



**Not for Publication:** Report exempt from Access to Information Procedure Rules by reason of 10.4(1) - Appendix 2 only

## Report of the Director of Environment and Neighbourhoods

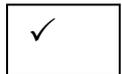
### Executive Board

Date: 18<sup>th</sup> May, 2011

### Subject: Property Exchange with Leeds Federated Housing Association

#### Electoral Wards Affected:

City and Hunslet,  
Hyde Park and Woodhouse,  
Wetherby,  
Chapel Allerton



Ward Members consulted  
(referred to in report)

#### 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 2009 the Councils Executive Board approved proposals for the acquisition and demolition of a number of back to back properties in the Garnets area of Beeston as part of The Single Regional Housing Pot (SRHP) 2008/11 programme. The aim of the project was to provide a development site for the provision of affordable housing in a gateway location to Beeston Hill and the retail centre on Dewsbury Road in order to contribute to the wider regeneration of the area. The clearance area contains 15 properties currently owned by Leeds Federated Housing Association (LFHA). It is proposed that these 15 properties should be transferred to the ownership of the Council in exchange for 14 Council owned miscellaneous properties of an equivalent value. This arrangement will facilitate the partial clearance of the site and the demolition of empty properties to provide an area of temporary greenspace pending the long term redevelopment of the site.

### 1.0 Purpose Of This Report

1.1 This report sets out the proposals for the transfer of 14 Council owned miscellaneous properties to LFHA in exchange for the 15 properties they will contribute to the regeneration scheme for demolition and seeks approval for the transfer.

## **2.0 Background Information**

- 2.1.1 At its meeting of 13 May, 2009 the Councils Executive Board approved proposals for the acquisition of 44 privately owned properties and the demolition, ultimately, of 112 back to back houses in the Garnets area of Beeston utilising the Leeds 2008/11 SRHP funding allocation. Of these 112 properties 53 were already owned by LCC and managed by Aire Valley Homes (AVH), 15 are owned and managed by Leeds Federated Housing Association. Of the 15 properties owned by LFHA 14 are currently void and 1 tenant is actively seeking rehousing.
- 2.1.2 The proposals for acquisition and demolition of these properties had been the subject of an intensive period of consultation. One ward member in particular was opposed to the proposals on the grounds that there were other locations where it was felt that property conditions were worse.
- 2.1.3 Prior to a submission for SRHP funding ward members were presented with three scenarios which had been developed by the Civic Architects office in relation to the remodeling of the Garnets area to achieve comprehensive regeneration objectives.
1. Comprehensive redevelopment
  2. Combination of selective demolition/redevelopment and refurbishment of retained housing
  3. Minimal change refurbishment
- Ward members expressed a preference for scenario 2 which included some selective demolition, reprovion of housing and future proposals for investment in the retained stock in the surrounding area.
- 2.1.4 It was considered that the location provided a particularly significant regeneration opportunity due to the fact that it serves as a gateway to Beeston Hill and the retail centre on Dewsbury Road. It was hoped, at that time, that this would be the first phase of a longer term regeneration strategy for the wider area.
- 2.1.5 Leeds Federated Housing Association (LFHA) owned a significant proportion of homes within the Garnets and investment in their stock had been suspended pending a decision by the Council on proposals for regeneration of the area. Without a commitment to the comprehensive regeneration of the area LFHA had serious concerns about the areas sustainability and were considering whether to dispose of their holdings.
- 2.1.6 At the time the estimated cost of maintaining the 53 properties owned by the Council and managed by AVH, at the Governments Decent Homes Standard was estimated at £630,550 over the next 10 years. However, It was considered that, even with investment of this nature, the poor design and layout of the properties would not be addressed and added to sustainability issues, investment in these properties would prove financially unviable.
- 2.1.7 Face to face consultation with residents of the affected properties resulted in 67 responses of these 55 (82%) were in favour of demolition.
- 2.1.8 The total available budget for the acquisition and demolition of the 112 properties from the 2008/11 SRHP allocation was originally £3m. Due to limited resource availability from the SRHP the budgetary requirements for this project were based

upon an assumption that LFHA would forgo a cash payment for their properties but agreement was reached for LFHA to take replacement properties of an equal value instead.

