

Apartment Acquisitions, Denton House, Kingsdale Court, Boggart Hill Road Seacroft Leeds 14

Date: 27 February 2023

Report of: Head of Asset Management

Report to: Director of City Development/Director of Communities Housing and Environment

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

(Confidential appendix - Exempt under Rule 10.4.3 of the Access to Information Procedure Rules.)

Brief summary

Leeds City Council is in the process of acquiring all property interests across the existing Kingsdale Court apartment scheme, which is shown on attached plan no. 20056B, in order to assemble the site in support of an evolving regeneration initiative to demolish the eighty-eight flats within eight blocks for the reprovision of new housing.

This programme involves the acquisition of a total of eighty- eight flats and the freehold reversion, ahead of the possible use of compulsory purchase powers(CPO), and was given in principle support by Executive Board on 10 February 2021 at which time the Board also authorised the purchase by the Council of the first tranche of forty apartments. Since those acquisitions the Council has secured a further number of apartments across the blocks, and the freehold reversion (ie the freehold subject to leases) in the site.

As part of the acquisition process negotiations have been concluded with respect to a further eleven apartments contained within the Denton House block (shown on the attached plan) with details of proposed terms provided in the confidential appendix to this report.

This report seeks approval to the terms of the acquisition of the properties, on the basis reported from the Director of City Development and authority to incur the expenditure to complete the purchase from the Director of Communities, Housing and Environment.

Recommendations

a) That:

- The Director of City Development approves the terms contained in the confidential appendix for a purchase by the Council of the leasehold interest in the properties and that
- The Director of Communities Housing and Environment approves the incurring of the expenditure as outlined in the confidential appendix to enable completion of the purchases.

What is this report about?

- 1 This report sets out the outcome of negotiations with respect to the acquisition of a number of apartments at Kingsdale Court in multiple ownerships, and seeks approval to terms for their acquisition by the Council from the Director of City Development as part of site assembly of the whole ownership in order to facilitate regeneration of the estate for new residential use. The report also seeks authority to incur the expenditure from the Director of Communities Housing and Environment necessary to complete the acquisitions as detailed in the confidential appendix.
- 2 The purchase of these properties comprises a further stage on a large number of acquisitions already completed under the site assembly approved in principle by Executive Board on 10 February 2021 the extent of these acquisitions being outlined within the confidential appendix to this report.
- 3 The acquisition of the freehold and leasehold interests in the site has been initiated as part of an initiative to regenerate the estate which, through historic poor management, has fallen into poor physical disrepair and attracted anti-social behaviour. The problems associated with the estate, a development comprising eight maisonette blocks containing eighty-eight long leasehold apartments were reported to Executive Board who approved the pursuit of a purchase by way of negotiations with owners of all property interests in the site. This report outlined the legal requirement to first demonstrate attempts to acquire all of the properties by way of negotiation ahead of advancement of a possible CPO.
- 4 Executive Board also gave approval authorising the Director of City Development and the (former) Director of Resources and Housing to complete an acquisition of an initial portfolio of forty flats across the site and to pursue an acquisition of all further property interests across the site to support facilitation of a sustainable development solution for the site.
- 5 The acquisitions and evolving regeneration proposals for Kingsdale Court form a part of a co-ordinated response across the Council and partner services to resolving acute neighbourhood management issues and extremely poor housing conditions that have blighted the surrounding for over a decade. The Kingsdale Court site is located within the heart of Boggart Hill priority neighbourhood (as identified by Executive Board in November 2017) and makes up around 11.5% of all homes within this “Lower Super Output Area”, where deprivation levels are in the bottom 1% nationally. The problems associated with the estate were reported to Executive Board and their decision of 10th February 2021 was taken as a Key Decision.
- 6 Redevelopment of the entire site cannot be undertaken until both the freehold and all leasehold interests are brought into the single ownership of the Council and, where CPO remains a

possibility, prevents demolition of wholly owned blocks selectively. It is to be noted that it is a legal pre-requisite to the use of compulsory purchase powers that attempts to acquire properties by negotiation must first be pursued acting reasonably.

- 7 Denton House contains twelve one and two bedroomed apartments owned by a number of parties and terms have been provisionally agreed for their acquisition by the Council. The proposed acquisition, once completed, would constitute a significant part of the remaining site assembly site.

What impact will this proposal have?

