



Report of the Director of Environment and Neighbourhoods

Executive Board

Date: 8th February 2008

Subject: Disposal of Land for Affordable Housing

Electoral Wards Affected:

Ward Members consulted
(referred to in report)

Specific Implications For:

Equality and Diversity

Community Cohesion

Narrowing the Gap

Eligible for Call In

Not Eligible for Call In

(Details contained in the report)

EXECUTIVE SUMMARY

This report seeks approval of the Executive Board to dispose of the first six sites, from the 77 acres within the Affordable Housing Strategic Partnership (AHSP), at less than best consideration of £5k per plot. The Council would forego a receipt of £3.05m on these sites but in doing so would enable Housing Corporation grant funding of £4.6m and potential private sector investment of £13.8m to develop approximately 190 new units of affordable housing.

The report also asks the Executive Board to agree to delegate responsibility for further disposals of sites, within the AHSP, at less than best consideration of £5k to the Director of City Development.

Approval of this report will support the Council in achieving its strategic aim of increasing the number of affordable houses within the city.

Purpose Of This Report

1.1 The purpose of this report is to

- Seek Executive Board approval to dispose of the first six sites within the AHSP at less than best consideration calculated at £5,000 per plot.
- Seek Executive Board approval to delegate decisions to the Director of City Development at less than best consideration calculated at £5,000 per plot, with reference to the remaining sites within the 77 acres.

2.0 Background Information

2.1 In March 2007 Executive Board agreed to establish an Affordable Housing Partnership. It was agreed that 77 acres of Housing Revenue Account (HRA) land should be set aside for the Partnership on which to develop additional affordable housing in the city. Any surplus capital from receipts were agreed to be recycled into the partnership to support the delivery of affordable housing up to the agreed target figures.

2.2 The Partnership is made up of the City Council, The Government Office, The Housing Corporation, English Partnerships, Leeds Initiative and Leeds Housing Partnership. It has met three times since March and has concentrated on preparing six phase 1 sites for bids from Housing Associations to the Housing Corporation's 2008/11 National Affordable Housing Programme. Further bids will be made to the programme at a later date.

2.3 The first six sites are at :

- Chaucer Gardens, Pudsey
- Farrow Road Leeds 12
- Highfield Gardens, Wortley
- Holmsley House, Woodlesford
- Eastleigh House, Tingley
- Glen Road, Morley

2.4 As these sites are being developed under the Housing Corporations National Affordable Housing Programme, 2008/11, a start on site needs to be achieved before Dec 2010 and the Housing Corporations regulations for social rented units and open market homebuy must be adhered to. To reflect the housing need in these areas a 50/50 split between social rent and homebuy has been agreed.

3.0 Main Issues

3.1 The Housing Corporation and the Council have jointly assessed the bids submitted for this initiative. The Council supported bids which met the Council's criteria, which included the lowest rents and that homes would be built to a lifetime homes specification. The Housing Corporation then determined which bidder was successful using its grant index formulae. This Index produces a ranking of products taking into account the value and quality of each unit. Using this process along with the Council's criteria a successful bidder has been chosen.

3.2 The successful bidder cannot be named until formally announced by the Housing Corporation later this month.

- 3.3 The Council now needs to dispose of the land to the successful bidder. The AHSP does not have authority to dispose of Council assets..The first six sites were valued in Spring 2007 as having a combined gross value of £4m.
- 3.4 The disposal of these sites will be at less than best consideration, as it is a condition of the National Affordable Housing Programme that the Council supplies land on this basis. The Council, instead of the full market value, will receive £5k per plot on a site.
- 3.5 Proposals are that the first six sites will produce approximately 190 units and a corresponding capital receipt of £950k (based on £5k per plot). The Housing Corporation will provide £4.6m funding and an estimated private sector leverage of £13.8m
- 3.6 The Partnership is working on a range of sites within the 77 acres and will need approvals to dispose of sites on a periodic basis. It is proposed that the Executive Board report gives approval for future disposals to be determined by the Director of City Development under delegated powers, at less than best consideration based on £5k per plot.
- 3.7 A full list of all the sites allocated to the Partnership is attached at Appendix 1. Part A of the Appendix identifies the initial six sites and Part B identifies the remaining sites.
- 3.8 Although the two lists show that the Council would forego a capital receipt of £35.882m, the March 2007 Executive Board report identified that approximately half of the sites would be disposed of in this manner. Therefore, in effect the foregone receipt would be nearer £18m. By disposing of the land in this manner a total of £37m grant from the Housing Corporation could be achieved along with £118m potential private sector investment.
- 3.9 All delegated decisions that will be taken by the Director of City Development will be based upon recommendations from the AHSP Board which includes Councillor Andrew Carter, who chairs the Board, Councillor Les Carter, Councillor Richard Lewis and Councillor Judith Chapman.
- 3.10 If there was a failure to achieve a consensus on a disposal option, decisions would be referred back to the Executive Board.

4.0 Implications For Council Policy And Governance

- 4.1 The report builds on previous Executive Board decisions and proposes delegating disposal authority for the 77 acres to the Director of City Development

5.0 Legal And Resource Implications

- 5.1 Any disposal of land which is held by the Council for the purposes of Part II of the Housing Act 1985 requires the consent of the Secretary of State pursuant to Section 32 of that Act. In addition, Section 25 of the Local Government Act 1988 provides that a local authority cannot provide any person with financial assistance for privately let housing accommodation without the consent of the Secretary of State.
- 5.2 As regards the initial six sites, Legal Licensing and Registration have confirmed that consent to both the disposal of those sites and the provision of financial assistance by way of a disposal at less than best consideration is given by The General

Consent under Section 25 of the Local Government Act 1988 for the Disposal of Land to Registered Social Landlords 2005.

