

Land at Mistress Lane Armley LS12

Date: 20 November 2023

Report of: Head of Asset Management

Report to: Chief Officer Asset Management and Regeneration

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

(Appendix 1 Exempt under Rule 10.4.3 of the Access to Information Procedure Rules.)

Brief Summary

This report seeks a declaration that the subject site is surplus to Council requirements and approval to terms for a disposal of the subject site to the party detailed in the confidential appendix, a community led organisation, for development for affordable housing.

The report follows a lengthy process post the approval being given by the Chief Asset Management and Regeneration Officer in 2020 to the entering negotiations, with the party detailed in the report, around an acquisition of the site for this purpose.

Delays with finalising Registered Provider status with the Regulator of Social Housing through the pandemic are being resolved with this status expected to be confirmed shortly so that Homes England grant funding will be available for the site acquisition and its development.

The proposed development of the site is supported by a full planning consent for thirty- four affordable houses and flats to be made available at affordable rents.

A part of the site (shown speckled on plan), to be utilised for scheme car parking, comprises the upper level (ie roof) to Council owned garages which are rented out to housing tenants in adjacent Council owned residential tower blocks. Housing Management have confirmed an ongoing operational requirement for their retention, for the foreseeable future, and so their incorporation within the sale site, is proposed as being subject to a simultaneous leaseback of those garages to the Council on the basis detailed in the confidential appendix.

Recommendations

- a) It is recommended that the Chief Officer Asset Management and Regeneration declares the subject site surplus to requirements (save as to the operational requirement to retain control of the identified garages by leaseback) and approves the terms for the disposal of the subject site on the basis detailed in the confidential appendix to this report.

What is this report about?

- 1 The report seeks to have the subject site declared surplus to Council requirements and approval to the terms of a disposal and leaseback of part of the site. The site consists of an area of open space and Council garage units, of 0.627 ha (1.55 acres), now “re-greened” and is the site of cleared maisonette blocks. This report follows an initial report to the Chief Officer Asset Management and Regeneration and approval of 28th September 2020 which detailed an interest by a community led housing group in acquiring the site for a 100% affordable housing development whilst also providing support to the community- led housing sector. Approval was given at the time to further discussions with this organisation around their proposals.
- 2 The site is proposed for development for three detached blocks comprising 18 one -bedroom flats and 10 two -bedroom flats; 6 semi-detached houses, all to be affordable housing; one multi-purpose community space with associated parking and public external space.
- 3 The community build organisation develop affordable housing themselves and in partnerships, with the following stated objectives:
 - As a Community Land Trust (CLT), to acquire land and buildings to create homes for affordable rental and sale
 - Giving support to other people and organisations to create Community-Led Housing (CLH).
 - Have a stated target of creating or enabling 1000 community-led homes by 2027.
 - Through community share offers and other means, raise finance for CLH
 - Promote the organisation and the benefits of a community-led approach to creating housing.
 - Engaging the people of Leeds, and beyond, regarding how to create housing which makes for better places to live.
 - Working at a strategic level, locally and nationally, to facilitate the development of the CLH movement.
- 4 Consideration of a direct transaction with the organisation detailed in the confidential appendix followed unsuccessful informal soft marketing of the site to a number of Registered Providers, which has proved unsuccessful in securing a purchaser for the site. The site is considered to be unviable to develop commercially in the market- place generally, given the low value nature of housing in the locality, brownfield ground conditions and recent escalations in development costs. The project proposal can benefit from the attraction of Homes England grant funding once the organisation obtains Registered Provider status for which an application has been lodged.
- 5 The site has been declared surplus to operational requirements by the Chief Officer Housing on 14th November 2023.

What impact will this proposal have?

- 6 The disposal of the site would see the land developed by the purchaser, a registered Community Land Trust, for thirty -four affordable residential units made up of a mixture of houses and apartments with communal outdoor space.
- 7 The units would be made available to local residents by the purchaser organisation.
- 8 The proposal would see brownfield land brought back into housing use supporting environmental objectives of the Council helping to alleviate development pressures on greenfield sites.

