

**Report of:** Land and Property

**Report to:** Director of City Development

**Date:** May 2019

**Subject:** Land at St Cecilia Street, Quarry Hill & The Former Yorkshire Rider Club, Saxton Gardens – Disposal to a Registered Provider of Affordable Housing.

Are specific electoral Wards affected?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, name(s) of Ward(s):	Little London & Woodhouse Burmantofts & Richmond Hill	
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 type="checkbox"/> Yes	<input checked="" 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:	1	

## Summary of main issues

1. One of the Council's ambitions is to develop the city centre as a mixed and vibrant residential community, with good quality housing, high standards of design, and a broad mix in terms of housing type, tenure and price.
2. At Executive Board in March 2017, Members approved the acceptance of Commuted Sums in lieu of the onsite provision of Affordable Housing within Private Rented Sector (PRS) schemes. One option for the use of such sums was to support Registered Providers (RPs) and third sector organisations to bring forward affordable housing and broaden the tenure mix within the city centre.
3. A Council owned development plot on St Cecilia Street and the site of the former Yorkshire Rider club in Saxton Gardens (the subject sites), as identified on the attached plans, were two of the sites identified within the November 2018 Executive Board report for the deployment of Commuted Sums to facilitate housing development with an enhanced level of affordable housing within the city centre /fringe areas through the ring fenced disposal to Registered Providers.

## **Recommendations**

4. It is recommended that the subject sites be marketed on a restricted basis to RPs and members of the Leeds Affordable Housing Framework for the delivery of affordable housing.

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

- 1.1 The purpose of this report is to recommend approval for the restricted marketing of the subject sites to RP's and members of the Leeds Affordable Housing Framework.
- 1.2 The sites will be packaged and marketed with offers invited on a Market Value basis for a 100% affordable scheme.

### **2 Background information**

- 2.1 Leeds Living aims to diversify the city centre housing offer. One approach to achieving this is through Council investment in affordable housing using Commuted Sums in order to create mixed city centre communities.
- 2.2 The Executive Board Report of March 2017 considered housing growth in Leeds city centre and set out the Council's approach to the delivery of a varied and high quality housing offer that meets the needs of the people.
- 2.2 The report acknowledged the role of new and purpose built Build to Rent (BTR) housing in the city centre and recognised that investment in Build to Rent housing was a critical component of the city's growth & regeneration ambitions and the delivery of the city's target for new homes through a number of largely city centre sites.
- 2.3 It was recommended that Members endorse an approach which recognises that the acceptance of commuted sums from Build to Rent schemes may be appropriate in lieu of an onsite provision and justified in accordance with Core strategy Policy H5; and agree to the proposed investment of commuted sums for affordable housing being reinvested in schemes within the city centre boundary and zone of influence identified in Appendix 1.
- 2.4 The marketing of the subject sites to RPs presents an opportunity to invest Commuted Sums within the city centre and fringe areas in order to broaden the tenure mix available and deliver a mixed community.
- 2.5 In November 2018 Executive Board approved the proposed approach towards the deployment of Commuted Sums, this being through the disposal of the subject sites to an RP and investment of Commuted Sum monies made to contribute towards scheme costs. This report was taken as a key decision.
- 2.6 Traditionally, the investment of Commuted Sums within the city centre and zone of influence in new supply affordable housing has been limited. This is primarily due to the accommodation on offer being, in the main, apartments. For some Registered Providers, apartments have not been an attractive proposition due to

previous experiences associated with tenancy management issues and, in some cases, high levels of fees which have been required to be paid to managing agents of the apartment blocks for upkeep of communal areas and facilities.

