

**Management and the Head of Regeneration**
**Report to the Director of City Development, and Director of Communities, Housing and Environment**
**Date: 7 May 2021**
**Subject: Kingsdale Court, Boggart Hill Road, Leeds LS14 - Proposed Unit Purchases**

Are specific electoral wards affected? If yes, name(s) of ward(s): Killingbeck and Seacroft	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Has consultation been carried out? Ward Members have been consulted as detailed within the report	<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
Will the decision be open for call-in?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, access to information procedure rule number: 10.4(3) of the Access to Information Procedure Rules (Confidential Appendix 1 and Confidential Appendix 2	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

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**Summary**
**1. Main issues**

- Kingsdale Court is a privately owned residential apartment scheme containing eighty eight individual flats across eight blocks each held on the unexpired portion of 125 year individual apartment leases from the freeholder.
  - The estate generally is in a poor state of disrepair and has attracted much anti-social behaviour with many individual apartments vacant and, along with common parts to the apartment blocks, also in need of substantial repair.
  - At its meeting on 10<sup>th</sup> February 2021 Executive Board considered a report by the Director of City Development and the Director of Resources and Housing which outlined an opportunity for the Council to acquire forty of those apartments, currently in single ownership. The report also considered and approved a proposal to commence a site assembly exercise to bring the entire site into Council ownership including additional remaining apartments and the freehold ownership. The forty unit portfolio is the subject of this report.
- 1.1 The acquisition of the long leasehold interests in the subject units would form part of a co-ordinated response across Council and partner services to resolve acute neighbourhood management issues and extremely poor housing conditions that have blighted the surrounding neighbourhood for at least the last decade.

- 1.2 Executive Board gave approval for delegated powers to the Director of City Development and the (former) Director of Housing and Resources to secure acquisition of the portfolio of at least forty flats, and also gave, in addition, authority in principle to acquire any and all further interests across the site with the aim of addressing social and environmental conditions and facilitating a sustainable development solution. A schedule of the accommodation of the forty units across several blocks (the “Gilstead”, “Bramley”, “Clayton”, “Heaton”, “Elland” and “Farnley” blocks) is attached in confidential Appendix 2 which also indicates the level of occupancy.
- 1.3 Negotiations have been concluded with the owner of the portfolio of the forty apartments and the purpose of this report is:
- i) to seek the approval of the Director of City Development to the terms for the acquisition of the portfolio in line with the approvals delegated by Executive Board decision of 10<sup>th</sup> February 2021 and
  - ii) to seek the authority of the Director of Communities, Housing and Environment to incur the expenditure reported in confidential Appendix 1 to complete the purchase and to note the responsibilities and liabilities accruing to the Council upon completion of a transfer of the ownership contained in paragraph 4 of that appendix.

## **2. Best Council Plan Implications**

- The acquisition of the portfolio of flats at Kingsdale Court supports a number of priorities within the Best Council Plan (BCP) including Housing, Inclusive Growth and Safe, Strong Communities. The proposed acquisition supports a range of aims under each of these BCP priorities:
  - Targeting interventions to tackle poverty in priority neighbourhoods.
  - Housing provision of the right quality, type, tenure and affordability in the right places through potential redevelopment of the site.
  - Providing the right housing options to support older and vulnerable residents to remain active and independent.
  - Improving energy performance in homes, reducing fuel poverty.
  - Keeping people safe from harm, protecting the most vulnerable.
  - Tackling crime and anti-social behaviour.
  - Being responsive to local needs, building thriving, resilient communities.

## **3. Resource Implications**

- The intention is to use HRA Council House Growth Programme capital funding to purchase and to develop the site . Approval is sought to release Housing Revenue Account capital funding for acquisition of the flats from the Director of Communities Housing and Environment. Details of the funding requirements are provided within the Confidential Appendix 1 to this report. Further support will be requested in due course to support a longer term strategy for this site particularly in regard to acquiring remaining interests in the estate and advancing subsequent Council proposals. It is to be noted that the intention behind the acquisition is to support social/ regeneration benefits to the area and not just new affordable homes and as such may cost more than a standard new homes scheme.

- A number of financial responsibilities, under each of the leases will accrue to the Council pursuant to obligations contained in all of the leases which are detailed within the confidential Appendix 1 to this report and the Director of Communities, Housing and Environment is requested to note these will become the responsibility of Housing Leeds to bear.

## **Recommendations**

a) It is recommended that:

- the Director of City Development approves the terms for an acquisition of the long leasehold interests in the forty apartment portfolio outlined in confidential appendix 1 to this report, and
- the Director of Communities, Housing and Environment approves the incurring of the expenditure as outlined in confidential Appendix 1 to enable completion of the acquisition funded by the Housing Revenue Account capital funding, and
- the Director of Communities, Housing and Environment to note those obligations and responsibilities accruing to the Council as long leaseholder of the forty units comprising the portfolio.

