

Report of Director of Environment and Neighbourhoods

Report to- Executive Board

Date: 20th June 2012

Subject: Transfer of cleared sites in Cross Green to Chevin Housing Association

Are specific electoral Wards affected? If relevant, name(s) of Ward(s): Burmantofts and Richmond Hill	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

1. This report sets out proposals to transfer the St Hildas cleared site to Chevin Housing Association at nil cost to facilitate the development of new affordable homes. The use of Regional Housing Board resources to acquire pre 1919 properties for clearance has resulted in a cleared site which is now available for redevelopment. Grant funding has been secured by Chevin HA from the Homes and Communities Agency (HCA), Affordable Homes Programme 2011/15 to support the redevelopment of 21 new affordable homes. In addition Chevin's own resources will be utilised to fund this scheme. The scheme will contribute to the strategic objective to deliver additional affordable homes within the regeneration area

Recommendations

2. That Executive Board approves the proposals to transfer 2 cleared sites in Cross Green to Chevin Housing Association at nil consideration.

1 Purpose of this report

- 1.1 The purpose of the report is to seek approval to transfer 2 cleared sites in Cross Green to Chevin Housing Association at nil consideration in order that the development of a new Affordable Housing Scheme may take place

2 Background information

- 2.1 The Council's Executive Board at its meetings of 17th May, 2006, and 20th September 2006 approved proposals to commence the acquisition and demolition of 73 pre 1919 properties of mixed tenure across 2 phases. The project was funded utilising grant funding from the Regional Housing Board, specifically Single Regional Housing Pot (SRHP)
- 2.2 At its meeting in February 2008, the Council's Executive Board agreed to delegate responsibility for the disposal of sites held within the Affordable Housing Strategic Partnership (AHSP) at less than best consideration £5k to the Director of City Development.
- 2.3 In March 2008, Executive Board approved a recommendation that the Cross Green site, along with the Beverley's in Beeston, Florence Street in Harehills, and Brown Lane East / Runswick's in Holbeck which were sites cleared with SRHP funding, should be transferred to the AHSP.
- 2.4 Subsequently in March 2009 the AHSP, following a development procurement process, approved the selection of Chevin Housing Association as preferred development partner on a package of 4 SRHP funded sites. The HCA had been involved in the development of the procurement process and had indicated that grant funding should not be awarded for land values. The HCA considered that as Regional Housing Board (RHB) funding had been used for land assembly by the Council, to award grant funding for its purchase from the Council would be classed as a double subsidy. This is the case with all of the sites cleared using RHB funding.
- 2.5 Executive Board approved proposals in January 2011 to transfer another of the four RHB cleared sites, the Beverelys, to Chevin Housing Association at Nil Consideration.

3 Main issues

- 3.1 In November 2011, Chevin Housing Association were successful in securing funding from the HCA as part of the Affordable Homes Programme 2011/2015 programme for grant funding to develop 21 new affordable homes on the site.
- 3.2 The scheme consists of 13 two bedroom and 8 three bedroom houses, all of which are to be rented at an Affordable Rent level (80% of the market rent)
- 3.3 As part of the Section 106 agreement The Council will receive 100% nominations on first letting and 75% of nomination rights on subsequent letting.
- 3.4 A planning application has been approved and Chevin require a legal interest in the land by the end of June 2012 to be able to claim grant funding from the HCA. Subject to legal transfer of the land Chevin would like to start on site in July 2012.
- 3.5 Chevin's offer to the HCA was on the assumption that the land could be transferred to them at nil consideration. Chevin submitted a report to the Council

in January 2012 indicating that the scheme is financially unviable if they were to pay for the land, the HCA has confirmed that as grant funding has already been used by the Council to clear the site, they are not prepared to grant Chevin additional funding to pay for the land too as this would be viewed as double subsidy

- 3.6 City Development officers have reviewed the report from Chevin and have confirmed that the scheme is not financially viable if Chevin are asked to pay a charge for the land.
- 3.7 Since Chevin's expression of interest in the SRHP sites, submitted in early 2009, a number of factors have changed which have impacted upon Chevins ability to present to the HCA a financial proposal which was likely to receive approval. This has resulted in a request from Chevin to waive the Councils expected receipt of £125,000 A brief summary of those influential factors are listed below
- HCA grant funding available for the 2011/2015 Affordable Homes programme has been reduced in comparison to previous funding rounds. Registered Providers (RP's) are now required to finance a significant proportion of development costs themselves by raising private finance secured against future rental income streams and by charging Affordable Rents (up to 80% of market rents).
 - The scheme costs have significantly increased since the original bid was made.