- 2.7 The St Cecilia St development plot falls within the city centre boundary, and the former Yorkshire Rider Club within the Zone of influence and each present an opportunity to invest Commuted Sums within blocks developed and managed by an RP for Affordable Housing units within these areas.
- 2.8 The St Cecilia St development plot Site forms part of a larger 2.75ha Mixed Use allocation within the Site Allocations Plan for 600 residential units and 11,000m<sup>2</sup> of office space. It falls within zone 4 of the affordable housing map and is therefore subject to 5% affordable housing over a threshold of 15 units. It should be noted however that the Core Strategy review proposes that this be revised to 7% over a threshold of 10 units.
- 2.9 At Executive Board in July 2017, members approved the disposal of the St Cecilia St development plot for residential use, and to use the subsequent capital receipt to contribute toward the cost of the proposed public realm improvement works at Gateway Court as part of the wider refurbishment and redevelopment of the West Yorkshire Playhouse and wider amenity.
- 2.10 The Former Yorkshire Rider Club site falls within the Adopted Aire Valley Leeds Area Action Plan. The site is not designated, however would be suitable for residential development. The site falls within zone 3 of the affordable housing map and is therefore subject to 5% affordable housing over a threshold of 15 units.
- 2.11 It is proposed that these sites be packaged together and marketed to RPs for the development of affordable housing wholly managed by an RP.

### **3 Main issues**

- 3.1 The wider development site adjacent to the St Cecilia St development plot, including St Cecilia Street itself, was sold by the Council to Quarry Hill Developments Limited (Caddick Developments) on a long leasehold basis. The subject site was retained for the purpose of coach parking for events being held at Quarry Hill, in particular the Playhouse. Coach parking is no longer needed, and as such, the site can be declared surplus to Council requirements.
- 3.2 This site is accessed and serviced from St Cecilia Street and extends to approximately 655m<sup>2</sup> (0.1618a). It is currently licenced to Caddick to operate as a surface pay and display car park. The Council is required to give 28 days' notice to terminate or suspend the licence. There are currently proposals to use the site for site cabins associated with the construction of the adjacent Quarry Hill development scheme up until the sale of the site.
- 3.3 The Former Yorkshire Rider Club Site is accessed and serviced from Railway Street. The site consists of the club building and associated car parking. Immediately adjacent to the site is the new energy centre that provides back up heat generation to the Council's District Heat Network. Surrounding the site to the south and east is Council owned greenspace.
- 3.4 Concept designs for each of the proposed developments have been prepared in conjunction with the city centre planning team. The planning policy, design and

highway principles that are to be adopted will feature within the sales particulars. Further details are contained within the confidential appendix.

- 3.5 It is proposed that the sites be packaged together and marketed with the benefit of site survey information where appropriate. This will provide bidders with the information required to make an allowance within their offer for site conditions that would otherwise be unknown at bid stage. The Former Yorkshire Rider Club is to be demolished prior to sale.
- 3.6 It is proposed that a phase 2 ground investigation be commissioned for the St Cecilia St development plot. Based on ground investigation data currently available, there is made ground within the site ranging from 0.35m to 8.1m deep. It is important that the extent of this be determined prior to detailed design and costing exercises. The cost of the phase 2 ground investigation is detailed within the confidential appendix.
- 3.7 For each scheme eligible parties may have the opportunity to access the following funding streams; Right to Buy replacement funding (to cover up to 30% of development costs), s106 Commuted Sum payments and Homes England Grant funding. Allocation of s106 monies must demonstrate value for money in terms of additionality of affordable units. Detailed financial appraisals must be provided with scheme proposals. Offerors will be encouraged to enter into early discussions with the Council regarding the funding streams and how they may be applicable to their scheme prior to submission of their offers. Each party will need to state the sum and source of funding that their bid and associated scheme is conditional upon.
- 3.8 The sites are being offered as a package. Offers for each site will be invited reflecting the market value of the site for a development containing a policy compliant level of affordable housing. The Council, however, seeks development proposals containing 100% affordable housing whilst maintaining the same market value offer for the land. This will assist in ensuring that best consideration is achieved. Offers and associated schemes will be reviewed by officers within Planning, Design, Highways, Housing Growth and Land & Property and recommendations reported back for approval.
- 3.9 Offers will be evaluated against the following criteria; offer for the land, the level of funding required, the tenure of the affordable offering and compliance with planning policy. Offers that utilise Modern Methods of Construction will be welcomed.