- 2.1.9 In September 2009 officers were advised of the governments intention to transfer £75m nationally from the Private Sector Renewal (PSR) element of regional housing resources for 2010/11 (SRHP) to the 'Housing Pledge' element of 'Building Britain's Future' to assist recovery of the construction industry. This resulted in a 20% cut in the 2010/11 SRHP allocation for all West Yorkshire authorities, a £4.07m reduction for Leeds, leading to a shortfall in funding to complete all ongoing acquisition and demolition schemes.
- 2.1.10 In light of this reduction in funding a review of all outstanding acquisition and demolition schemes was undertaken and findings reported to the Director of Environment and Neighbourhoods in November, 2010. The Director approved proposals to withdraw from the Holbeck phase 4 scheme in order that available remaining resources could be focused on the demolition of blocks wholly within Council ownership in the Garnets. It was agreed that the demolition area would be revised to exclude blocks which still contained properties in private ownership and that the aim would be to bring Council owned properties in these blocks back into use (Blocks hatched in red on the plan at appendix 1). The revised clearance area will include 76 properties, 15 of which are owned by LFHA.

## **2.2 Current position**

- 2.2.1 The 15 properties within LFHA ownership are concentrated in two blocks of 8 properties each (Blocks 2 and 4 identified on the plan at appendix 1). In addition to the 15 LFHA properties block 4 also contains a property which has been acquired by the Council from a private owner.
- 2.2.2 It is proposed that 5 of the properties acquired by agreement from private owners within the original Garnets target area but out with the revised demolition phases (outlined in blue on the plan at appendix 1) should be exchanged with LFHA along with a further 9 miscellaneous properties in other areas of the city which are already on lease to LFHA and tenanted by LFHA tenants.
- 2.2.3 These 5 properties sit within blocks containing privately owned properties. Because the likelihood of securing further funding to complete the scheme is remote if left empty indefinitely these properties have the potential to create blight. If they remain in Council ownership their improvement to bring them back into use will require significant resources. Their transfer to LFHA will ensure that they are brought up to the Decent Homes Standard in line with other LFHA owned properties in the surrounding area.
- 2.2.4 The first phase of demolition (20 properties) has already been completed. Further phases are due to take place over the coming months as the five remaining tenants are rehoused.

## **2.3 Options**

- 2.3.1 The proposals contained within this report consider how best to ensure a positive outcome for the regeneration of the Garnets area by ensuring that 16 properties vacated for the purpose of demolition can be demolished and other vacant properties within blocks not wholly within Council ownership can be refurbished and

brought back into use 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 nothing

Option B: Purchase LFHA properties in the Garnets demolition area

Option C: Exchange LFHA properties in the Garnets demolition area for other council owned miscellaneous properties

### 2.3.2 Option A: Do nothing

Currently 56 properties, including 15 currently owned by LFHA, within the Garnets are vacant and ready for demolition. If the ownership of the 15 properties is not transferred to the Council for demolition they will remain as an “island” of vacant properties within an otherwise cleared area. This situation could result in a number of issues including:

- Community Safety Issues arising from the concentration of empty properties e.g. the risk of arson
- Environmental issues including fly tipping and maintenance of the cleared area
- Resources issues to secure or bring back into use the properties which have been vacated as a result of the Councils decision to undertake the acquisition and demolition scheme.
- Damage to the Councils reputation arising from the use of public funding to commence a scheme without reaching a positive outcome.
- Affect of the concentration of empty properties on the sustainability of surrounding stock
- Render the cleared area incapable of long term redevelopment

In addition 19 properties in the area surrounding the revised demolition zone have been vacated for demolition and will require significant resources to bring them up to a decent standard and back into use. Surveys are currently being undertaken to establish the cost of bringing these properties back into use but the level of Major Repairs Allowance available for this purpose is limited. If LFHA do not take ownership of 5 of these empty properties additional Council resources will be required to bring all 19 back into use.