4 Corporate Considerations

4.1 Consultation and Engagement

- 4.1.1 Ward Members were consulted on the proposals to transfer the site to the Affordable Housing Strategic Partnership and prior to the submission of the planning application. They are aware of the success of Chevin's successful bid to the HCA for grant funding and expect to see a start on site over the coming months.
- 4.1.2 Extensive consultation has taken place with the local residents group since proposals for clearance were initiated. This has resulted in the development of a close working relationship between local ward members and residents working with Chevin to develop the plans from an early stage. Chevin have amended plans to include an element of public amenity space which the local residents had indicated strongly that they wished to retain.
- 4.1.3 Ward Members and the local residents are generally in support of the development but it is intended that further consultation will take place to determine the long term management and maintenance of the public amenity space to ensure that the communities needs are recognised and as far as possible met in this respect.

4.2 Equality and Diversity / Cohesion and Integration

- 4.2.1 An equality, diversity cohesion and integration screening exercise has been carried out. This has affirmed that relevant issues have been effectively

considered in relation to this proposal and that a full impact assessment was not required.

4.3 Council policies and City Priorities

- 4.3.1 Cross Green is part of the East Leeds Regeneration Area and as part of to the Aire Valley Leeds and is identified as a target area within the Vision for Leeds 2004-10, the Corporate Plan 2005-8 and the Leeds Regeneration Plan 2005-2008
- 4.3.2 The development of the Cross Green site will increase the number of new affordable homes built each year which an objective of City Priority Plan 2011-2015.
- 4.3.3 The site is located in a Selective Licensing area. The development of new homes will help to increase housing market confidence in the area and will complement a recently completed group repair scheme in the area

4.4 Resources and value for money

- 4.4.1 The transfer of the Cross Green site at nil cost to Chevin will mean that a potential capital receipt of £125,000 will be forfeited

4.5 Legal Implications, Access to Information and Call In

- 4.5.1 Section 32 of the Housing Act 1985 provides that local authorities cannot dispose of land which they hold for the purposes of Part II of that Act without the consent of the Secretary of State. Section 25 of the Local Government Act 1988 provides that a local authority cannot provide any person with financial assistance for privately let housing accommodation without the consent of the Secretary of State. It is proposed that the land be disposed of using a general consent given by the Secretary of State, such consent being General Consent A under section 25 of the Local Government Act 1988 for the Disposal of Land to Registered Providers of Social Housing 2010 ('the Consent'). The consent also operates as a consent for the purposes of Section 32 of the Housing Act 1985. The Consent provides that a local authority may provide a registered provider (within the meaning of Part 2 of the Housing and Regeneration Act 2008) with financial assistance or any gratuitous benefit consisting of the disposal of land to that registered provider for development as housing accommodation subject to a number of conditions. The Head of Property Services confirms that the aggregate value of assistance provided by the Council by the proposed disposal and any gratuitous benefit or financial assistance provided previously by the Council under the Consent in the current financial year has not exceeded the limit of £10 million as prescribed by the Secretary of State and Legal Services have therefore confirmed that the conditions provided by the Consent are met in relation to the proposed disposal and that consent for the disposal of the site and the provision of financial assistance by way of a disposal at less than best consideration is given by The General Consent under Section 25 of the Local Government Act 1988 for the Disposal of Land to Registered Providers of Social Housing 2010

4.6 Risk Management

- 4.6.2 Chevin have advised that if a capital receipt for the land is required by the Council the likelihood is that they would withdraw from the scheme as it would not be financially viable.
- 4.6.3 Any additional funding requirement for the purchase of the land would need to be sought from Chevin own finances which could threaten the viability of the remainder of Chevin's 2011/2015 development programme
- 4.6.1 It is unlikely that any other RPs would be interested in developing the sites.
- 4.6.2 It is also unlikely the site would be an attractive site for sale on the Open Market.

5 Conclusions

- 5.1 In view of the circumstances outlined above; the potential loss of investment from one of the city's priority regeneration areas and the impact upon the affordable housing targets for 2012/15 if the scheme was to falter at this stage it is proposed that the site should be transferred to Chevin HA at nil consideration
- 5.2 It is proposed that this transfer takes place as soon as possible to ensure that conditions of the HCA grant funding may be met i.e. completion of the scheme by April 2014.
- 5.3 Executive Board approved a similar proposal in relation to the Beverelys scheme in Beeston on 5th January 2011.

6 Recommendations

- 6.1 That Executive Board approves the transfer of the cleared sites in Cross Green as marked in the attached appendix to Chevin Housing Association at nil consideration.
- 6.2 **Background documents¹**
- 6.1 Executive Board, 8th February 2008; Disposal of Land for Affordable Housing
- 6.2 Executive Board, 12th March 2008; RHB Funded Clearance sites and the Affordable Housing Strategic Partnership
- 6.3 Executive Board 5th January 2011; Transfer of the Beverleys Site to Chevin Housing Association.

¹ The background documents listed in this section are available for inspection on request for a period of four years following the date of the relevant meeting. Accordingly this list does not include documents containing exempt or confidential information, or any published works. Requests to inspect any background documents should be submitted to the report author.