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

Health and Wellbeing

Inclusive Growth

Zero Carbon

- 9 The proposed disposal will lead to the development of thirty-four affordable housing units available for the local community thereby supporting the Councils' affordable housing delivery objectives.
- 10 The disposal also gives support to the promotion of the community led housing sector objectives of delivering local housing by local people and provides a relatively rare opportunity to deliver new housing stock in a densely developed part of the City.
- 11 Better and modern housing supports better health and well-being outputs. The proposed development has received planning consent at which time modern design requirements concerning energy efficiency and sustainability measures were considered in the planning approvals process.
- 12 The site is "brownfield" and therefore its development supports Council environmental objectives and helps to alleviate development pressures on "greenfield" sites.

What consultation and engagement has taken place?

Wards affected: Armley

Have ward members been consulted?

Yes

No

- 13 Ward Members have been consulted on several occasions regarding a proposed disposal of the site for affordable housing development and are supportive of the proposed disposal for the purposes outlined. They have been most recently updated on 16th November 2023 and have raised no further queries or concerns. The Executive Member for Housing has been briefed on 16th November 2023 and is supportive of the initiative.

What are the resource implications?

- 14 The disposal of the site will generate a capital receipt providing support to the Council's expenditure programme and financial position.

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

- 15 A planning consent for the proposed development has been achieved removing an element of risk to the project.
- 16 The transaction is proposed on the basis that completion of the purchase is conditional on the purchasing party securing funding to complete the development of the site in accordance with the planning consent and to obtaining Registered Provider status and retaining an implementable planning consent for their proposal. This aspect is considered further in the confidential appendix.
- 17 Ongoing current and economic uncertainty in the national economy presents a risk of financial pressures on the construction and development sector through widely reported inflationary pressures in development costs. This may lead to deteriorating viability issues, with potential for funding requirements to change in the relatively short term and consequent delays in the project. The economic outlook will be monitored and progress with discharge of conditions precedent to a sale completion monitored. Additional risks are outlined in the confidential appendix to the report..

What are the legal implications?

- 18 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.
- 19 The Chief Officer Asset Management and Regeneration, Head of Asset Management, Technical Lead 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.
- 20 The decision of 28 th September 2020 approving negotiations with the proposed purchaser was taken as an Administrative Decision.
- 21 The proposal of this report constitutes a Significant Operational Decision and is therefore not subject to call in.
- 22 The Deputy Head of Land and Property confirms that in their opinion the terms offered to the Council represent the best consideration that can reasonably be obtained under Section 123 of the Local Government Act 1972 (or under the Housing Act 1985).
- 23 The information contained in the appendix 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 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. Additionally 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 Rule 10.4.3 of the Access to Information Procedure Rules.
- 24 The Council is required in law to advertise its intention to dispose of open space used by the public before a final commitment is taken to dispose providing the opportunity for public comments and for the Council to give consideration to any responses that maybe received. Advertising has taken place in accordance with statutory requirements and no responses have been received.

Options, timescales and measuring success

What other options were considered?

- 25 The Council could retain the site however no operational requirement has been identified to support retention.
- 26 The site could be offered again to housing developers and/or the Registered Provider sector however the site is considered to be unviable for commercial housebuilding and no other robust Registered Provider interest was secured in earlier soft market testing. Neither of these options would provide support to the CLH sector and to direct community led housing delivery.

How will success be measured?

27 Success will be measured by a satisfactory exchange of contracts for a disposal of the site, fulfilment of the condition's precedent to completion of the sale and subsequent development of the site for affordable housing.

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

28 It is intended and forms part of the proposal recommended that a conditional contract for the disposal of the subject site to the party detailed in the confidential appendix is pre-conditioned around their first obtaining social provider status from the Regulator of Social Housing. The Director of Communities Housing and Environment would formally declare the site surplus to operational requirements upon the award of this status to support the transaction. Should the Chief Officer Asset Management and Regeneration be minded to approve the transaction on the basis reported it would be intended to implement the decision only after this declaration has first been received from the Director of Communities, Housing and Environment.

Appendices

- 1.0 Confidential appendix detailing the proposed terms of disposal.
- 2.0 Site plan no.19029/K showing the extent of the subject site.

Background papers

- None