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Report of the Director of Neighbourhoods and Housing

Executive Board

Date: 20 September 2006

Subject: REGENERATION OF CROSS GREEN (Phase 2)

Electoral wards affected:
Burmantofts & Richmond Hill

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

In line with the objectives of the Vision for Leeds 2004-2020 and the Leeds Housing Strategy an allocation of £7.18 million has been secured from the Regional Housing Board to be spent during the financial year 2006/7. This funding is available for the purpose of tackling poor quality, pre 1919 housing stock in the priority regeneration areas of Beeston Hill, Harehills and Cross Green with an in principle allocation of £6.39m for 2007/8. The proposals set out in this report will utilise £2.4m of this allocation and will form the basis of a wider regeneration project which, linked to service delivery and neighborhood management initiatives being pursued by the to'gether partnership in East Leeds, will improve the quality of life and long term sustainability of Cross Green and East End Park.

This report advises Executive Board of the options considered for an area encompassing 52 properties in Cross Green (as shown on Appendix 1 Plan 1 and labelled 'target area phase 2') and details the results of an option appraisal. Addresses of affected properties are identified at Appendix 2. The report sets out recommendations for acquisition and clearance of 52 properties and seeks in principle approval to proceed with the acquisition of the properties within the target area by agreement with their owners. In the event that agreement cannot be reached with owners authorisation is requested from Executive Board to make and promote any necessary Compulsory Purchase Orders.

1 Purpose Of This Report

A capital grant of £7.18m has been allocated by the Regional Housing Board (RHB) for a long term housing market renewal programme to tackle poor quality, pre 1919 housing stock in areas including Harehills, Beeston Hill and Holbeck and Cross Green/East End Park. It is anticipated that a further £6.39m will be allocated to the Leeds Housing Partnership in 2007/8. The purpose of this report is to consider the options for regeneration of the Cross Green area and to seek approval for the acquisition and clearance of 52 properties within Cross Green by utilising £2.4m of this funding during 2006/8.

2 Background Information

- 2.1 The Cross Green area (as outlined on plan 1 at Appendix 1) is included within one of the worst 3% Super Output Areas nationally. These areas have been prioritised in agreement with national government through the cities Local Area Agreement for focused intervention. This intervention aims to bring the area up to a level of quality comparable with other neighbourhoods in the rest of the city. The area suffers from a number of deep-seated issues which need to be addressed – environmental quality, access to transport, traffic conditions, community safety, poor housing conditions and mix, lack of facilities, general health and well-being. The area has been experiencing the signs of decline for several years. Crime and anti social behaviour have combined with obsolescent and poor quality older housing stock to affect the popularity of the area.
- 2.2 The challenges the area faces in seeking to revive its fortunes are bound up with the concentration and the condition of the older housing and the social and economic decline that is linked to it. Only through a major intervention to physically improve the area and change its existing socio-economic profile will enduring improvements be achieved. This will involve retaining existing stable population elements and attracting new higher income residents to the area. In looking at potential opportunities an important consideration is the interdependency between the future of Cross Green (currently an isolated area) and the future development of the adjacent former Copperfields College site (which has a frontage to the East Leeds Link Road.). The former has an influence on the latter not only in terms of helping to address issues relating to links and connectivity but also potential value.
- 2.3 In addition to this housing regeneration opportunity there is also now new capacity to provide better management and policing of the neighbourhood to achieve and sustain improvements which tackle the existing community safety issues and poor quality environment.
- 2.4 It is proposed that a comprehensive regeneration strategy for the Cross Green area is prepared. It is envisaged that a number of options would be likely to be generated and that subsequently these would need to be fully evaluated before any decision on the way forward could be made. Of vital importance in any process leading up to a producing a strategy is the involvement of local people from the outset. The intention would be to use and build upon existing consultation networks and arrangements in the area rather than developing anything separate.
- 2.5 A partnership arrangement (to'gether) has been established with the aim of bringing together services to tackle the anti social behaviour blighting the area, stem the decline and stop people moving out. Membership of the to'gether partnership includes re'new, Leeds South East Homes, LCC Area Management, West Yorkshire Police, Fire Service. Education Leeds, LCC Anti Social Behaviour

Unit, LCC Street Scene Services, LCC Environmental Health Services. The area is the focus of a programme of intensive neighbourhood management

2.6 The potential for regeneration in this area is enhanced by the interrelationship of the proposals contained within this report and a number of other initiatives within the area,

- The Copperfields College site is a key site within the boundary of the **Aire Valley Leeds** regeneration area and is located on Cross Green Lane opposite to the Cross Green Housing area.
- **East and South East Leeds (EASEL)**
The area lies within the EASEL regeneration area. The EASEL initiative aims to provide and maintain decent housing and sustainable communities.
- **East Leeds Link Road**
The route of the East Leeds Link Road skirts the area and will help to alleviate traffic conditions within the residential area. Construction is anticipated to commence in November 2006 and be completed in November 2008

The geographical context of these initiatives is illustrated at Appendix 1 Plan 2.

