be seen on the specification document (Appendix 3).

## **7 Resources and Value for Money**

### **7.1 Return on Investment for rented dwellings (Payback Period)**

#### **7.1.1 Pay Back Period**

Using the same value for money assessment carried out for the 2015 – 2018 buy back of empty properties policy, the payback periods for the Lord Cardigan units, with year 1 at an affordable rent of £98 per week (equivalent to 80% of market rent for the area), is 19 years.

- 7.1.2 Given that the normal rate of recovery of a Capital Outlay is 30 years (LCC Property Purchase Policy) this should be viewed as favourable return on investment and good value for money for the council.

## **8 Funding**

- 8.1 Funding would come from a mix of the Housing Revenue Account Right to Buy Replacement programme and also from the Council's accumulated commuted sums. Further financial information relating to costs per unit and total scheme costs including payment schedules can be found in the confidential section of this report (appendix 1.)

## **9 Legal Implications, Access to Information and Call In**

- 9.1.1 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.

9.1.2 The proposal constitutes a significant operational decision and is therefore not subject to call in.

## **10 Public Interest paragraph**

The information contained in the Appendix attached to this report relates to the financial or business affairs of a particular person, and of the Council. This information is not publicly available from the statutory registers of information kept in respect of certain companies and charities. It is considered that since this information was obtained through one to one negotiations for the disposal of the property/land then it is not in the public interest to disclose this information at this point in time. Also it is considered that the release of such information would or would be likely to prejudice the Council's commercial interests in relation to other similar transactions in that prospective purchasers of other similar properties would have access to information about the nature and level of consideration which may prove acceptable to the Council. It is considered that whilst there may be a public interest in disclosure, much of this information will be publicly available from the Land Registry following completion of this transaction and consequently the public interest in maintaining the exemption outweighs the public interest in disclosing this information 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.

## **11 Risk Management**

Risks will be managed via the Council Housing Growth Programme. A risk register for the programme is already established. A risk action log specific to this acquisition will be produced to monitor delivery and manage the project through the construction phases up until the completion of the contract (12 months following Practical Completion). Any high or very high risks will be reported to the Housing Growth Programme Board.

## **12 Conclusions**

12.1 Purchasing units from RDF will provide a relatively quick delivery route for the Council Housing Growth Programme as planning permission is already in place with the developer ready to commence work on site in July 2015. RDF proposes the completion of the 8 residential units by December 2015.

## **13 Recommendations**

The Director of Environment and Housing is recommended to approve the terms for the acquisition of 8 residential units from RDF Building Services at Town Street, Bramley, in respect of programme, scheme details and cost on the terms as set out in the confidential appendix as part of the Council House Growth Programme approved at Executive Board 15 July 2015.

## **14 Background documents<sup>1</sup>**

None

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<sup>1</sup> 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.