

Capital Scheme No: 13150

Parent Scheme No:

DCR Clearance No. 19034

Design & Cost Report

REPORT OF DIRECTOR OF DEVELOPMENT

REPORT TO: EXECUTIVE BOARD DATE: 20TH SEPTEMBER 2006

SUBJECT: REGENT COURT, CALL LANE; AFFORDABLE HOUSING SUBSIDY USING

SECTION 106 COMMUTED SUMS

Electoral Wards Affected :			Specific Implications For :				
			Equality and Diversity				
City & Hunslet			Community Cohesion				
			Narrowing	the Gap			
Executive Function	Х	Eligible for Call In	Х	Not eligible for Call In (details contained within the report)			

EXECUTIVE SUMMARY

The purpose of this report is to obtain authority to spend £705,000 of Section 106 monies on an affordable housing subsidy at the proposed Regent Court housing scheme at Call Lane in the city centre. This will enable Yorkshire Housing Association to construct 12 one-bedroom apartments upon land they currently possess, aiding the provision of affordable rented property for households in need. This is fully funded from section 106 monies.

1.0. BACKGROUND

- 1.1 The City Council has available over £2.5m of Section 106 commuted sum money to use towards the provision of affordable housing in Leeds. An opportunity has arisen for Yorkshire Housing Association to provide 12 affordable rented properties through development of land owned for almost 20 years at the site on Call Lane. Leeds City Council has worked successfully with Yorkshire Housing Association in the past, delivering affordable housing in the City Centre through providing commuted sums at locations including City Island and Mill Hill/Boar Lane.
- 1.2 To make the homes genuinely affordable at an economic weekly level of rent, a subsidy of £700,000 would be required to ensure the schemes viability. Additionally, there will be legal costs in connection with this that should be no more than £5,000 (see sections 6 & 9).

ORIGINATORS NAME: Robin Coghlan DATE: 17th July 2006
TELEPHONE NUMBER: 247 8131 FAX NUMBER:

1.3 It is proposed that money generated through the granting of planning permissions for the following housing developments be used:

Application No.	Location	Amount
20/440/00	10-12 Park Row	£179,067.00
20/559/99	Dock Street	£277,500.00
20/646/99	Wellesley Hotel	£182,500.00
20/65/01/FU	Lovell Park Road	£65,933.00
	TOTAL	£705.000.00

1.3 These commuted sums arise from S106 Agreements which state that money may be spent in the city centre on provision of affordable housing.

2.0 DESIGN PROPOSALS / SCHEME DESCRIPTION

- 2.1 The development at Call Lane is being led directly by the Yorkshire Housing Association who have existing ownership of the site in question. The project has already obtained detailed Planning Permission and Building Regulation Approval. The scheme comprises 12 newly built one-bedroom apartments in a new build element known as "Regent Court", to be built to a 'cube' design, and located at the busy Calls district of the city centre.
- 2.2 The 12 dwellings proposed for construction by Yorkshire Housing Association are designed to alleviate potential problems of city living, including sound insulation and ventilation solutions. Additional problems to overcome have included poor ground conditions. While land costs are nil, this has led to relatively high overall costs of £1.59m and hence necessary provision of the £700,000 commuted sum. Yorkshire Housing Associations aim to thus make all 12 properties in the development affordable dwellings; this would allow provision of 6 apartments at £67.50 per week social rent levels and 6 apartments at the intermediate rent level of £95.00 per week as opposed to market rents of £165 per week. The affordable rents would be allowed to increase by an annual factor to account for inflation in accordance with Housing Corporation standard guidance applicable at the time.
- 2.3 The intermediate units will be available for people who are on low incomes and are workers key to the economy of Leeds, residing in Leeds, or who have a local connection to Leeds. The social rented units will be available for those people on the Leeds Housing Register. These properties will be advertised in the Leeds Homes magazine and applicants will be able to bid for the units through the Choice Based Lettings system.

3.0. CONSULTATIONS

3.1 The proposal has been considered by officers of both the Development Dept and Neighbourhoods & Housing Dept who deal with affordable housing schemes on a regular basis. The scheme is considered to make good value for money as Yorkshire Housing are providing the land at no cost, allowing the dwellings to be provided at affordable rather than market rent levels.

4.0 COMMUNITY SAFETY

4.1 There are no direct implications for community safety arising from the contents of this report. Certain subjects, such as the availability of residential parking and building security, or the lack thereof, were not discussed in the report.

