

Agenda Item No:

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Report of: Head of Land and Property
Report to: Director of City Development
Date: January 2018
Subject: Former Social Services Office Site, Roundhay Road, Leeds

Are specific electoral Wards affected?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, name(s) of Ward(s):	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 type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, Access to Information Procedure Rule number:	10.4(3)	
Appendix number:	1	

Summary of main issues

1. The subject site, as identified on the attached plan, comprises a vacant council owned piece of land on Roundhay Road located on the boundary of the Chapel Allerton ward.
2. The subject site is part of a once wider former social services offices site which is being considered in two parts, the northern element has been sold for the provision of a two form entry Primary School, and it is recommended that the southern half be sold for a cohousing and affordable housing development. The subject site is the cohousing / affordable housing element. This is to be split and sold under two transactions, one to Chapeltown Cohousing (ChaCo) to bring forward the cohousing element of the scheme, the other to Unity Housing Association to bring forward the affordable housing element. Further details are contained within the confidential appendix.
3. The Chief Officer Economy & Regeneration approved entering into one to one negotiations and an exclusivity agreement with the buyers on the 13th September 2016 in order for provisional terms to be negotiated for the disposal of the subject site.
4. The Heads of Terms have now been agreed for the transactions and it is recommended that the Council approves the sale of the subject site to facilitate a Cohousing and affordable housing development.

5. The site has high abnormal development costs and an application was made by Leeds City Council to the Housing Infrastructure Fund (HIF). The bid was successful and it is proposed that a Grant Agreement is entered into between the Council and the buyers to cover the abnormal development costs. Additionally, a Recoverable Grant Agreement is proposed between the Council and ChaCo to contribute towards build costs.

Recommendation

6. It is recommended that approval is granted to declare the subject site surplus to Council requirements and that the sale of the subject site, as identified on the attached plan, be approved. The sale terms are detailed within the Confidential Appendix
7. It is also recommended that approval is granted to the principle of entering into a Grant Agreement for the remediation of the site together with a Recoverable Grant Agreement to contribute towards development costs. The detailed terms of these 2 agreements will be the subject of a future report to seek approval to.

1 Purpose of this report

- 1.1 The purpose of this report is to recommend that:
 - I. the sale of the subject site be approved, the terms of which are detailed within the confidential appendix
 - II. a Grant be offered to cover remediation costs associated with the development of the site and that a Recoverable Grant be offered to contribute towards build costs

2 Background information

- 2.1 The site originally housed social services offices before vacation in 2014. The buildings have since been demolished and the site is now clear.
- 2.2 Chapeltown Cohousing (ChaCo) have made representations to the council, including Executive Members, to redevelop part of the site for a cohousing development consisting of a low cost, high density urban community. Progress of this matter stalled whilst the site was under consideration for a school, however, once clarification of the school requirement was determined and the boundaries agreed, negotiations continued.
- 2.3 It was originally agreed that the school requirement was approx. 1.5ha with the remaining approx 1.0ha being available for cohousing use. Since this date the school requirements have changed and further land is required to facilitate a 'through school'. The site immediately to the north of the subject site has been sold for the Primary School element and alternative landholdings within the immediate vicinity of the site have been provisionally identified for the Secondary School element.
- 2.4 The Cohousing element will be brought forward by ChaCo. The development will consist of 29 dwellings, a 5 bed HMO and a Common House. In addition, ChaCo will make available four self-build plots. The affordable Housing element will be brought forward by Unity Housing Association. The development will consist of 30

flats over 2 blocks, made available for over 55s. Planning Permission for the described scheme was granted on the 20th October 2017.

- 2.5 On 13th September 2016 the Chief Officer Economy & Regeneration gave approval to enter into one to one negotiations with ChaCo for the sale of the Former Social Services Offices. Since then, the principle of providing a blend of co-housing, affordable housing for over 55s and self-build plots is unchanged, however the mix of each has been revised.

Original Approved Proposal September 2016	Revised Proposal October 2017
29 Cohousing Units plus Common House	29 Cohousing Units plus Common House
24 unit block of Affordable Housing Flats by Unity	24 unit block of Affordable Housing Flats by Unity
4 x Self Build Plots to LATCH	6 unit block of Affordable Housing Flats by Unity
5 x Self Build Plots	4 x Self Build / Self Finish Plots (Subject to change based on demand)