2.7 Borrowing approval of £0.5m was awarded by the RHB to commence regeneration of the Cross Green/East End Park area for the year 2005/6. On 17 May 2006 Executive Board approved a proposal which utilised this funding to acquire 5 privately owned properties with a view to demolition of 21 properties in Cross Green. Work is currently underway by council officers, on behalf of the Leeds Housing Partnership, to acquire these properties with the agreement of their owners. The clearance of this small triangle of properties alone, while an important starting point, will have only limited impact without further phases of interventions such as group repair enveloping and more selective demolition.

A small site adjacent to the Cross Green housing area has recently been acquired by Nixon Metropolitan who have secured planning permission for a residential development on this site.

3 Main Issues.

3.1 The area which is the subject of this report comprises of 52 brick terraced back to back houses. It is proposed that the properties, as identified in Appendix 2, are acquired and demolished to produce a cleared site suitable for the provision of new housing and much needed open space. The Executive Board report of 17.5.06 which proposed the acquisition and demolition of 21 properties (i.e. phase 1) advised that "The size and shape of the cleared site would, in isolation, be unviable for the re-provision of housing. It is therefore, proposed that the site be grassed over for use as open space. Ultimately, in the longer term further phases of demolition, if approved, will enhance the site to ensure an appropriate size for a housing development incorporating open space provision". The proposals contained within this report will help to consolidate the site which will ultimately be cleared by phase 1

3.2 These properties are in relatively poor condition and of low demand; the only demand coming from private landlords and speculative investors. While property prices are comparatively low investors are able to see the potential return from private lettings. A concentration of privately rented property can often lead to an over representation of vulnerable, mobile and anti-social residents.

3.3 The Vision for Leeds 2004 to 2020 identified as one of its aims the intention to “Regenerate and restore confidence in every part of the city” and to “Make sure that local neighbourhoods provide choice in the types and costs of housing available so that people do not have to move out of an area to meet their housing needs and choices by:

- Reducing the amount of housing that is unpopular or unfit
- Providing housing that is more suitably matched to needs and choice
- Improving the image of all types of rented accommodation
- Making it easier to move between different types of rented housing and promoting renting as an alternative to buying.

The vision of the Leeds Housing Partnership as detailed in The Leeds Housing Strategy 2002/3 – 2006/7 is

“To create and maintain decent homes in decent neighbourhoods”
The relevant core aims of the Leeds Housing Strategy are to

- Provide and maintain decent housing
- To support the creation and maintenance of decent neighbourhoods
- To sustain healthy, accessible housing markets

These reflect the

- national policy priorities of quality, choice and social inclusion
- Regional and sub regional priorities of providing housing and services to meet needs, demands and economic requirements
- Local priorities of closing the gap

The proposals contained within this report consider how best to address these aims with the resources available. The option appraisal has considered 3 options for the area with reference to their ability to meet the defined objectives:

- Option A: Do minimum to meet legal conformity
- Option B: Group Repair and internal remodeling
- Option C: Acquisition and redevelopment of the site.

3.4 **Option A: Do minimum to meet legal conformity**

Generally in terms of the older housing stock, the Leeds South East Homes (LSEH) business plan does not support major refurbishment. Whilst LSEH will maintain and repair stock, they are unlikely to undertake any significant improvement where investment in housing stock is considered to be uneconomical. The estimated cost of bringing the 32 properties owned by LCC up to the Governments Decent Homes Standard is approximately £25,000 per property. Turnover is high in the Cross Green area and demand for the area is relatively low. Investment in these properties would therefore, prove financially unviable and their sustainability questionable.

Despite the uncertainty surrounding the sustainability of investment in this area LSEH have a legal obligation to ensure that all the housing stock that they managed meets the Governments Decent Homes Standard by 2010.

LSEH have calculated that they will need to spend £800,000 by 2010 to bring the 32 council properties in the target area up to the Decent Homes Standard. However, this standard does not address the issue of poor design, layout, the lack of gardens/private space and poor built environment. Refurbishment of LSEH properties alone would provide only a piecemeal solution. It would also mean that an opportunity to contribute to the regeneration of the wider Cross Green area is missed.