### 2.3.3 Option B: Purchase LFHA properties in the Garnets area

The 15 properties currently owned by LFHA have been valued by independent valuers as worth £1,017,000. The SRHP programme was reviewed and revised in 2010 due to the shortage in funding to complete all ongoing schemes. Insufficient funding, therefore, renders this option impracticable.

### 2.3.4 Option C: Exchange LFHA properties in the Garnets demolition area for other council owned miscellaneous properties

It is proposed that 9 miscellaneous properties which are currently leased to LFHA plus 5 properties which have been acquired from private owners within the Garnets which are now out with the demolition zone should be transferred to LFHA in exchange for the 15 LFHA properties within the Garnets target area for demolition. This proposal will ensure that the area outlined in blue on the plan at appendix 1 can be cleared so that a temporary area of green space may be provided to

enhance the environmental conditions and improve the outlook for remaining residents until redevelopment can take place. In addition a further 5 properties in the surrounding area can be brought up to standard and back into use for allocation to applicants on the Leeds Homes Register at no additional cost to the Council.

## **2.4 Strategic Context**

Acquisition and demolition schemes undertaken as part of the 2008/11SRHP programme aim to tackle poor quality, pre 1919 housing stock in the regeneration priority areas of the city to help deliver the objectives of the Vision for Leeds 2004-2020, Leeds Housing Strategy and the Private Sector Housing Strategy.

## **2.5 Effects on ALMO Business and Investment Plans**

Consultation with AVH on the options has resulted in an agreement from their Senior Management team to negotiate with the Council and LFHA to gain the best outcome for the area.

## **2.6 Financial Implications**

2.6.1 Valuations undertaken by independent chartered surveyors esurv have been used to establish the comparable values of properties to be exchanged. Valuations have been undertaken for all of the LFHA properties earmarked for demolition (£1,017,000). The Council owned miscellaneous properties proposed for exchange have also been valued by esurv for consistency (£1,037,000). It is proposed that the shortfall in value match should be made up by a contribution of £20,000 from LFHA. The Acting Director of City Development has confirmed that in his opinion the disposal of the council owned properties of land on this basis represents the best consideration that can be reasonably obtained under the Housing Act 1985.

2.6.2 It was agreed at the outset of the scheme that LFHA would be responsible for the payment of home loss and disturbance compensation to their tenants and for the costs of demolition of the 15 properties they currently own and that the combined legal costs for the transfer would be the joint responsibility of LFHA and LCC (SRHP).

## **3.0 PROPOSALS**

Option C is the proposed option - 9 miscellaneous properties which are currently leased to LFHA plus 5 properties acquired from private owners within the Garnets should be transferred to LFHA in exchange for the 15 LFHA properties within the Garnets target area for demolition. The shortfall of £20,000 in the value match of properties will be met by payment from LFHA. It is proposed that this payment would help to supplement the budget for the Councils legal costs associated with the transfer.

## **4.0 LEGAL & RESOURCE IMPLICATIONS**

4.1 Advice received from LCC Legal Services with regard to transfer of miscellaneous properties from LCC to LFHA sets out that the Council will be required to pay Stamp Duty Land Tax in view of the number and value of transactions at a rate of 5% of the total value of properties it is to acquire, around £52,000.

