

Report of the Director of City Development

Report to Executive Board

Date: Wednesday 14 December 2016

Subject: Supporting the delivery of housing mix: Outcome of marketing of Council owned sites

Are specific electoral Wards affected?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, name(s) of Ward(s): Adel & Wharfedale, Farnley & Wortley, Kippax & Methley, Middleton Park and Wetherby.		
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?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, Access to Information Procedure Rule number: 10.4 (3) Appendix number: Appendix 2 – Schedule of Offers		

Summary of main issues

1. To encourage delivery that would support the appropriate housing mix for neighbourhoods and assist with achieving capital receipts programme targets, approval was given by the Executive Board in November 2015 to market five Council owned sites in a range of housing market areas. The marketing period has now concluded and the offers received have been assessed. The report provides an overview of the outcome of the marketing of these sites and the accompanying confidential appendix provides details of the offers received.

Recommendations

2. Executive Board are requested to:
 - I. Note the contents of the report;
 - II. Approve the recommended offers contained within the attached confidential Appendix 2;
 - III. Request that the Director of City Development, in consultation with the Executive Member for Regeneration, Transport and Planning, progresses with the scheme proposals and the disposal of the Council sites set out in this report;

- IV. That a further report is submitted to the Executive Board outlining the Council's strategy to facilitate and support the delivery of housing with care.

1. Purpose of this report

- 1.1 The purpose of this report is to provide Executive Board with the outcome of the marketing exercise of five Council owned sites and the range of offers received.
- 1.2 Confidential Appendix 2 outlines the offers for consideration by the Executive Board.

2 Background information

- 2.1 Housing growth which meets the needs of all residents is a critical component of sustainable economic growth. The Council is leading the drive to meet the overarching housing requirements set out in the Core Strategy and is also seeking to ensure growth which meets needs and provides choice, particularly for people on low incomes, as highlighted through the Core Strategy requirement for Affordable Housing provision, and recognising the city's changing demography, particularly the growth in the number of older residents.
- 2.2 In aspiring to be the 'best city in the UK', the Core Strategy takes forward the spatial and land use aspects of the Vision for Leeds, City Priority Plans and the Best Council Plan (in particular, Objective 2: to 'Promote sustainable and inclusive economic growth').
- 2.3 The Core Strategy recognises the requirement for affordable housing as being 1,152 per annum. It acknowledges demographic trends within Leeds, including that of an increasing older population, in particular the growing numbers of people with care requirements. The number of older people in Leeds continues to grow and by 2020 it is estimated that those most in need of care and support, mainly those aged 75 plus, will increase by approximately 13%.
- 2.4 Recognising this, in January 2016, the Council published the Housing with Care Prospectus. The purpose of the prospectus was to encourage delivery of new housing with care schemes in line with current and future demand in Leeds. The Council held a launch event to promote the prospectus in February 2016 with a wide range of public and private providers, consultancies, developers and other organisations. The prospectus was well received and the sector was supportive of the proactive approach which the Council is taking to encourage the development of more provision in Leeds. It set out the pattern of requirements, the approach to Site Allocations and identified some Council owned land identified in support of housing growth.
- 2.5 Following Executive Board approval in November 2015, five sites were put on the market with a preference for the delivery of housing with care. The sites went to market at the same time as the Housing with Care prospectus was launched. The sites were:
- 2-4 Bodmin Road, Middleton Park Ward

- Former Ash Tree Primary School, Kippax & Methley Ward
- Site adjacent to Holt Park District Centre, Adel & Wharfedale Ward
- Former Wortley High School Site, Farnley & Wortley Ward
- Former Primrose Hill Home for Older People, Wetherby Ward

- 2.7 Following a period of marketing and bid clarification, offers have now been received for the sites and details of the bids received are contained within this report and the attached confidential Appendix 2 for Executive Board consideration.
- 2.8 Sites listed above are included in the Council's Capital Receipts schedule, which was endorsed by the Executive Board in February 2016, and outlined sites scheduled for disposal 2015/16 to 2019 onwards.

3 Main Issues

- 3.1 Five Council owned sites in a range of housing market areas were advertised with a preference for the development of housing with care. The sites were listed on the Council's 'Land for Sale' web-page on leeds.gov.uk, land for sale boards were erected at site and also listed on Rightmove Commercial for a period of nine weeks.
- 3.2 A variety of offers were received for each site from a range of housing providers, with proposals differing in scale and tenure mix. In order for Best Consideration to be achieved, the Council expressed preference for the delivery of housing with care on the sites but not exclusively designated for this purpose. This provides Executive Board with the flexibility to assess all offers submitted.