5.0. PROGRAMME

5.1 With Planning Permission secured, construction is scheduled to start in October 2006, with a contract running for 10-12 months and an estimated target for completion stated as September 2007. Although appropriate legal agreements have not yet been drawn up to ensure the transaction takes place and the dwellings remain affordable, legal fees are already addressed in the total costs budgeted for the later completion of such processes. As the development progresses, it will be essential to monitor the programme to ensure the proposal and affordability criteria are being adhered to.

6.0. SCHEME DESIGN ESTIMATE

- 6.1 The £1.59m full capital costs calculated by Yorkshire Housing Association to complete the proposal in question require the aforementioned commuted sum of £700,000 to ensure the scheme provides affordable rents for the dwellings to be constructed. Without this additional input, the scheme is financially viable only at market rent levels of £165 per week (£715 per month). With provision of the monies suggested, rents on the housing would be affordable under current conditions, at the levels outlined previously.
- 6.2 At present, all Yorkshire Housing Associations additional costs, including legal fees, are already accounted for under the full capital costs of £1.59m calculated.
- 6.3 Leeds City Councils legal fees in connection with this are expected to be no more than £5,000, this will be funded from section 106 funds collected on application 20/65/01.

7.0. CAPITAL FUNDING AND CASHFLOW

Previous total Authority	TOTAL	O MARCH	FORECAST				
to Spend on this scheme		2005	2005/06	2006/07	2007/08	2008/09	2009 on
	£000's	£000's	2000's	£000's	£000's	£000's	2000's
LAND (1)	0.0						
CONSTRUCTION (3)	0.0						
FURN & EQPT (5)	0.0						
DESIGN FEES (6)	0.0						
OTHER COSTS (7)	0.0						
TOTALS	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Authority to Spend	TOTAL	O MARCH	FORECAST				
required for this Approval		2005	2005/06	2006/07	2007/08	2008/09	2009 on
	£000's	£000's	2000's	2000's	£000's	2000's	£000's
LAND (1)	0.0						
CONSTRUCTION (3)	0.0						
FURN & EQPT (5)	0.0						
DESIGN FEES (6)	0.0						
OTHER COSTS (7)	705.0			705.0			
TOTALS	705.0	0.0	0.0	705.0	0.0	0.0	0.0

Total overall Funding	TOTAL	O MARCH		F	ORECAST	Γ	
(As per latest Capital		2005	2005/06	2006/07	2007/08	2008/09	2009 on
Programme)	£000's	£000's	£000's	2000's	2000's	2000's	£000's
LCC Funding	0.0						
Section 106 / 278	705.0			705.0			
T							
Total Funding	705.0	0.0	0.0	705.0	0.0	0.0	0.0
Balance / Shortfall =	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Scheme: 13150

Title: Regent Court, Call Lane

8.0. REVENUE EFFECTS

8.1. The proposals in this report are for capital works only. There are no revenue implications arising.

9.0. RISK ASSESSMENTS

9.1. There are limited risks associated with the payment of this subsidy. Given the direct control of Yorkshire Housing Association over the development, monitoring should ensure the proposal is carried out to the criteria determined. A grant agreement will be agreed to ensure the council can recover the sum or seek appropriate redress should the Housing Association fail to provide & maintain the housing at affordable levels to households in need. The safety nets shall comprise of a legal charge of the grant value on the title of the land.

10.0. COMPLIANCE WITH COUNCIL POLICIES

- 10.1. By introducing opportunity for a wider mix of people to live in Leeds city centre, the scheme would help fulfil the objective of the Corporate Plan 2005-08 to make all Leeds' communities thriving and harmonious where people are happy to live and help "narrow the gap" between different parts of Leeds.
- 10.2 The scheme would also comply with Policy H9 of the Unitary Development Plan which states that the City Council will seek to ensure a "balanced provision" of size & types of dwellings, including for households on low incomes and students to whom the property in question should appeal.

11.0 COUNCIL CONSTITUTION

11.1 The scheme is eligible for call-in.

12.0. RECOMMENDATIONS

- 12.1 Executive Board :-
 - Are requested to approve the release and injection of £705,000 section 106 monies into the Capital Programme at scheme 13150 to fund the grant for affordable rented housing and legal costs, as outlined above.
 - Grant authority to spend £705,000 of section 106 monies on scheme 13150 which is to be fully funded from section 106 monies.

On Land	CPRH (1)
On Construction	CPRH (3)
On Furniture & equipment	CPRH (5)
On Internal Fees	CPRH (6)
£705,000 On Other Costs	CPRH (7)

£705,000 TOTAL