

**Report of Director of City Development**

**Report to Executive Board**

**Date: 7<sup>th</sup> November 2012**

**Subject: Disposal of Stratford Court, School Lane, Chapel Allerton to Unity Housing Association for redevelopment**

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|---|---|-----------------------------|
| Are specific electoral Wards affected?<br>If relevant, name(s) of Ward(s): Chapel Allerton  | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| Are there implications for equality and diversity and cohesion and integration?   | <input checked="" type="checkbox"/> Yes | <input 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?<br>If relevant, Access to Information Procedure Rule number: 10.4 (3)<br>Appendix number: 4 | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |

**Summary of main issues**

1. Stratford Court is a sheltered housing scheme located in the centre of Chapel Allerton. Built in the 1960s, the scheme comprises 12 units, 11 of which are currently occupied.
2. Ten out of the 12 units at Stratford Court have shared bathing facilities which is not considered to be appropriate in a modern sheltered housing scheme. Whilst the demand for sheltered housing in this area is high, demand for this particular type of sheltered housing is low and this has resulted in difficulties in letting when the properties become void. The main reason given for refusal is the shared bathing facilities.
3. Stratford Court requires major repair, refurbishment and modernisation works in order to bring the properties up to modern standards and to ensure its long term sustainability. The estimated cost of these works will be in excess of £500,000 and will involve reducing the number of units from 12 to 7.
4. This report considers the alternative options for Stratford Court and makes a recommendation about its future use.

## **Recommendations**

Executive Board is recommended to:

- i) approve the disposal of Stratford Court to Unity Housing Association at less than best consideration on the terms outlined in the confidential appendix attached to this report to facilitate its redevelopment as a new affordable housing scheme comprising of 30 x 2 bedroom apartments for people aged 55 and over;
- ii) note that subject to this decision, the Director of Environment and Neighbourhoods will suspend lettings and agree decant of the Stratford Court sheltered housing scheme.

### **1. Purpose of this report**

- 1.1 The purpose of this report is to seek approval from Executive Board for the disposal of Stratford Court Sheltered Housing Scheme to Unity HA at less than best consideration in order to facilitate its redevelopment as a 30 unit affordable housing scheme for people aged 55 and over.

### **2. Background Information**

- 2.1 Stratford Court Sheltered Housing Scheme is a 12 unit block for older tenants located in the centre of Chapel Allerton. It consist of 5 x 1 bedroom flats and 7 bedsits. The scheme was built in the 1960s on an in-fill site on School Lane to the rear of Somerfield Supermarket on Stainbeck Lane (see attached plan - Appendix 1) The scheme is now dated, particularly as it has shared bathing facilities for 10 out of the 12 units and requires substantial works of repair, refurbishment and modernisation. The cost of these works has been estimated to be in excess of £500,000.
- 2.2 Despite the need for investment and basic amenities, 11 out of 12 units are presently occupied and remain popular with the tenants due to the proximity of the site to the local facilities of the neighbourhood centre. However, when properties become void, these have proved difficult to let with high refusal rates. The main reason given for refusal is the shared bathing facilities.
- 2.3 Housing demand for this area of Leeds in general is high, but demand for this type of sheltered housing is low and there is a greater demand for similar sheltered properties at St Augustine's Court (Harehills) and Moorhaven Court (Moortown).
- 2.4 Earlier this year ENEHL was allocated £500,000 from HRA reserves to undertake an improvement programme at Stratford Court to convert the scheme to self contained units with en suite bathing facilities. These conversion works would result in a reduction of the number of units from 12 to 7 units. Since this is considered small for a sheltered scheme, would also require the displacement of the existing tenants, and has a high financial cost, a number of other options have been considered for the future of Stratford Court.

### **3.0 Main Issues**

3.1 Three options have been considered:

#### **3.2 Option 1 - Decant and Refurbish**

3.2.1 The seven bedsits are too small to provide private bathing facilities. In order to provide these, the bedsits would need to be remodelled resulting in the loss of 3 units. In addition remodelling of the 1 bed flats would also entail the loss of a further 2 units. Other modernisation works required would include asbestos removal; refurbishment of internal communal walls and shared areas; energy efficiency works and fire prevention works.

3.2.2 The anticipated cost of the above works is in excess of £500,000 and funding for the works has been earmarked from the HRA business plan.