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

### **1.1 The purpose of this report is to**

- a) seek approval from the Director of City Development to the terms for an acquisition of the long leasehold interests in the portfolio of apartments offered to the Council by the current owners, and
- b) seek the approval of the Director of Director of Communities, Housing and Environment to the incurring of the expenditure detailed in the confidential appendix to complete the purchase on the basis reported, and
- c) outline ownership responsibilities and risks to the Director of Director of Communities, Housing and Environment accruing upon transfer of the ownership to the Council.

## **2. Background Information**

- 2.1 Kingsdale Court is located within the heart of Boggart Hill priority neighbourhood as identified through a Key Decision taken by Executive Board in November 2017.
- 2.2 The site, which is shown outlined on the attached plan comprises eighty eight privately owned long leasehold flats across eight medium-rise blocks built in the late 1960s / early 1970s . The site is subject to several complex layers of ownership and occupation comprising the freehold, multiple leaseholds and tenancies, which through fragmentation of responsibilities and obligations has contributed to its poor condition, having seen limited investment or basic maintenance in recent years. This has led to a very poor quality condition of built fabric, and external and communal areas. Housing conditions are generally poor and well below those of the surrounding estate of Council and Registered Provider homes.
- 2.3 The Council's Neighbourhood Improvement Board agreed in April 2019 that Kingsdale Court was of a high concern and priority for action to address these housing conditions and the acute issues of crime and anti-social behaviour that were being sustained and the negative impact on residents in and around the site.
- 2.4 Formal enforcement activity was undertaken by West Yorkshire Fire and Rescue Service in July 2019 resulting in temporary closure of Farnley House and further Premises Closure Orders for Farnley and Gilstead House later in 2019. These enforcement additional measures were undertaken due to extensive criminal damage to the fabric of the building, fire hazards, significant demand for Police resources, particularly relating to drugs, fly-tipping and intimidation of residents. The blocks continue however to be fully secured by the current long leaseholder owner of the portfolio.
- 2.5 The portfolio of the forty flats is the largest single leasehold interest in the site and had been held in administration since late 2019 following the failure of the previous holding company. The portfolio has recently been purchased by a property developer with a view to long term investment and further acquisitions in the site to enable comprehensive refurbishment.

- 2.6 Executive Board on 10<sup>th</sup> February 2021 approved, amongst other things the Council entering into negotiations with the single owner of the forty units for an acquisition of all of their long-leasehold interests, as a Key Decision.
- 2.7 The purpose of this report is to outline and seek approval, following completion of discussions with the current owner of the portfolio, to proposed terms for acquisition of the portfolio, authority to incur the necessary expenditure to acquire the apartments and to note the ownership responsibilities and risks accruing to the Council on transfer of the units pursuant to obligations contained within each long lease.

### **3. Main Issues**

- 3.1 Officers have engaged with the portfolio owner pursuant to the decision of Executive Board on 10<sup>th</sup> February 2021 and terms offered for a purchase of the portfolio by the owner are reported in confidential Appendix 1 to this report.
- 3.2 Purchasing the portfolio would place the Council in a position of significant leasehold ownership and leverage on the site, with a good ability to proactively influence change. Taking the opportunity to acquire this property portfolio would need to be seen as a first step in a wider site assembly exercise, with the aim of consolidating all interests into one to facilitate a cost effective and comprehensive site solution, alongside the ongoing use of statutory powers where this may continue to be appropriate to target anti-social behaviour or poor housing conditions. The site would lend itself well to the development of new Council Housing development to meet local need.
- 3.3 If an acquisition of the portfolio is made there would be a need for the properties to be properly managed by the Council, preventing further deterioration of the flats and to enable the first steps in a longer term plan for improvements to living conditions, reducing the negative impact on the surrounding community, in terms of crime, anti-social behaviour and environmental blight. It should be noted that the structure of the buildings, the common parts and external landscaping will still be the responsibility of the freehold owner, and outside the control of the Council, although the long leaseholders are liable to reimburse the freehold owner their costs of repair and maintenance via service charge provisions within the leases. As leaseholder, the Council would also be liable for annual ground rents, as detailed in the Confidential Appendix 1.
- 3.4 Housing Revenue Account (HRA) funds can be used to acquire the portfolio of the forty flats currently available, to bring these into Council stock as a first step in securing improvements to living conditions at Kingsdale Court. Through an acquisition the Council would immediately take on legal obligations for managing and maintaining these properties in good condition and would also be liable for the freehold landlord's costs for maintaining the common parts and exterior through service charge arrangements as part of the HRA capital programme. More details of these liabilities are set out in the confidential Appendix 1. Where flats within the portfolio are occupied by rent-paying tenants (details provided in the confidential appendix) the Council would also be legally obliged to manage these as Secure Tenancies. It would be the intention in due course to use appropriate statutory means to obtain vacant possession of all the flats acquired, whilst ensuring all existing housing needs are met through offers of alternative accommodation.

