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Report of the Director of Environment and Neighbourhoods To Executive Board

Date: 12 March, 2008

Subject: RHB Funded Clearance sites and the Affordable Housing Strategic Partnership

Electoral Wards Affected:

Beeston and Holbeck
Burmantofts and Richmond Hill
City and Hunslet
Gipton and Harehills

Specific Implications For:

Equality and Diversity

Community Cohesion

Narrowing the Gap

Eligible for Call In

Yes

Not Eligible for Call In

(Details contained in the report)

EXECUTIVE SUMMARY

This report sets out details of the sites which are currently being acquired and are to be cleared of pre 1919 obsolete housing by the utilisation of Regional Housing Board (RHB) funding allocations. It considers 2 options for the redevelopment of sites once cleared and recommends that the sites are incorporated into the pool of Council owned land set aside for the provision of affordable housing via the Affordable Housing Strategic Partnership so that a Strategic approach to redevelopment can be achieved.

1.0 Purpose Of This Report

1.1 The purpose of this report is to:-

- Consider the options for the redevelopment of the RHB funded clearance sites
- Seek approval to incorporate the cleared sites into the pool of Council owned land, currently 77 acres, which has been set aside for the development of affordable housing via the Affordable Housing Strategic Partnership.

2.0 Background Information

2.1 Over the period 2005-2008 a total of £16m from the Single Regional Housing Pot (SRHP) and Housing Market Renewal Fund (HMRF) has been made available to the city to carry out a number of acquisition and demolition schemes. In line with the

objectives of the Vision for Leeds 2004-2020 and the Leeds Housing Strategy these schemes aim to reduce the number of obsolete pre 1919 houses.

- 2.2 The funding available in 2005/8 has enabled the commencement of acquisitions for demolition on the following sites.
- The Beverley's - Acquisition and Clearance of 132 properties,
 - Holbeck Phase 1, 2 & 3 – Acquisition and Clearance of 103 properties
 - Cross Green Phase 1 & 2 - Acquisition and Clearance of 73 properties,
 - Harehills phase1 & 2- Acquisition and Clearance of 59 properties (including Scarth Ave),
- 2.3 Demolition of the Harehills site (Phase 2) is programmed to commence mid February 2008 and demolition contractors are already on site at Cross Green (Phase 1). The aim is to commence phased demolition on all other sites as blocks of properties are acquired and vacated to facilitate a phased demolition programme during 2008. Plans of each site are available at appendices 1-4. A summary of the details of each site may be found at appendix 5.
- 2.4 For the 2008/11 programme at this stage it is anticipated that approximately £21m will be made available to Leeds to fund further phases of acquisition and demolition **and** private sector home improvements including group repair, Decency work, Energy Efficiency etc. Confirmation of the level of funding is expected imminently.

3 Affordable Housing

- 3.1 At its meeting of the 7th March 2007 the Councils Executive Board approved a proposal to establish the Affordable Housing Strategic Partnership which would use 77 acres of Council land to make a significant contribution to the increase in supply of affordable housing in the City.
- 3.2 A Partnership Board has been established to oversee the work of the Affordable Housing Strategic Partnership. Represented on the Board are senior politicians, key Council officers and influential external partners such as English Partnerships. This means that any site which takes this route to redevelopment will be subject to a holistic view of its potential to increase the development of affordable housing alongside the delivery of the Councils strategic aims.
- 3.3 The RHB funded acquisition and demolition schemes are located within the Regeneration Priority areas of Beeston Hill and Holbeck, Harehills and Cross Green, areas which experience some of the most severe levels of deprivation in the country. In addition these areas contain some of the lowest value properties within the City. Although demolition of these properties is in line with The Vision for Leeds 2004 to 2020 by reducing the amount of housing that is unpopular or unfit a side effect is the loss of some of the most affordable housing (i.e. the lowest value). The reprovion of affordable housing on these sites would create potential opportunities for displaced residents and neighbouring residents who may be displaced by future phases of acquisition and demolition.

4 Options for Redevelopment of RHB funded sites

- 4.1 It is important that any development process runs in parallel with the proposed acquisition and demolition programmes. Having a clear plan for reprovion of housing on these sites brings a number of benefits to the clearance programme:-

- Enables all stakeholders to understand the case for clearance hence the likelihood of their support is increased.
- Gives confidence to local residents that the Councils regeneration objectives will be met.
- Gives confidence to potential new residents who are considering moving into the area.
- Gives private investors confidence in the area thus accelerating the regeneration of the area.
- Gives confidence to Local Ward Members that decent affordable housing will be provided within their ward.
- Counteracts the negative regeneration effects of an increase in the number of empty properties in an area awaiting demolition.
- Forms an essential element of the requirements for a Compulsory Purchase Order to be issued, in the event of a failure to secure the agreement of an owner(s) to sell voluntarily to the Council.

4.2 It is therefore considered essential that a strategic approach is developed as a basis for the future of these sites following their clearance.

4.3 Two options have been considered for this strategic approach

1. The sale of all the land sites with the capital receipts being made available for the Council's capital programme. In this option affordable housing would be provided through the planning processes.
2. The transfer of the sites to the Affordable Housing Strategic Partnership for the development of affordable housing schemes.

4.4 A valuation exercise has been undertaken in order to establish the potential open market value of the sites in question once cleared for redevelopment. The overall site value of all four sites, including the Stanley Road depot site, is £4.7m. Details of the individual site values are available at appendix 5. The Stanley Road Depot site which is adjacent to the Harehills site has been vacant for a number of years and has been declared as surplus by City Services.