3.2.3 The anticipated cost of decanting the tenants and paying disturbance and home loss compensation is approximately £34,100. This figure assumes that only 4 residents will be permanently displaced and would therefore be eligible to claim the homeloss payment of £4,700 each. The costs are detailed in Appendix 2. This figure may increase if storage is required by some tenants.

3.2.4 There is still a risk of high running and maintenance costs in the future due to the age of the building and the anticipated deterioration in its condition.

#### **3.3 Option 2 - Disposing of the scheme on the Open Market**

The property could be closed down, declared surplus to operational requirements and sold on the open market for redevelopment in order to raise a capital receipt to support the Council's Capital Programme. The Council would lose the sheltered housing units and would be responsible for home loss and disturbance payments to the current occupiers, estimated at £61,050, and would also need to find alternative accommodation for tenants. These costs include homeloss payments to all the 11 current residents of Stratford Court and are detailed at Appendix 2. The Council would not, however have to fund the running costs or renovation costs of the facility.

#### **3.4 Option 3 – Dispose of the scheme at less than best consideration to facilitate redevelopment by a Housing Association.**

3.4.1 Unity Housing Association has approached the Council with a proposal to demolish the existing buildings and provide a new development consisting of 30 x 2 bedroom units for older people. The scheme will consist of 20 units for affordable rent and 10 for shared ownership. Officers of Unity HA have met with planning officers to discuss the proposal and have been advised that it is within policy guidelines. This work will be carried out using Homes and Communities Agency (HCA) funding as part of the Affordable Homes Programme 2011/15 and is a confirmed allocation from the HCA. Unity HA will meet the costs of the demolition of the existing scheme which is estimated at £124,000.

- 3.4.2 It will be necessary for all the existing tenants to be re-housed either temporarily or on a permanent basis. The costs of decanting and homelessness payments, which is estimated at £61,050 as detailed in Appendix 2, will be met by ENEHL. During the rehousing process, ENEHL will continue to be responsible for the management of the scheme and for meeting the costs of security and maintenance until all the residents are rehoused. Once all tenants have been satisfactorily rehoused the site be disposed of to Unity HA with vacant possession for redevelopment. ENEHL are confident that the 11 existing tenants can be successfully rehoused within a maximum period of twelve months.
- 3.4.3 Unity HA has also confirmed that former tenants of Stratford Court will be given 'first refusal' for properties in the new scheme as tenants of Unity HA. Subject to the necessary approvals, consultations and obtaining vacant possession, Unity HA aim to be in a position to start on site in October 2013 in order to commence demolition. The HCA funding allocation must be spent by the end of March 2015. An anticipated completion date of November 2014 will ensure that funding deadlines can be met by including a buffer to accommodate any slippage.
- 3.4.4 Unity HA has provided the Council with a copy of a detailed financial appraisal and LCC officers have confirmed that the proposal for Stratford Court would not be financially viable unless the site can be obtained at less than best consideration.
- 3.4.5 Provisional terms for the disposal of the site have been negotiated with Unity and are detailed in the attached confidential appendix 4.
- 3.4.6 Option 3 is the recommended option as it secures provision of housing for older people of an enhanced standard than currently available. The properties will be built to 'lifetime homes standards,' and be Equality Act compliant. Moreover, the properties will have an enhanced specification to cater for residents of 55 and over to meet current and future care needs. These specifications include:
- extra wide lifts for wheelchairs;
  - a covered drop off area for vehicles;
  - reinforced ceilings for the future provision of tracks and hoist equipment;
  - a 'care ring' facility for all flats;
- 3.4.7 In addition, the Council will benefit from:
- an additional 8 units of accommodation for affordable rent and 10 for shared ownership in area of high demand.
  - 100% nomination rights for the council on the first lettings and 75% on subsequent lets.
  - saves £500,000 from the HRA budget allocated for the renovation works.
  - releases the Council from its current and future maintenance obligations estimated at £25,000 p.a.

3.4.8 The cost to the Council of pursuing this option is the foregoing of the potential land value plus the costs of decanting current occupiers. This total cost is likely to be substantially less than the cost of renovating the existing building to provide a reduced number of sheltered housing units.