## **4. Corporate Considerations**

### **4.1 Consultation and Engagement**

- 4.1.1 Ward members and the Executive Member for Communities have been consulted throughout the process and are fully supportive of the acquisition of the portfolio of flats and the wider site assembly.
- 4.1.2 The cross-sector partnership Boggart Hill Priority Neighbourhood Team has had ongoing involvement in the site and is supportive of the proposed approach. Consultation with local residents shows that Kingsdale Court has proved a major ongoing source of concern for the community, particularly in terms of housing, crime and anti-social behaviour.

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

- 4.2.1 Whilst poverty is not a protected characteristic under Equality legislation, the Council recognises the need to target support to those communities with disadvantaged socio-economic status.
- 4.2.2 Taking an ownership interest in Kingsdale Court to better enable improvements as part of a co-ordinated action plan has a positive cohesion impact for the immediate and surrounding community.
- 4.2.3 An Equality, Diversity, Cohesion and Integration (EDCI) screening assessment has been undertaken which suggests that while the proposals seek to address poverty and inequality, there are no direct equalities implications under equality legislation.

### **4.3 Council policies and the Best Council Plan**

- The acquisition of the leasehold interests in the portfolio of flats at Kingsdale Court supports a number of priorities within the Best Council Plan (BCP) including Housing, Inclusive Growth and Safe, Strong Communities. The proposed acquisition supports a range of aims under each of these BCP priorities:
  - Targeting interventions to tackle poverty in priority neighbourhoods.
  - Housing provision of the right quality, type, tenure and affordability in the right places through potential redevelopment of the site.
  - Providing the right housing options to support older and vulnerable residents to remain active and independent.
  - Improving energy performance in homes, reducing fuel poverty.
  - Keeping people safe from harm, protecting the most vulnerable.
  - Tackling crime and anti-social behaviour.
  - Being responsive to local needs, building thriving, resilient communities.

#### **4.3.1 Climate Emergency**

- 4.3.2 At the March 2019 Full Council meeting and April 2019 Executive Board a Climate Emergency was declared by the Council. The Council committed to doing more to tackle climate change and to consider the carbon impact of every decision it takes.
- 4.3.3 The acquisition of this property interest in Kingsdale Court will not in itself have any Climate Emergency impacts. A further report will be provided in due course to set out proposals for investment in the site in more detail, and this will include further details of how those proposals will take into account and contribute towards

achieving the Council's aspirations in relation to climate change. At this stage it may be noted that the empty properties on the site represent a poor utilisation of embedded energy and under-use of residential land in a sustainable location. Any future redevelopment of the site will reflect improved and current energy performance requirements.

#### **4.4 Resources, Procurement and Value for Money**

- 4.4.1 The use of the Housing Revenue Account funding is suitable for this acquisition and for further site assembly activities, given the clear links to the provision of good quality affordable Council housing in the future, to be developed and managed as part of the Council's own stock.
- 4.4.2 The purchase of the property portfolio is proposed at a price offered to the Council by the owner which reflects the apparent physical condition of the properties and the estate, and various legal and financial risks and liabilities outlined in confidential Appendix 1 associated with the terms of the long leases.

#### **4.5 Legal Implications, Access to Information, and Call-in**

- 4.5.1 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.
- 4.5.2 The Chief Officer Asset Management and Regeneration, Head of Asset Management and Deputy 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.
- 4.5.3 The proposal constitutes a Significant Operational Decision and is therefore not subject to call in.
- 4.5.4 The information contained in the confidential appendices to this report relates to the financial or business affairs of a particular person or company, and of the Council. This information is not publicly available from the statutory registers of information kept in relation to certain companies and charities. It is considered that since this information was obtained through one to one negotiations for the purchase of the land/property referred to then it is not in the public interest to disclose this information at this point in time. Also the release of such information would or would be likely to prejudice the Council's commercial interests in relation to and undermine its attempts to acquire by agreement similar properties in the locality in that owners of other similar properties would be aware 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 available from the Land Registry following completion of the purchase 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 purchase of the leasehold interests creates legal and financial responsibilities to the Council and the risks associated with these are outlined in confidential Appendix 1.

## **5. Conclusions**

- 5.1 It is concluded that in support of achieving those objectives detailed in paragraph 3.2 above and approved as a Key Decision by Executive Board on 10<sup>th</sup> February 2021 that an acquisition of the properties on the terms reported in the confidential Appendix 1 be approved by the Director of City Development.
- 5.2 It is also requested that the Director of Communities, Housing and Environment authorises the funding release as approved under the Key Decision taken by Executive Board on 10<sup>th</sup> February 2021 necessary to complete the purchase from the Housing Revenue Account and notes the ownership liabilities accruing to Housing Leeds.

## **6. Recommendations**

- 6.1 It is recommended that:
- the Director of City Development approves the terms for an acquisition of the long leasehold interests of the forty apartment portfolio outlined in confidential Appendix 1 to this report, and
  - the Director of Communities, Housing and Environment approves the incurring of the expenditure as outlined in the confidential Appendix 1 to enable completion of the sale funded by the Housing Revenue Account capital funding, and
  - the Director of Communities, Housing and Environment to note those obligations and responsibilities accruing to the Housing Leeds as long leaseholder of the forty units comprising the portfolio.

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

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.