Evidence suggests, therefore, that the expenditure required to comply with the above **minimum** standard would

- **not** address all of the issues identified by residents as unsatisfactory
- **not** prove to be cost effective
- **not** prove to be sustainable
- **not** enable the levels of change required to regenerate the area to be achieved

3.5 **Option B: Group repair and internal modeling.**

Enveloping works to the exterior of the properties would create a visually superior and uniform street scene. This, coupled with major remodeling of the properties may create through terraces with better layout and room sizes which would meet (potentially exceed) the Decent Homes Standard. Consultant Architects (West & Machell) working in the Harehills area of Leeds have estimated that the remodeling of two back to backs to form 1 family house would costs £65,000 per conversion in construction costs alone. The cost of remodelling all 52 properties in the target area, including acquisition and conversion costs, is estimated at £5,642,000 (see Appendix 4).

Even if ultimately these properties were sold on the open market for an optimistic £100,000 each this could potentially result in a **net loss** to the Council of approximately £3m. It is also doubtful whether **long term** demand exists even after conversion. Whilst this option may address some of the issues with poor conditions and potentially the lack of gardens as raised by some residents (see Appendix 3); it cannot address issues of poor housing mix, over density or poor environment and amenity. It is highly questionable whether such extensive works and expenditure would be cost effective, justifiable, or sustainable when compared with other options.

In view of the high costs involved, the fact that limited funding is currently available from RHB, and that regeneration priorities in other areas of the city require funding this option has been ruled out as a viable option on the grounds of affordability.

3.6 **Option C. Acquisition, Clearance and redevelopment of the site for housing**

3.6.1 Housing conditions and property types vary across the Cross Green Housing area. In general however, the properties surrounding the phase 1 target area are in a worse condition and are considered to be less sustainable than those in other parts of the Cross Green area. The properties which are the subject of the proposals contained within this report are type 2 back to back terraced properties (i.e open directly onto the street without any private external space)

- 3.6.2 Acquisition of the 20 privately owned properties within the target area and clearance of all 52 houses would form the next phase of the longer term strategy to consolidate action already underway in Cross Green. Clearance in order to provide new housing will help to arrest the decline of surrounding properties and provide a catalyst to the regeneration of the wider area.
- 3.6.3 Redevelopment of the cleared phase 1 site combined with the area of clearance proposed within this report creates the potential for a development of quality new homes and open space provision. Assuming that demolition could be completed by 2008 construction of the new homes could potentially be complete by 2010. Initial indications are that the combined sites could accommodate between 40 and 50 new homes. As the Cross Green area falls within the EASEL regeneration area this presents one option of delivery, i.e development by the Joint Venture of these cleared sites. Although further appraisal work is required to determine issues surrounding property type, mix and tenure an opportunity to promote low cost home ownership initiatives and further social housing provision is created by further clearance in this area.
- 3.6.4 A formal Option Appraisal in accordance with the corporate procedure has been carried out to assess Options A and C (option B having been ruled out on grounds of affordability). Both financial and non financial aspects of Options A and C have been considered.

A discounted cash flow exercise has been carried out for options A and C and the net present values are as follows

Option	Description	NPV £000
A	Do minimum to meet legal conformity	788
C	Acquisition and redevelopment of the site for housing	2036

This exercise and the table above illustrates the cost of each option over the next 25 years at todays value. Although the financial element of the option appraisal would suggest that Option A is preferable the pursuance of the stated objectives of this project are critical to the achievement of the strategic aims of the Vision for Leeds and the Leeds Housing Strategy.

- 3.6.5 Option C (Acquisition, clearance and redevelopment) scores highly against each objective as outlined in paragraph 3.3. Clearance and reprovision of housing facilitates the potential to create high quality housing, which is of a type and size matched to the needs and choices of residents, in an attractive environment which would as a consequence contribute to the improved image and regeneration of the area and community. Option A (Do minimum to meet legal conformity), is able only to meet some of the objectives to a limited extent and potentially for a limited timescale. Other objectives, i.e. matching housing to needs and choice and tackling poor environmental quality, are not met at all by Option A. This is due to the fact that the governments Decent Homes Standard is a minimum standard which focuses on fitness, disrepair and the provision of modern facilities within the dwelling. It does not consider the external environment or the internal layout, size or number of rooms.