- 4.2 The combined legal costs of the transfer to be shared equally between LCC (SRHP funding) and LFHA.
- 4.3 Any disposal of land which is held by the council for the purposes of Part II of the Housing Act 1985 requires the consent of the Secretary of State pursuant to Section 32 of that Act. Legal Services have confirmed that subject to confirmation from the Acting Director of City Development that the aggregate number of dwelling-houses disposed of by the council has not exceeded the total set out at (iii) below, the consent to the disposal of the 14 council properties is given by The General Consent for the Disposal of Part II Dwelling-Houses 2005, paragraph A5.2.1. This provides that a local authority may dispose of a dwelling-house to a registered social landlord for the best consideration that can be reasonably obtained, where:
- (i) the dwelling-house is in need of substantial works of repair, improvement or conversion; and
  - (ii) the dwelling-house is vacant or already let by the authority to the registered social landlord; and
  - (iii) the aggregate number of dwelling-houses comprised in the disposal and any previous disposal by the authority in the same financial year under the consent does not exceed one quarter of one percent of the number of dwelling houses owned by the local authority at the commencement of the financial year in which the disposal takes place.
- 4.4 The power for the council to acquire the 15 properties from LFHA is contained in Section 17 of the Housing Act 1985.

## **5.0 IMPLICATIONS FOR COUNCIL POLICY AND GOVERNANCE**

- 5.1 The public interest in maintaining the exemption in relation to appendix 2 attached to this report outweighs the public interest in disclosing the information by reason of the fact that the information contained within this appendix relates to individuals who are current tenants of the properties leased by LFHA from the Council.
- 5.2 Copies of the exempt appendix 2 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.

## **6.0 COMMUNITY SAFETY**

If the exchange of properties with LFHA does not take place the proportion of empty properties in the area is likely to result in exacerbated levels of anti social behaviour, vandalism and arson and hence implications under Section 17 of the Crime and Disorder Act 1998.

## **7.0 CONSULTATION**

- 7.1 The 15 LFHA tenants affected by the demolition proposals and Ward Members were consulted prior to the recommendation to demolish being submitted to the Councils Executive Board. All but one of the 15 tenants have since been rehoused and the final tenant is actively seeking rehousing.
- 7.2 Ward members of all of the affected wards have been consulted on the proposal within this report. One particular ward member who was averse to the original proposal to acquire and demolish properties within the Garnets remains opposed to

this proposal on the grounds that *“there are houses in the rest of Leeds in a far worse condition”*.

- 7.3 During the autumn of 2010 owners and residents of the Garnets area were consulted on the proposals emerging from the review of the outstanding acquisition and demolition schemes in response to the reduction in SRHP funding. The majority of the responses from the community supported continuation of the scheme and the demolition of empty properties without delay.
- 7.4 The community group were particularly concerned about the environmental impact of the high proportion of empty properties within the target area and were anxious that demolition should take place without delay. Residents complained of an infestation of rats and were hopeful that demolition would reduce the incidence of fly tipping in bin yards and that an area of green space, albeit temporary, could be provided.
- 7.5 Agreement has been secured from LFHA board to transfer its 15 properties within the demolition area to LCC on condition that they receive, in return, miscellaneous properties of an equal value.
- 7.6 Colleagues from the South Area Management Team have been represented on the Garnets Regeneration Steering Group which meets regularly and is made up of Council officers and partners from AVH and LFHA to discuss issues surrounding regeneration of the area.

## **8.0 RECOMMENDATION**

Executive Board are requested to

- Authorise the transfer of 15 LFHA properties in the Garnets clearance area to LCC in exchange for 14 Council owned miscellaneous properties to LFHA. The difference in value to be contributed by LFHA to the costs of demolition on the scheme.
- Declare all properties in the attached appendix 2 surplus for disposal to LFHA.
- Authorise the Director of City Development to approve the detailed terms of the transaction

## **Appendices**

1. Plan of proposed demolition phases
2. Address list of Council owned Miscellaneous Properties for exchange (Exempt from Access to Information Procedure Rules 10.4(1))

## **Background Papers**

Regeneration of the Garnets, Beeston  
Regional Housing Board Programme 2008-11 – Update  
Regional Housing Board Programme 2008-11  
– Acquisition and demolition schemes update.

Exec Board 13<sup>th</sup> May 09  
Exec Board 9<sup>th</sup> Dec 09

Exec Board 25<sup>th</sup> Aug 2010