



**Not for publication:**

Report exempt under Access to Information Procedure Rule 10.4(3) - Appendix 4 only

## Report of the Director of Neighbourhoods and Housing

### Executive Board

**Date:** 17 May 2006

**Subject:** REGENERATION OF CROSS GREEN GROVE AND CROSS GREEN AVENUE,  
CROSS GREEN

**Electoral wards affected:**  
Burmantofts & Richmond Hill

**Specific Implications For:**

Ethnic minorities

Women

Disabled people

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 £0.5 million has been secured from the Regional Housing Board for the purpose of tackling poor quality, pre 1919 housing stock in Cross Green. The proposals set out in this report will form the basis of a wider transformational regeneration project which, linked to service delivery and neighborhood management initiatives being pursued by the to'gether partnership in East Leeds, will radically 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 21 properties in Cross Green (as shown on appendix 1 plan 1 and identified at Appendix 2) and details the results of an option appraisal. The report sets out recommendations for acquisition and clearance of 21 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, formal authorisation will be sought from Executive Board to make any necessary Compulsory Purchase Orders.

## 1 Purpose Of This Report

Borrowing approval of £0.5 million has been secured from the Regional Housing Board for the purpose of tackling poor quality, pre 1919 housing stock in Cross Green. It is anticipated that this will be the first tranche of funding to be made available to the area. 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 21 properties within Cross Green.

## 2 Background Information

2.1 Funding proposals were submitted to the Regional Housing Board for Yorkshire and the Humber (RHB) in September 2003 and January 2004 on behalf of the Leeds Housing Partnership to provide pump- priming funding for a long-term housing market renewal programme for areas including Harehills, Beeston Hill and Holbeck and Cross Green/East End Park.

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 and a bid for further £3 million has been made to the RHB for 2006-2008. It is expected that these resources will be largely used for acquisition and clearance of pre-1919 housing, plus interventions such as group repair and enveloping, which will result in a flexible and comprehensive approach to target areas.

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

- The 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 conclude November 2008

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

## 3 Main Issues.

3.1 The area which is the subject of this report comprises of 21 brick terraced back to back houses. It is proposed that the properties, as identified in Appendix 2, are acquired and demolished in order to regenerate the area and produce a cleared site suitable for the provision of new housing and much needed open space. 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.

- 3.2 The Cross Green area (as highlighted 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, transportation issues, traffic conditions, community safety, 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.
- 3.3 The area has the lowest house prices in Leeds - only a third of the average house price for Leeds as a whole. These properties are invariably in 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.
- 3.4 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 Renew, Leeds South East Homes, LCC Area Management, West Yorkshire Police, Fire Service. Education Leeds, LCC Anti Social Behaviour Unit, LCC Street Scene Sevices, LCC Environmental Health Services. The area is the focus of a programme of intensive neighbourhood management.
- 3.5 Local Ward members and the Residents Association were briefed on the intention to carry out an option appraisal, commencing with a survey of residents and property owners in the target area. The results of the residents survey and consultations with stakeholders, local ward members and Leeds South East Homes have been included in the option appraisal which 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.

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

Generally in terms of the older housing stock, the Leeds South East Homes business plan does not support major refurbishment. Whilst they will maintain and repair stock, they are unlikely to undertake any significant improvement where investment in housing stock is considered to be uneconomical. Moreover, 5 properties have been extensively fire damaged and another partially fire damaged. The estimated cost of bringing these 6 properties back into use and up to the Governments Decent Homes Standard is around £25,000 to £30,000 per property. Complaints have been received from local residents and property owners via elected members and the local MP about the effect of these empty properties on local property values, lettability and the areas image. Furthermore because turnover is high in the Cross Green area and demand for the area is relatively low the cost of returning these properties to use would prove even less financially viable and sustainability questionable.

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

LSEH have calculated that they will need to spend £252,000 by 2010 to bring the 16 homes that they manage in the target area up to the Decent Homes Standard, including the cost of returning the fire damaged properties to use. 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 transformational change required to regenerate the area

#### **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. There are 14 properties in the target area that could potentially be remodeled but the cost of acquisition and conversion is estimated at £1,183,600 (see appendix 4).

Even if ultimately these properties were sold on the open market for an optimistic £90,000 this could potentially result in a **net loss** to the Council of approximately £553,600. It is also doubtful whether **long term** demand exists even after conversion. Whilst this option may address some of the issues with poor conditions, fire damaged properties and potentially the lack of garden; 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 and the fact that £0.5m of funding is currently available from RHB this option has been ruled out as a viable option on the grounds of affordability.