- 3.6.5 Whilst the financial analysis in isolation would seem to support option A the assessment of non financial factors must be given careful consideration also. The contribution of Option C to key strategic objectives outweighs the differential in financial terms in this instance. Option C is, therefore, the one recommended to Executive Board.

4 Implications For Council Policy And Governance

- 4.1 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. This proposal forms part of a housing market renewal component of the comprehensive regeneration programme for Cross Green/East End Park, which will also be subject to selective licensing.

If the acquisition of privately owned properties is approved valuations will be carried out on each individual property by a chartered surveyor to determine its current market value.

The public interest in maintaining the exemption in relation to appendices 1,2 and 4 attached to this report outweighs the public interest in disclosing the information by reason of the fact that:-

- a)Appendix 1 and 2 - The success of the scheme could potentially be prejudiced by speculative investors acquiring properties in advance of the Councils action.
- b)Appendix 4 - The costs attributed to the purchase of private properties are purely estimates at this stage and their disclosure could prejudice the councils ability to reach an agreement on the purchase price with owners.

Copies of the exempt appendices 1,2 and 4 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.

4.2 Consultation

- 4.2.1 The to'gether Partnership has developed a Residents Network, with a current membership of over 450 people living in the area. Initial consultation was carried out with the residents network to gauge their opinions on whether the available funding should be targeted towards Cross Green or East End Park. The results of a workshop session attended by the representatives of the Residents Network indicated that 55% of those present were in favour of targeting the Cross Green area. The workshop also concluded that attendees were, in general, in favour of some selective demolition.
- 4.2.2 During July 2006 attempts were made by Council officers to contact and visit **all residents** whose homes are directly affected by the proposals. These visits established that of the 52 properties in the target area 8 are currently unoccupied. Of the remaining 44 face to face interviews were carried out with 34 householders.

- 4.2.3 Attempts were also made to make contact with the private landlords in the area, of which there are 12. 8 private landlords have responded so far and of the owner occupiers in the area, of which there are 8, 7 have been contacted and face to face interviews conducted.
- 4.2.4 Details of the results of the questionnaires are set out in Appendix 3. In summary, 22 out of 34 respondents were either dissatisfied or very dissatisfied with the area and 23 out of 34 respondents were in favour of demolition. 8 of the 34 respondents stated that they would not favour demolition. In addition 4 of the 8 private landlords who responded stated that they would not favour demolition.
- 4.2.5 If approval is secured to acquire and demolish these properties a number of methods will be utilised by Council officers in order to ensure that residents and stakeholders have the opportunity to be involved and informed:-
- Existing arrangements already in place to consult with and involve local residents will be utilised wherever possible. I.e. Area Forums, the to'gether partnership and local community action groups.
 - Regular liaison between project officers and the officers of LSEH and other RSLs will ensure that rehousing of residents is co-ordinated effectively.
 - Regular written updates for, residents and property owners in the form of a newsletter and briefing notes for Ward members, MP for Leeds Central, ALMO officers and Housing Associations.
 - A suite of information leaflets is available to advise residents of the procedure and the assistance, including compensation, which is available to them.
 - If required local surgeries will be held in the area to ensure that project officers are easily accessible to residents and stakeholders. In addition this will encourage the development of trust resulting from personal contact.

5 Legal And Resource Implications

- 5.1 The estimated scheme costs of £2.4m are detailed at Appendix 4. This estimate includes acquisition of the 20 privately owned properties; compensation for owners and residents, disturbance payments for all residents, and site clearance including temporary work to secure the site.
- 5.2 The preference is to acquire properties by agreement with the property owners. A compensation package equivalent to that which would be available in the event of a Compulsory Purchase Order being made will be offered to residents and owners. Details of the compensation payments available to which owners and tenants may be entitled are outlined at Appendix 5.
- 5.3 Negotiations to acquire the privately owned properties will be undertaken by Council officers. The aim will be to conclude acquisition of all properties and rehousing of all residents prior to commencement of site clearance for the sake of financial

prudence. However, management of the partially vacated site will be carefully monitored to ensure that safety and security is maintained for the remaining residents. A provisional timescale has been devised with the aim of acquiring and securing vacant possession of all properties by the end of 2007, with demolition taking place early in 2008.