2.6 Further amendments are detailed below;

- 2.6.1 The original intention was to sell the freehold of the complete site to ChaCo. ChaCo were then to sell 999 year Leases to Unity Housing and LATCH, LATCH being a 3rd sector organisation willing to take on 4 of the original 9 proposed self-build plots. Latch have since withdrawn their interest from the site and Unity request the freehold for their residential development, it is now therefore recommended that the freehold interest be sold in part to ChaCo and in part to Unity.
- 2.6.2 Unity originally intended to take approx. 25% of the site. It is now planned that Unity take the former LATCH plots which increases Unity Housings ownership to approx 38%.
- 2.7.3 With Unity taking the original 4 LATCH plots the number of Self Build plots has reduced from 9 to 5.
- 2.7.4 ChaCo has requested the flexibility to provide either Self Build or Self Finish plots. Furthermore, if ChaCo is unable to sell the plots for such purposes they have requested the option to sell to a Registered Provider (RP). Should a sale to an RP be unsuccessful they have requested permission be given to incorporate the site into the existing co-housing scheme. This is agreed and features within the Heads of Terms. Should the Self Build plots be sold to Unity Housing then this would increase Unity's ownership of the site to nearer 50%.

3.0 Main issues

- 3.1 The purpose of this report is to recommend for approval the Heads of Terms detailed within the confidential appendix.
- 3.5 Prior to exchange the buyer has undertaken site survey works in order to establish any abnormal costs relating to highway access improvements, contamination, ground conditions and bespoke foundation requirements.
- 3.6 Site survey works have confirmed that the development will be subject to abnormal costs, the details of which are contained within the confidential appendix. The

Council applied to the Housing Infrastructure Fund to cover the abnormal costs associated with the development of the subject site. The bid was successful. Further details are contained within the confidential appendix.

- 3.7 There is a shortfall in ChaCo's development funding. The Council applied to the Housing Infrastructure Fund to cover this shortfall. The bid was successful. It is proposed that a Recoverable Grant be offered to ChaCo for this purpose. Further details are contained within the confidential appendix.

4 Corporate Considerations

4.1 Consultation and Engagement

- 4.1.1 Councillors Jane Dowson, Mohammed Rafique and Eileen Taylor, members for the Chapel Allerton Ward were consulted regarding the proposal to enter into one to one negotiations on 19th July 2016.
- 4.1.2 Councillor Eileen Taylor responded to say that she had no comments.
- 4.1.3 Councillor Jane Dowson has respond with comments regarding the proposed education site to the north with no comment relating to the residential development proposals for the subject site.
- 4.1.4 Councillor Mohammed Rafique has not responded.
- 4.1.5 The Executive Member for Regeneration, Transport & Planning has been briefed on the proposals outlined above, most recently in a meeting on the 11th September 2017 and is supportive of the sale.

4.2 Council Policies and the Best Council Plan

- 4.2.1 The proposals outlined within the report support the Best City outcomes of providing enough homes of a high standard in all sectors and supporting communities, raising aspirations.
- 4.2.2 Work undertaken on the delivery of affordable housing and co-housing forms part of the remit of the Breakthrough project of Housing Growth and High Standards in all Sectors.
- 4.2.3 The delivery of new housing that is affordable and meets local needs underpins the Council ambition of creating a strong economy and a compassionate city

4.3 Resources and Value for Money

- 4.3.1 The site will be sold at market value for best consideration.
- 4.3.2 The Head of Land & Property confirms that the proposed method of disposal set out above is the method most likely to result in the Council achieving the best consideration that can reasonably be obtained under Section 123 of the Local Government Act 1972 (or under the Housing Act 1985).

4.4 Legal Implications, Access to Information and Call In

- 4.4.1 Under Part 3, Section 3E(g) of the Council's Constitution (Officer Delegation Scheme (Executive Functions)) the Director of City Development has authority to discharge any function of the Executive in relation to Asset Management.

- 4.4.2 The Chief Officer Economy and Regeneration, Head of Asset Management and Head of Land and Property have authority to take decisions in relation to Asset Management as delegated in the Director of City Development's sub delegation scheme.
- 4.4.3 The proposal constitutes a significant operational decision.
- 4.4.4 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.

5.0 Risk Management

- 5.1 Further details contained within confidential appendix.
- 5.2 If the land is not sold to the subject parties a capital receipt within the current financial year will not be realised, however the site will be marketed for sale thereafter.
- 5.3 There is a risk that the purchasers may withdraw their interest, in this case the land will be marketed for sale.

6 Conclusions

- 6.1 It can be concluded that a sale of the subject site to ChaCo and Unity will result in new bespoke housing that meets the needs of a growing community led housing requirement and will provide affordable older people's accommodation.

7 Recommendations

- 7.1 It is recommended that approval is granted to declare the subject site surplus to Council requirements and that the sale of the subject site as, identified on the attached plan, be approved. The sale terms are detailed within the confidential appendix.
- 7.2 It is recommended that approval is granted to the principle of entering into a Grant Agreement for remediation of the site and a Recoverable Grant Agreement to contribute towards development costs. The detailed terms of which will be the subject of a future report to seek approval to.