Summary of Site Offers

- 3.3 The former Primrose HOP, Boston Spa, received bids for the provision of housing with care. The highest offer came from a national not for profit retirement and care specialist, with the proposal for a mixed tenure extra care development, providing a combination of affordable rent, Shared Ownership and market sale apartments.
- 3.4 The highest offer received for Bodmin Road was for the provision of new supply Affordable Housing. The Registered Provider who has submitted the offer for this site intend to use grant already secured through the Homes & Communities Agency 2015-18 Affordable Housing Programme or the Council's Right to Buy Replacement funding to support delivery costs. The delivery of Affordable Housing units at this site could potentially utilise a significant amount of government funding designated for investment in Affordable Housing in Leeds.
- 3.5 Bids submitted for Ash Tree Kippax were for Affordable Housing schemes and retail developments. Use of the site for retail is not supported by Planning Services and therefore the Affordable Housing schemes submitted were the only viable options that could be considered. As with the Bodmin Road site, the development of any Affordable Housing scheme would be via a Registered Provider using funding already secured through the Homes & Communities Agency 2015-18 Affordable Housing Programme or the Council's Right to Buy Replacement funding.
- 3.6 For the former Wortley High School site, the offer which would achieve Best Consideration is for the development of a market housing scheme. The scheme

would provide onsite provision of Affordable Housing units, in line with Core Strategy H5 Affordable Housing policy.

- 3.7 With regards to the site at Farrar Lane, Holt Park, no standalone offers were received for the site. Alongside this, consideration is currently being given to the potential re-configuration of the retail element of Holt Park District Centre. Therefore, it is recommended that the site should be re-marketed at a later date with a preference for housing with care. It is anticipated when the site is re-marketed, there will be plans in place outlining access routes and infrastructure, in turn proving to be more of an attractive development opportunity for a potential provider.

Direct delivery and future land supply

- 3.8 As a result of a challenging market for providers, the Council is committed to support and facilitate the development of housing with care for older people through its own resources; both in terms of direct delivery and future land supply.
- 3.9 Through the Council Housing Growth Programme, there is already a commitment to deliver two Extra Care schemes through this route:
- Wharfedale View, Yeadon: The scheme is due for handover imminently. The development comprises of 45 units; 35 Council rented and 10 Shared Ownership apartments. Funding for the scheme has come from the Department of Health, Right to Buy Replacement funding and the Council's Housing Revenue Account. The scheme has been independently recognised for quality of construction and design;
 - Westerton Walk, West Ardsley: The Council has been successful in securing further grant funding from the Department of Health to support the development of a 60 unit scheme, which would provide 47 Council rented and 13 Shared Ownership apartments. Scheme plans are currently being finalised for the development prior to submission for planning permission.
- 3.10 In addition, a number of Council owned sites have been brought to the market for the development of specialist housing in areas where there is a shortfall of homes designed for older people. The former Kirkland House Older People's Care Home in Guiseley & Rawdon Ward has recently gone back on the market with a preference for the development of housing with care. The marketing particulars for this site are currently listed on the Council's Land for Sale web page and Rightmove Commercial and offers are currently being invited.
- 3.11 At present, the two key market challenges providers are facing: the availability of suitable sites and the ongoing Local Housing Allowance Maxima (LHA Max) review. LHA Max has a great impact across the affordable and specialist housing sector, as housing benefit rates are capped for new social tenants in line with Local Housing Allowance rates, resulting in a reduced rental income for providers of supported and specialist housing. In order to try and facilitate delivery by the sector, particularly in order to support extra care, the Council will continue to look at site opportunities including, for future site disposals, packaging of sites.
- 3.12 However, whilst it is acknowledged that market conditions remain challenging and there is some continuing volatility across the sector, there is also a real opportunity

to further stimulate the market by sharing business intelligence, working with partners to deliver the next generation of extra care homes and by bringing innovation and creativity to design and development within the timescales required. We will also continue to work closely with existing providers looking to expand their portfolio in Leeds or potential providers who can assist the market shortfall and who can develop outside the requirement for any subsidy.