5.4 Although the preference is to acquire properties by agreement with owners, ultimately, if agreement cannot be reached, authorisation is sought from Executive Board to make any necessary Compulsory Purchase Orders. Should Compulsory Purchase action become necessary, in this instance, Section 226(1)(a) of the Town and Country Planning Act 1990 (as amended by Section 99 of the Planning and Compulsory Purchase Act 2004) is the most appropriate legislation in the circumstances. These powers are intended to help authorities to assemble land where this is necessary to implement the proposals in their Community Strategies and where the proposed development, redevelopment or improvement is likely to contribute to achieving the promotion of the economic, social and environmental well-being of an area. This report seeks authorisation from Executive Board to make and promote any necessary compulsory purchase order required as a last resort in the event that voluntary agreement cannot be reached with owners to sell.

5.4.1 Regard must be had to the Human Rights Act 1998 including Article 8 (respect for private family life and home). The recommendation to authorise officers to make and promote any necessary CPOs strikes a clear balance between the public interference with private rights, which will arise if a CPO is pursued. Compensation would be payable to the person affected, and the provision of the Acts in paragraph 5.4 above are considered to be compatible with the Human Rights Act

5.5 Risks

5.5.1 A contingency fund of £230,280 is available to cover potential overspend on this project; if this is not required it may be made available to future phases in the longer term strategy for the regeneration of the Cross Green area.

5.5.2 While the intention is to acquire the 20 privately owned properties in this area with the agreement of owners there is always the possibility that Compulsory Purchase action may be required in the event of an inability to reach agreement. Five out of the eleven owners who responded to the questionnaire were not in favour of demolition. If Compulsory Purchase action is required this will inevitably have implications for the timescale of the project. Compulsory Purchase action would also involve additional costs i.e. publicity costs, officer time including legal fees, and the costs incurred surrounding the staging an Inquiry if objections are made.

5.5.3 If this project is delayed due to a requirement for CPO or due to any other issue, there is the risk that this years grant allocation could be lost. In addition the success of the Leeds Housing Partnership to secure further funding from the RHB may be jeopardized by failure to deliver on current projects. However, in order to ensure that these risks are minimized a compensation package equivalent to that which would be payable if a Compulsory Purchase Order was in place is offered to owners. Valuations are carried out by independent chartered surveyors in an attempt to demonstrate the Councils fairness and impartiality and thus gain the trust of owners.

5.5.4 In addition delay could also be caused by the incapacity of the ALMO or RSL to rehouse displaced residents. Displaced residents who apply for tenancies through the Leeds Homes register are awarded 'Priority Extra' in recognition of their additional housing need caused by the action of the Council. Council officers will liaise regularly with officers of the ALMOs and RSLs to progress rehousing requests as efficiently as possible in an attempt to minimize this risk.

6 Conclusions

An allocation of £7.18 million has been secured from the Regional Housing Board for the purpose of tackling poor quality, pre 1919 housing stock in the priority regeneration areas of Cross Green, Harehills, and Beeston Hill and Holbeck. It is proposed that £2.4m of this funding be used to tackle poor quality, obsolete housing in Cross Green. Three options have been considered for the target area encompassing 52 back to back properties. The option appraisal has identified Option C - acquisition, clearance and ultimately redevelopment of the site for new housing as the preferred option. This option is considered to be the most effective as it represents the second phase of positive change and improvement which will contribute to and help consolidate work and initiatives already ongoing to regenerate the wider area. It will also complement and add value to other regeneration initiatives ongoing in the area. Of the three options acquisition, demolition and redevelopment will make the most effective contribution to local and regional strategic aims. Consultation with local stakeholders has identified a majority view which is not opposed to acquisition and demolition.

It is envisaged that the proposals within this report will form one of a number of phases which will contribute to developing and implementing a long term strategy to regenerate the whole of the pre 1919 housing area of Cross Green. This of course is subject to the allocation of further funding and approvals. The menu of interventions proposed as part of this strategy will include not only acquisition and clearance but also enveloping schemes to improve the external fabric of properties and remodeling to improve the internal layout but yet retain the character of the area and provide diversity of property types and tenures.

7 Recommendations

Executive Board is requested to note the contents of the report and:

1. Approve the injection into the Capital Programme of £2.4m of Regional Housing Board money
2. Authorise Scheme Expenditure to the amount of £2.4m
3. Authorise officers to commence acquisition of properties by voluntary agreement with the owners. In the event that agreement cannot be reached with the owner of any property within the target area for its acquisition, authorise officers to make and promote any necessary Compulsory Purchase Orders.

Appendices

1. Plan 1 target area (Exempt from FOI Act 10.4(3))
Plan 2 relationship to Copperfields College Site, East Leeds link Road
2. Address list (Exempt from FOI Act 10.4(3))
3. Summary of residents survey results
4. Costs associated with option B and C (Exempt from FOI Act 10.4(3))
5. Compensation Payments