## **4.0 Corporate Considerations**

### **4.1 Consultation and Engagement**

- 4.1.1 A residents consultation event was held at Stratford Court on the 19<sup>th</sup> September 2012. The event was attended by 6 out of the 11 residents. A presentation was provided by ENEHL and Unity HA. All the residents were supportive of the proposal to redevelop Stratford Court for 30 new apartments and some have already expressed a desire to move in to the new units. An officer from ENEHL has also visited the remaining 5 residents who could not attend the meeting on the 19<sup>th</sup> September and the comments from the remaining residents were also supportive of the redevelopment option. ENEHL have also provided a 'Fact Sheet' providing information regarding rehousing options and disturbance and homelessness payments. A dedicated officer from ENEHL has also been identified to deal specifically with the rehousing issues.
- 4.1.2 A Public Consultation took place at Stratford Court on the 20<sup>th</sup> September 2012 and was attended by 5 neighbouring residents. Whilst there were no adverse comments, the residents did raise concerns regarding: Tree Protection Orders; the height of the new building; transport issues; works traffic and disturbance caused by the demolition and building works and discussions with CANplan (Chapel Allerton Neighbourhood Planning)
- 4.1.3 The residents were advised that the necessary processes and procedures would be in place to protect the environment and prevent dust and debris affecting the adjacent buildings during the works. A robust traffic management plan will also be in place to minimise disruption. With regard to concerns about the height of the buildings, the neighbouring residents were informed that the height of the new builds would be similar to the adjacent terraces and that Unity's architects will be working closely with Planning and residents to ensure that concerns are addressed.
- 4.1.4 Ward Members have been consulted and are supportive of the proposals subject to the consultations with both the residents of the scheme and the public.
- 4.1.5 A meeting has also been arranged with the General Secretary of CANPlan to discuss the proposals with them in detail and address any issues that maybe raised.
- 4.1.6 Residents will also be able to make comments and raise concerns when a formal Planning Application is submitted.

## **4.2 Equality and Diversion/ Cohesion and Integration**

- 4.2.1 The redevelopment of Stratford Court will have a significant impact on the housing options and needs of older residents who are a recognised equality group. An Equality, Diversity, Cohesion and Integration Impact Assessment (EDCi) was carried by ENEHL in September 2012 and is attached in Appendix 3.
- 4.2.2 The proposal will impact on existing residents who from the Equality, Diversity, Cohesion and Integration Impact Assessment (EDCi) represent a mix of ethnic and faith backgrounds. The impact of the proposals on the existing residents will be mitigated through continuing consultation with the residents throughout the project. ENEHL will provide a translation service for the 2 residents identified in the Equality, Diversity, Cohesion and Integration Impact Assessment (EDCi) and an Action Plan has been devised to address the mains issues and is attached in Appendix 3. ENEHL will also have a dedicated officer to manage the decanting rehousing process.
- 4.2.3 The project will also have a positive impact in the area through the creation of more affordable housing for those aged 55 and over, in an area of high demand, which will be Equality Act compliant and built to 'Lifetime homes' standards.

## **4.3 Council policies and City Priorities**

- 4.3.1 The redevelopment of Stratford Court to provide 30 x 2 bedroom units for the elderly would meet the aspirations identified in the 'Vision for Leeds, 2011 – 2030' to provide sufficient housing, including affordable housing that meets the needs of the community.
- 4.3.2 In line with the 'City Priority Plan – 2011 – 2015,' the redevelopment will maximise regeneration investment to increase housing choice and affordability within sustainable neighbourhoods.
- 4.3.3 The redevelopment also supports the objectives in the 'Vision for Leeds' through the provision of accommodation that will enable people to live full, active and independent lives.

## **4.4 Resources and Value for money**

- 4.4.1 The disposal of Stratford Court at less than best consideration to Unity HA will mean that the Council will forego a potential capital receipt as detailed in the attached confidential appendix. It should be noted, however, that if a disposal to Unity HA does not proceed, the property would not be declared surplus and released for sale but would be renovated at a cost of approximately £500,000.
- 4.4.2 A disposal to Unity HA will also facilitate a £4.4m HCA grant assisted redevelopment and provide an additional 18 units of affordable accommodation for older people in an area of high demand.