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

Housing conditions, while they are in the main unsatisfactory, do vary across the Cross Green Housing area. However, the worst of those conditions are concentrated within the target area. The knock on effect of the appearance of these properties on those surrounding has instigated a decline in the immediate area which may soon become irreversible.

Acquisition of the 5 privately owned properties within the target area and clearance of all 21 houses would form the first phase of a longer term strategy (The details of which will form a further report). 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.

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.

- 3.6 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.
- 3.7 A discounted cash flow exercise has been carried out for options A and C and the net present values are as follows

<b>Option</b>	<b>Description</b>	<b>NPV £000</b>
A	Do minimum to meet legal conformity	<b>265</b>
C	Acquisition and redevelopment of the site for housing	<b>407</b>

This exercise and the table above illustrates the cost of each option over the next 25 years at today's 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.

- 3.8 Option C (Acquisition, clearance and redevelopment) scores highly against each objective. Clearance and re-provision of housing facilitates the potential provision of high quality housing, which is of a type and size matched to the needs and choices of residents, in a quality 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), meanwhile 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 government's 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.

- 3.9 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 appendix 4 attached to this report outweighs the public interest in disclosing the information by reason of the fact that 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.

#### **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 indicate 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 January 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 21 properties in the target area, 9 of the properties are currently empty and of the remaining 12, contact was made with 11 householders and face to face interviews carried out with 10.
- 4.2.3 Attempts were also made to make contact with the private landlords in the area, of which there are 3. Two private landlords have responded so far and of the owner occupiers in the area, of which there are 2, both have been contacted and face to face interviews conducted.
- 4.2.4 Details of the results of the questionnaires are detailed at appendix 3. In summary, 8 out of 10 respondents were either dissatisfied or very dissatisfied with the area and 6 out of 10 respondents were in favour demolition. 2 stakeholders stated that they would not favour demolition one of these being a council tenant, the other a Private Landlord.

- 4.2.5 Following the Residents Survey, the initial findings were presented to the Richmond Hill Open Forum on 6<sup>th</sup> February 2006 where local ward members and residents were present. The meeting was advised that an option appraisal would be carried out in order that recommendations could be made to the Executive Board regarding the area. Attendees who are resident in the vicinity of the target area expressed their support for demolition rather than refurbishment.
- 4.2.6 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 being devised to advise residents of the procedure and the assistance, including compensation, which is available to them.
  - Weekly local surgeries to 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 £500,000 are detailed at Appendix 4. This estimate includes acquisition of the 5 privately owned properties; home loss compensation for owner occupiers and private tenants, disturbance payments for all residents, and site clearance. It is assumed that homeloss payments of Leeds South East Homes will be met by the ALMO to provide consistency with other regeneration projects but the availability of ALMO resources to meet these costs will need to be identified (potentially £38,400).
- 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 2006, with demolition taking place early in 2007.
- 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. In the event that compulsory purchase action becomes necessary a further report will be submitted to Executive Board.

## 5.5 Risks

- 5.5.1 The funding to be utilised for the delivery of this project, if approved, is in fact borrowing approval for the financial year 2005/6. While approval has been secured from the RHB to roll over this allocation into 2006/07 it is necessary to ensure that the allocation is spent within the financial year 2006/7. Any slippage of the programme would require further approval to roll over funding into 2007/8.
- 5.5.2 The success of the Leeds Housing Partnership to secure further funding from the RHB may be jeopardized by failure to deliver on current projects. In addition future funding, including the current bid for a further £3m for Cross Green for the period 2006/8, will take the form of grant allocation and so will not be available for roll over into 2008/9.
- 5.5.3 A contingency fund of £26,880 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.
- 5.5.4 While the intention is to acquire the 5 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. Only one owner of property within the target area has responded that he is not in favour of demolition. However, 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.



## 6 Conclusions

An allocation of £0.5 million has been secured from the Regional Housing Board for the purpose of tackling poor quality, pre 1919 housing stock in Cross Green. Three options have been considered for the target area encompassing 21 properties in Cross Green. 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 most effective in starting a process of transformational change which is required 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 does not oppose acquisition and demolition.

It is envisaged that the proposals within this report will form the first of a number of phases which will contribute to a long term strategy to regenerate the whole of the pre 1919 housing area of Cross Green. This of course is subject to the identification of further sources of funding and approvals. The menu of interventions available as part of this strategy will include not only acquisition and clearance but also group repair to 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 £0.5m of Regional Housing Board money
2. Authorise Scheme Expenditure to the amount of £0.5m
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  
Plan 2 relationship to Copperfields College Site, East Leeds link Road
2. Address list
3. Summary of residents survey results
4. Costs associated with option B and C (Exempt from FOI Act 10.4(3))
5. Compensation Payments