4.5 It is estimated that 280 new affordable housing units may be provided via option 2 as against only 40 through Section 106 planning agreements available via option 1. All of those 40 units potentially provided as a result of Section 106 agreements would be available for purchase at sub market levels but no social rented provision would be made.

4.6 An analysis of the strengths and weaknesses of both options has been carried out and is attached at appendix 6. The main conclusions which may be drawn from this analysis is that although option 2 would mean that a potential capital receipt of £4.7m would be relinquished, this option would give the Council greater control over

- the number of affordable housing units provided
- the levels of public and private sector investment potentially attracted
- the way in which these sites can contribute to wider regeneration initiatives, e.g. EASEL, PFI etc.
- the potential of these sites to be explored for the redevelopment of new Council housing.

5 Implications For Council Policy And Governance

- 5.1 The Leeds Housing Strategy has identified the regeneration and renewal of areas with frail housing market conditions, poor quality or obsolete housing and issues with multiple deprivation as a key priority. This has also been identified as a key priority both in the Regional Housing Strategy and the West Yorkshire Housing Strategy.
- 5.2 At a national level there is a requirement to increase the levels of affordable housing as set out in the 'Homes for All' strategy that was issued in 2003 and is further supported by the implications of the 2004 Housing Act. Recently, the government has identified the need for additional affordable housing as one of its top priorities.
- 5.3 At a city wide level the amalgamation of these two approaches i.e. the reduction of poor quality obsolete housing types and replacement with additional affordable housing, produces benefits which support the Local Strategic Partnership in respect of delivering the 'Vision For Leeds' through the implementation of the Housing Strategy and the Regeneration Plan, as well as contributing to the City Growth Strategy.
- 5.4 The public interest in maintaining the exemption in relation to appendix 5 attached to this report outweighs the public interest in disclosing the information by reason of the fact that commercially sensitive information concerning the individual site values. Copies of the exempt appendix will be circulated to members of the Executive Board once members of the public have been excluded and will be collected in at the conclusion of the meeting.

6 Consultation

- 6.1 Local Ward Members of the affected wards have been consulted on the proposals contained within this report and are generally in favour of Option 2.

7 Legal And Resource Implications

- 7.1 As outlined in paragraph 4.4 above the sites have been valued at £4.7m in total. All decanting and demolition costs will be met from the RHB allocation.
- 7.2 Any proposal to redevelop these sites through the Housing Corporation's, National Affordable Housing Programme would not attract the usual £5,000 per plot subsidy from the Housing Corporation as is the case with other sites which form part of the 77 acres of Council land already allocated to the Affordable Housing Strategic Partnership. As grant funding via the RHB has already been utilised to acquire the land, should the Housing Corporation make a further payment to the Council for the site this would represent a double subsidy, and is not allowed under current Housing Corporation regulations.
- 7.3 A contractual obligation exists with Leeds Federated Housing Association in relation to the Beverleys site. In exchange for the contribution of 22 properties at nil value to the scheme they will receive
- A proportion of the net sale value of the site proportionate to their original stake holding of properties on the site (16.67%)
 - First refusal to purchase any affordable housing units provided on the site.
 - The right to consultation on the preparation of a development brief for the site.

- The right to consultation on the appointment of the preferred bidder for the site.

This obligation is not anticipated to create any conflict of interest or detriment to the proposal to dedicate this site to the Affordable Housing Strategic Partnership.

- 7.4 The 'Little Comptons' site is adjacent to a large area of Council owned land in Harehills, the site of the former Stanley Road Depot, which has been vacant for several years and which also abuts the recently demolished Scarth Ave. City Services have declared the Stanley Road Depot site surplus to requirements and the site currently sits with Directorate of City Development. To incorporate these 3 sites in order to ensure that complementary development may take place would give the opportunity to maximise the regeneration impact and create a significant development site in an area with a paucity of development opportunities. In order for the former depot site to be included within a comprehensive development scheme, it is recommended that its future contribution to the capital receipts programme be substituted by a land swap of equivalent value from the affordable housing land bank to enable an equivalent sale within 2009/10.
- 7.5 The anticipated Capital receipt from these sites has not been included within the Councils Capital Receipts Programme. If the recommendation contained within this report is approved there would, therefore, be no specific impact upon the Capital Receipts programme other than that the default position is generally that all Capital Receipts will be assigned to that programme unless Executive Board approval is given to some alternative use.

8 Conclusions

- 8.1 Since 2005 Leeds has received funding of, in total, £16m from the RHB to clear obsolete pre 1919 houses. A strategic approach is needed for the redevelopment of these sites. Two options have been considered as set out in paragraph 4.4 above. Whilst option 1 would potentially deliver the Council a capital receipt of £4.7m it would not maximize affordable housing provision in areas with significant need. Only around 40 affordable housing units would be provided via option 1 and up to 280 via option 2. An opportunity to explore the potential of these sites for the development of new Council housing would be lost if the land is sold rather than transferred to the Affordable Housing Strategic Partnership.
- 8.2 It is considered that option 2 would make the most significant contribution to the Councils strategic priorities whilst also giving sufficient flexibility to maximise the benefits arising from each sites characteristics and local regeneration opportunities.

9 Recommendations

- 9.1 Executive Board is recommended to agree to transfer the RHB funded clearance sites as outlined in paragraph 2.2 and in appendix 5, to the Affordable Housing Strategic Partnership for the purpose of developing affordable housing schemes in these locations, subject to land swap arrangements for the Stanley Road site from the affordable housing land bank to enable a contribution of equivalent value to the capital programme within 2009/10.

Appendices

1. Beverleys site plan
2. Holbeck site plan

3. Cross Green site plan
4. Harehills site plan
5. Details of Sites for Redevelopment
6. Options for the use of cleared RHB funded sites