- 5.3 As regards the remaining sites, it is proposed to apply to the Secretary of State for specific consent to dispose of those sites at less than best consideration. This is because the 2005 General Consent provides that the total value of any financial assistance given by the Council under that consent shall not exceed £10 million in any financial year.

6.0 Member Involvement

- 6.1 Elected Members are involved in the process and will be further involved in the process of determining the future developments on these sites. Senior Councillors sit on the Board of the AHSP which oversees the development of affordable housing on these sites.
- 6.2 Individual ward members will be consulted on the detailed plans once drawn up by the successful bidder and ward members in wards neighbouring development sites will be kept informed of developments.

7.0 Conclusions

- 7.1 The AHSP has been operating since August 2007 and the first sites are ready for disposal at less than best consideration.
- 7.2 The Council will forego a capital receipt of approximately £3.05m but in so doing will lever in an estimated £18.4m of investment to provide 190 new units of affordable housing in the city on these six sites.

8.0 Recommendations

- 8.1 The Executive Board is recommended to agree to dispose of the first six sites within the Affordable Housing Partnership at less than best consideration calculated at £5,000 per plot.
- 8.2 The Executive Board is recommended to agree to delegate approval to dispose of other sites within the 77 acres allocated to the Affordable Housing Strategic Partnership (AHSP) to the Director of City Development where the disposal is at less than best consideration calculated at £5k per plot.

Appendix 1

First Six Sites

Address	Hectares	Acres	Value £M	Est No of units	Value of Capital Receipt	Capital Receipt Foregone
Chaucer Gardens, LS28	0.17	0.42	0.16	26	£130k	£30k
Farrow Road, LS12	0.20	0.49	0.38	27	£135k	£245k
Eastleigh House, Tingley	0.32	0.80	0.56	31	£155k	£405k
Glendale House, Morley	0.46	1.13	0.90	26	£130k	£770k
Highfield Gardens, LS12	0.78	1.93	1.40	44	£220k	£1.180m
Holmsley House, Woodlesford	0.30	0.75	0.60	36	£180k	£420k

Remaining Sites

Address	Hectares	Acres	Value £M	Est No of units	Value of Capital Receipt	Capital Receipt Foregone
Mistress Lane, LS12	1.22	3.02	1.60	88	£440k	£1.599m
Scott Hall Square, LS7	0.73	1.80	1.00	53	£265k	£999k
Walmer Grove, LS28	1.38	3.41	2.50	99	£495k	£2.499m
Waterloo Grove, LS28	1.64	4.05	2.00	118	£590k	£1.999m
Middleton 1, site a	3.25	8.04	3.75	234	£1.170m	£2.580m
Middleton 1 site b	0.29	0.71	0.35	21	£105k	£245k
Middleton 1 site c	0.42	1.03	0.50	30	£150k	£350k
Middleton 1 site d	0.63	1.56	0.75	45	£225k	£525k
Middleton 1 site e	0.58	1.43	0.70	42	£210k	£490k
Middleton 1 site f	1.90	4.70	3.00	137	£685k	£2.999m
Middleton 1 site g	0.93	2.30	1.38	67	£335k	£1.379m
Middleton 2, a	3.83	9.46	5.00	276	£1.38m	£3.620m
Middleton 2 site b	2.22	5.47	0.87	160	£800k	£70k
Park Lane/ Burley Street	0.13	0.32	1.00	9	£45k	£955k
Rookwood Vale, Garages	0.09	0.22	0.07	7	£35k	£35k
Hawkesworth Wood, site a	0.30	0.73	0.44	22	£110k	£330k
Hawkesworth	0.33	0.82	0.49	24	£120k	£370k

Wood, site b						
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Address	Hectares	Acres	Value £M	Est No of units	Value of Capital Receipt	Capital Receipt Foregone
Hawkesworth Wood, site c	0.99	2.45	1.47	71	£355k	£1.135m
Hawkesworth Wood, site d	0.20	0.50	0.30	14	£70k	£230k
Hawkesworth Wood, site e	0.26	0.65	0.39	19	£95k	£295k
Hawkesworth Wood, site f	0.19	0.47	0.28	14	£70k	£210k
Hawkesworth Wood, site g	0.54	1.32	0.79	39	£195k	£595k
Corporation Street, Morley	0.35	0.85	0.68	25	£125	£555k
Fairfields option 1, site a	1.15	2.84	0.93	83	£415k	£515k
Fairfields option 1, site b0.37	0.83	2.04	0.66	60	£300k	£360k
Fairfields option 1, site c	0.25	0.61	0.18	18	£90k	£90k
Fairfields option 1, site d	0.15	0.37	0.11	11	£55k	£55k
Fairfields option 1, site e	0.19	0.48	0.14	14	£70k	£70k
Fairfields option 1, site f	0.20	0.49	0.15	14	£70k	£80k
Beckhill approach	1.8	4.50	2.50	130	£650k	£2.499m
Beckhill Avenue/ Grove	2.05	5.12	2.05	148	£740k	£2.049m
Totals	24.62	77.29	40.01	2252		
Abnormals			16			
Net Site Values			24.01			