## **4.5 Legal Implications, Access to information and Call in.**

- 4.5.1 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. In addition, 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. Legal, Licensing & Registration have confirmed that subject to confirmation from the Director of City Development that the total value of any financial assistance given by the Council under the consent has not exceeded £10 million in this financial year; the consent to the disposal of this 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.
- 4.5.2 The Director of City Development has confirmed that the total value of any financial assistance given by the Council under the General Consent under Section 25 of the Local Government Act 1988 for the Disposal of Land to Registered Providers of Social Housing 2010 during this financial year has not exceeded £10 million.
- 4.5.3 The information contained in the confidential appendix 4 to this report relates to the financial or business affairs of a particular person, and of the Council. This information is not publicly available from the statutory registers of information kept in respect of certain companies and charities. It is considered that since this information was obtained through one to one negotiations for the disposal of the property/land then it is not in the public interest to disclose this information at this point in time. Also it is considered that the release of such information would or would be likely to prejudice the Council's commercial interests in relation to other similar transactions in that prospective purchasers of other similar properties would have access to information about the nature and level of consideration which may prove acceptable to the Council. It is considered that whilst there may be a public interest in disclosure. Much of this information will be publicly available from the Land Registry following completion of this transaction and consequently the public interest in maintaining the exemption outweighs the public interest in disclosing this information at this point in time. It is therefore considered that this element of the report should be treated as exempt under Access to Information Procedure Rule 10.4 (3).

## **4.6 Risk Management**

- 4.6.1 There is a risk that the scheme may not obtain planning permission due to objections from the existing tenants and adjacent occupiers. The proposed development is taller than the existing buildings (2/3 storeys rather than 1) although it maintains a similar footprint. This risk has been mitigated by Unity HA having held discussions with Planning and Highways Services during the design of the scheme and holding Public Consultation events attended by Unity HA and Council Officers. No adverse comments regarding the height of the buildings were received during this event although members of the public will still be able to raise any concerns about this or any other aspect of the new development as part of the planning application process.

- 4.6.2 ENEHL predict that the tenants can be rehoused within twelve months. However, failure to achieve vacant possession could delay the disposal to Unity HA. In turn this would impact upon Unity's start on site and ability to meet the funding deadline of March 2015. At the point of disposal Unity would need to determine whether amendments could be made to their programme to ensure that the funding deadlines could be met. A buffer of 4 months has been built into the programme to allow for any slippage.
- 4.6.3 ENEHL will be responsible for maintaining security and carrying out the necessary repairs and maintenance until the last resident is rehoused. As soon as vacant possession can be provided, the Council will dispose of the scheme at the earliest opportunity to reduce any further liabilities for the Council.
- 4.6.4 The new units will be at a higher rent than the existing units which could be a barrier to any tenants wanting to return to the new scheme. However, Unity HA have confirmed that the rents will be approximately £111 per week and the local housing allowance is currently £122 per week. Those tenants in receipt of Housing Benefit will therefore not be required to meet the increased costs.

## **5.0 Conclusion**

- 5.1.1 The proposed option 3, detailed above, to dispose of Stratford Court to Unity HA to redevelop for affordable housing for older people will release the Council of its obligations for the maintenance and repair of a 50 year old building which is in need of extensive modernisation/repair works. The £500,000 of funds allocated for these works can be re-directed to other HRA priorities. The Council will also gain nomination rights on the new housing and will be acting in support of the Council's policies and strategic priorities.
- 5.1.2 The proposal will result in a net increase in housing provision for people aged 55 and over in an area of high demand.
- 5.1.3 Subject to approval it is proposed that the disposal takes place as soon as vacant possession can be obtained to ensure that the conditions of the HCA grant may be met i.e. completion of the scheme by September 2014.

## **6.0 Recommendations**

- 6.1 Executive Board is recommended to:
- i) approve the disposal of Stratford Court to Unity Housing Association at a less than best consideration and on the terms outlined in the confidential appendix attached to this report to facilitate the redevelopment of a new affordable housing scheme comprising of 30 x 2 bedroom apartments for persons aged 55 and over;
  - ii) note that subject to this decision, the Director of Environment and Neighbourhoods will suspend lettings and agree decant of the Stratford Court sheltered housing scheme.



## **7.0 Background Documents<sup>1</sup>**

- East North East Homes Leeds Board, 1<sup>st</sup> December 2011; Stratford Court, Sheltered Housing Scheme.
- East North East Leeds Homes Board, 24<sup>th</sup> May 2012; Suspension of Lettings at Stratford Court.

## **8.0 Appendices**

Appendix 1 - Site Plan, Stratford Court, Chapel Allerton, LS7

Appendix 2 - Decant and Homeloss and Disturbance Costs

Appendix 3 – Equality, Diversity, Cohesion and Integration Impact Assessment.

Appendix 4 – Confidential appendix of terms for the disposal of the property.

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<sup>1</sup> The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.