- 8 The proposal will allow the securing of a significant number of properties otherwise subject to ongoing problems associated with anti-social behaviour, damage and vandalism and on-going management costs and financial risks to the Council associated with holding the freehold of the estate in support of facilitating its redevelopment as part of the Council's overall approach to resolving acute neighbourhood management issues and extremely poor housing conditions.
- 9 Completion of the acquisition of all remaining property interests at Kingsdale Court by negotiation would avert the need for the use of compulsory purchase powers which will otherwise extend the full site acquisition process and site clearance, at a cost, as well as potentially delaying the implementation of evolving redevelopment proposals.

How does this proposal impact the three pillars of the Best City Ambition?

Health and Wellbeing

Inclusive Growth

Zero Carbon

10. The acquisition of all property interests in the site, including the freehold, and any subsequent redevelopment at Kingsdale Court, supports a number of priorities within the Best Council Plan (BCP) including Housing, Inclusive Growth and Safe, Strong Communities.

The proposed acquisitions and re-development 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

What consultation and engagement has taken place?

Wards affected: Killingbeck and Seacroft

Have ward members been consulted? Yes No

- 11 Ward members have been consulted on an ongoing basis and continue to support the Council's acquisition of Kingsdale Court and its subsequent regeneration, with a preference for redevelopment. Ward members have consistently provided insights into the physical housing and environmental conditions on site and the direct challenges this provides for Kingsdale Court residents and the surrounding community.
- 12 Consultation has also taken place with the Executive Member for Infrastructure and Climate on an ongoing basis regarding proposals and most recently in December 2022.
- 13 The cross-sector partnership Boggart Hill Priority Neighbourhood Team has had ongoing involvement in the site and is supportive of the Council's assembly and intended regeneration of the site. 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.

What are the resource implications?

- 14 Funding for the purchase will be met by Council borrowing within the HRA capital programme.

What are the key risks and how are they being managed?

- 15 There is a risk that the current owners fail to complete the sale on the basis recommended in the confidential appendix. This is considered to be minimal however given the proposed transaction is on the basis of a simultaneous exchange of individual sales contracts providing, in respect of all of properties and, that the acquisitions are to be completed on an unconditional basis in a timely manner. The Council has already undertaken a significant amount of due diligence associated with the acquisition of property interests across the site including the freehold interest reducing the need for a number of legal enquiries associated with the purchase.
- 16 Broader financial considerations associated with the acquisitions are outlined in the confidential appendix as part of the consideration of the terms of acquisition proposed.

What are the legal implications?

- 17 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.
- 18 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.
- 19 The proposal constitutes a Significant Operational Decision and is therefore not subject to call in.
- 20 The information contained in the appendix 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 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.

Options, timescales and measuring success

What other options were considered?

- 21 Support for the acquisition of all properties constituting the Kingsdale Court development has received Executive Board approval in principle and a comprehensive acquisition programme commenced which has included acquisition by the Council of the freehold reversion in the property and a large number of individual apartments. Comprehensive development options for the whole site are continuing to be evaluated to establish the optimal regeneration option for the ownership in support of the aims of the project as reported to Executive Board in the report of 10th February 2021.
- 22 Whilst the Council could pare back its proposals to exclude the Denton House block this is considered to leave a sub-optimal position for regeneration and therefore, and as outlined above necessitates a complete acquisition of all properties across Kingsdale Court to enable full scale site clearance and redevelopment. This cannot be achieved without completing the purchase of the properties forming the subject of this report.

How will success be measured?

- 23 Success will be measured by the successful completion of the acquisition of the subject properties on the terms recommended for approval within a timely manner.

What is the timetable and who will be responsible for implementation?

- 24 There is an aspiration of both the Council and the sellers to secure a transfer of the properties at the earliest opportunity reflecting on-going concerns by both parties to deteriorating conditions on the estate generally and to the physical condition and fabric of the buildings and to the neighbourhood with related costs accruing to both parties.
- 25 Officers within the Asset Management and Legal Services (working with external advisors) will be responsible for implementing the acquisitions with Finance Officer support. Officers within the Communities Housing and Environments Directorate will be responsible for the management of the apartments post acquisition until their redevelopment.

Appendices

- Confidential Appendix- heads of terms, details of current acquisitions.
- Site Plan no.20056B showing the Kingsdale Court site and Denton House block

Background papers

- None