#### **4 Corporate Considerations**

- 4.1 The recommendations in this report have a number of positive equality outcomes. The primary focus is to provide additional Affordable Housing which will have a beneficial impact for socio-economic equality groups.
- 4.2 **Consultation and Engagement**
- 4.3 The St Cecilia St development plot falls within the Little London & Woodhouse Ward. Ward Members were contacted via email and briefed on the proposal on 16<sup>th</sup> October 2018.
- 4.4 Cllr J Akhtar did not respond.
- 4.5 Cllr K Brooks supports the principle of a sale of the site to an RP for the provision of affordable housing, however her support was conditional upon the affordable housing offering being at social rent, rather than affordable rent, and that the

percentage of affordable housing is maximised as far as possible, in part through s106 investment. A local lettings policy was also requested.

- 4.6 Cllr G Harper has no objections to the proposal.
- 4.7 The Former Yorkshire Rider Club Site falls within the Burmantofts & Richmond Hill Ward. Ward Members were contacted via email and briefed on the proposal on 2nd April 2019.
- 4.8 Cllr R Grahame, Cllr A Khan and Cllr D Ragan did not respond.
- 4.9 It is noted that within the November 2018 Executive Board Report, Ward Members requested that opportunities for the provision for community space as part of any new development is explored. Ward Members have been consulted on this subject.
- 4.10 Cllr R Lewis, Executive Member for Regeneration, Transport & Planning, was briefed on proposals for the Former Yorkshire Rider club site on 7<sup>th</sup> March 2019. He is supportive of the sale of the site for affordable housing delivery.
- 4.11 **Equality and Diversity / Cohesion and Integration**
- 4.12 The recommendations within this report have a number of positive equality outcomes. The primary focus is to provide additional Affordable Housing which will have a beneficial impact for socio-economic equality groups.
- 4.13 **Council Policies and the Best Council Plan**
- 4.11 The recommendations in this report contribute not only to the achievement of housing growth, but support an objective at the heart of the Best Council Plan of a vibrant city centre which all can benefit from.
- 4.12 **Resources and Value for Money**
- 4.13 The disposal of the site will generate a capital receipt to support the Council's capital receipts programme.
- 4.14 The development of the site will generate a New Homes Bonus for each property together with an affordable housing uplift as well as additional Council Tax revenue.
- 4.15 **Legal Implications, Access to Information and Call In**
- 4.15.1 Under Part 3, Section 3E(g) of the Council's Constitution (Officer Delegation Scheme (Executive Functions)) the Director of City Development has authority to discharge any function of the Executive in relation to Asset Management
- 4.15.2 The Chief Officer - Asset Management and Regeneration, Head of Asset Management and Head of Land and Property have authority to take decisions in relation to Asset Management as delegated in the Director of City Development's sub delegation scheme.
- 4.15.3 The proposal constitutes a Significant Operational Decision and is not therefore subject to call in.
- 4.15.4 The Head of Land and Property confirms that the proposed method of disposal set out above is the method most likely to result in the Council achieving the best

consideration that can reasonably be obtained under Section 123 of the Local Government Act 1972 (or under the Housing Act 1985).

#### **4.16 Risk Management**

- 4.16.1 There is a risk that no Registered Providers will be interested in acquiring the subject sites. In this instance an alternative use for the sites will be considered.

### **5 Conclusions**

- 5.1 It is concluded that the subject sites present an opportunity to deliver a residential scheme offering an enhanced level of affordable housing within the city centre and a method by which committed sums can be invested.

### **6 Recommendations**

- 6.1 It is recommended that the subject sites be marketed on a restricted basis to RPs and members of the Leeds Affordable Housing Framework, for the delivery of affordable housing.

### **7 Background documents<sup>1</sup>**

- 7.1 None

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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.