- 3.13 It is proposed that the Council targets c£30m housing growth funding, from the Housing Revenue Account, Right to Buy Replacement Funding and Commuted Sums, to support the delivery of extra care housing where the market cannot provide this. A further report will be brought to the Executive Board setting out options for investment and a finance package in early 2017.
- 3.14 If Executive Board approve the recommendations outlined in confidential Appendix 2, it is suggested that the Director of City Development, in consultation with the Executive Member for Regeneration, Transport and Planning, take forward the development of detailed scheme proposals and disposal of these sites.

4 Corporate Considerations

4.1 Consultation and Engagement

- 4.1.2 The Executive Member for Regeneration, Transport & Planning has been consulted as part of the drafting of this report via the Housing Growth Elected Members Steering Group.
- 4.1.3 Ward Members have also been notified of the outcome of the offer process for the disposal of sites within their Ward. Further Ward Member consultation will take place as scheme proposals are developed in more detail.

4.2 Equality and Diversity / Cohesion and Integration

- 4.2.1 The Equality and Diversity, Cohesion and Integration screening document has been completed to ensure due regard to equality issues. This is attached for reference at Appendix 1.
- 4.2.2 The screening process found that provision of new supply housing with care is a positive investment, providing improved, sustainable, specifically designed homes for older people.
- 4.2.3 Where offers are to be recommended for the provision of Affordable Housing, this will have a beneficial impact for socio-economic equality groups.

4.3 Council policies and the Best Council Plan

- 4.3.1 The detail and associated recommendations outlined within this report contributes towards the following Best Council Plan 2016/17 priorities:
- Providing enough homes of a high standard in all sectors
- 4.3.2 The recommendations within this report also supports the following Best Council Plan 2016/17 outcomes:

- Live in good quality, affordable homes within clean and well cared for places
- Live with dignity and stay independent for as long as possible.

4.3.3 The delivery of new housing opportunities support the delivery of the following breakthrough project:

- Housing growth and high standards in all sectors.

4.4 Resources and value for money

4.4.1 Three of the recommended site offers intend to utilise grant funding from the Homes and Communities Agency and Right to Buy Replacement Programme which extend the impact of existing' will stretch resources and maximise investment.

4.4.2 Where it is recommended that any of the properties are sold this will result in the Council ceasing to be responsible for the current and future maintenance liabilities of the property.

4.4.3 Disposal of the sites will generate a capital receipt and thereby contribute towards achieving targets within the Council's Capital Programme.

4.5 Legal Implications, Access to Information and Call In

4.5.1 The marketed sites have been declared surplus to the Council's requirements and no operational reason has been identified to justify their retention. In these circumstances, where recommended, their disposal represents prudent and economic asset management, obviating holding costs associated with managing the land.

4.5.2 Where a sale of a property has been recommended the Head of Land and Property confirms that in his opinion the terms offered to the Council for that property represent the best consideration that can reasonably be obtained under Section 123 of the Local Government Act 1972 (or under the Housing Act 1985).

4.5.3 The information contained in Appendix 2 attached 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 inviting of best and final offers for the property/land then it is not in the public interest to disclose this information at this point in time as this could lead to random competing bids which would undermine this method of inviting bids and affect the integrity of disposing of property/land by this process.

4.5.4 It is also 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 offers 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 Rule 10.4 (3) of the Access to Information Procedure Rules.

4.6 Risk Management

4.6.1 The risks associated with the proposed disposals are outlined in the attached confidential appendix.

5 Conclusions

5.1 Through the recommended disposal routes for the sites listed above, a range of new supply housing schemes will be delivered supporting housing growth ambitions for the city as outlined with the Core Strategy. The Council will continue make land available to support a range of housing delivery; through both public and private development routes, to meet the needs to housing market areas and local communities.

5.2 Where a sale is recommended it is considered that the proposed disposal represents good asset management and will realise a significant capital receipt for the Council in support of the delivery of the Capital Programme.

6 Recommendations

6.1 Executive Board are requested to:

- I. Note the contents of the report;
- II. Approve the recommended offers contained within the attached confidential Appendix 2;
- III. Request that the Director of City Development, in consultation with the Executive Member for Regeneration, Transport and Planning, progresses the scheme proposals and the disposal of the Council sites set out in this report;
- IV. That a further report is submitted to the Executive Board outlining the Council's strategy to facilitate and support the delivery of housing with care.

7 Background documents¹

7.1 None.

¹ 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.