



**Not for publication:** Report exempt from Access to Information Procedure Rules by reason of 10.4(3)-Appendices 1, 2 & 4 only

## REPORT OF THE DIRECTOR OF NEIGHBOURHOODS AND HOUSING

### TO EXECUTIVE BOARD

**Date:** 13 May, 2009

**Subject:** REGENERATION OF THE GARNETS, BEESTON

#### Electoral wards affected:

City and Hunslet

#### Specific Implications For:

Equality and Diversity

☐

Community Cohesion

☐

Narrowing the Gap

☒

Eligible for call in

☒

Not eligible for call in  
(details contained in the report)

☐

### Executive Summary

It has been confirmed that Leeds will receive £13.3m from the Single Regional Housing Pot (SRHP) for 2009-11, in addition to the £6.585m which was allocated and spent in the first year of this 3 year programme (2008/11). The funding allocation for the remaining two years of the programme will continue to be spent on tackling poor quality, pre 1919 housing stock in the regeneration priority areas of the city and will help to deliver the objectives of the Vision for Leeds 2004-2020 and the Leeds Housing Strategy.

The proposals set out in this report will utilise £3m of this allocation to commence acquisition and demolition within the Garnets area of Beeston to provide a development opportunity for new housing, a proportion of which will be affordable. This will be the first phase of a longer term strategy to regenerate the area which serves as a gateway to Beeston Hill and the retail centre on Dewsbury Road.

This report outlines the options considered for an area encompassing 112 back to back properties (as shown on the plan at Appendix 1, addresses are listed at appendix 2) and details the results of an option appraisal. The report recommends commencement of the acquisition and demolition of these properties by utilising £3m of SRHP funding over the financial years 2009-11 and seeks approval to proceed with the acquisition of the properties within the target area by agreement with their owners. In the event that agreement cannot be reached with owners authorisation will be requested from the Director of Environment and Neighbourhoods and the Director of City Development to make and promote any necessary Compulsory Purchase Orders.

## **1.0 Purpose of This Report**

- 1.1 The purpose of this report is to consider the options for regeneration of the Garnets area and to seek approval for the commencement of acquisition and clearance of 112 properties within the Garnets by utilising £3m of confirmed funding during 2009/11.

## **2.0 Background Information**

- 2.1 Beeston Hill and Holbeck are identified as target areas for large scale improvement within the Vision for Leeds 2004-10, the Corporate Plan 2005-8 and the Leeds Regeneration Plan 2005-2008. The aims and aspirations of these plans are reflected in the Beeston Hill and Holbeck Land Use Framework (2005) and in the draft Beeston Hill and West Hunslet Regeneration Plan (2009) which marry city wide aspirations with local community aspirations and sustainable development principles.

- 2.2 Discussions between stakeholders have been ongoing over a number of years regarding proposals for the regeneration of the Garnets area. Leeds Federated Housing Association (LFHA) owns a significant proportion of homes within the Garnets and investment in their stock had been suspended pending a decision by the Council on proposals for regeneration of the area. Without a commitment to the comprehensive regeneration of the area LFHA have serious concerns about the areas sustainability and may take a decision to dispose of their holdings. The withdrawal of LFHA investment could prove decisive in view of the proportion of stock in their ownership with the obvious knock on effect to the sustainability of the area as a whole and to Council owned stock managed by Aire Valley Homes (AVH).

- 2.3 Prior to a submission for SRHP funding ward members were presented with three scenarios which had been developed by the Civic Architects office in relation to the remodeling of the Garnets area to achieve comprehensive regeneration objectives.

1. Comprehensive redevelopment
2. Combination of selective demolition/redevelopment and refurbishment of retained housing
3. Minimal change refurbishment

Of the 3 scenarios Councillors felt that the major disruption to the community which would be caused by scenario 1 (total clearance) was not appropriate and so expressed a preference for scenario 2 which included some selective demolition, reprovion of housing and future proposals for group repair to retained stock in the area.

- 2.4 Now that funding has been secured to progress the regeneration of the Garnets the option appraisal set out below in para 3.6 onwards seeks to assess scenario 2 along side another two options

- Do minimum to meet legal conformity
- Group Repair and internal remodeling

### **3.0 Main Issues.**

- 3.1 The area which is the subject of this report comprises of 112 brick, terraced, street lined, back to back houses. It is proposed that the properties, as identified in Appendix 2, are acquired and demolished to produce a cleared site which would provide a development opportunity for new housing.
- 3.2 Subject to further consultation and formal approvals, redevelopment of the site once cleared has the potential to be progressed via the Leeds Affordable Housing Strategic Partnership Board (LAHSPB). Executive Board at its meeting of 12 March, 2008 approved the transfer of sites currently being cleared with SRHP funding to the LAHSPB and an announcement is due to be made shortly regarding the successful development partner for these sites.
  - 3.2.1 Local ward members have expressed concern that if private sector funding is not secured this could result in the site lying vacant for an indefinite period. In the current financial climate it is considered that the LAHSPB route is the most likely to lever in funding in terms of grant from the Homes and Communities Agency (HCA).
  - 3.2.2 Despite the current economic climate there has been a considerable amount of interest in the current RHB funded clearance sites and an in principle agreement from HCA to consider bids for grant funding favourably. Officers are, therefore, confident that the redevelopment of this high profile site will attract similar interest from social housing providers but potentially also from the private sector. In view of the potential timescale for clearance, which could be between 2-3 years there is the prospect that the housing market could be on the way to recovery by the time the site is ready for redevelopment.
  - 3.2.3 Further consultation with Council officers, with ward members and the Beeston Hill and Holbeck Regeneration Partnership Board will take place as part of the decision making process on the future redevelopment of the site prior to seeking the necessary formal approvals if transfer to the LAHSPB is recommended.
- 3.3 The location provides a particularly significant regeneration opportunity due to the fact that it serves as a gateway to Beeston Hill and the retail centre on Dewsbury Road. Consultation to date has highlighted a number of community aspirations for the regeneration of the wider area. Future rounds of consultation will focus more specifically on their implementation.
- 3.4 The proposals contained within this report consider how best to address the aims of the Vision for Leeds and the Leeds Housing Strategy by reducing unpopular and unfit housing so as to be able to replace it with modern decent homes with the resources available. The option appraisal has considered 3 options for the area with reference to their ability to meet the defined objectives:
  - Option A: Do minimum to meet legal conformity
  - Option B: Group Repair and internal remodeling
  - Option C: Acquisition and redevelopment of the site.

### **3.7 Option A: Do minimum to meet legal conformity**

- 3.7.1 Aire Valley Homes (AVH) have a legal obligation to ensure that all the housing stock that they manage meets the Governments Decent Homes Standard by 2010. The estimated cost of maintaining the 52 properties owned by LCC and managed by AVH, at the Governments Decent Homes Standard is estimated at £630,550 over

the next 10 years. However, even with investment of this nature the poor design and layout of the properties would not be tackled and added to sustainability issues, investment in these properties would prove financially unviable.

3.7.2 The conclusion to be drawn from this option is that the expenditure required to comply with the Decent Homes Standard would not

- address all of the issues identified by residents as unsatisfactory
- prove to be cost effective
- prove to be sustainable
- enable the levels of change required to regenerate the area to be achieved

### **3.8 Option B: Group repair and internal modeling.**

3.8.1 Enveloping works to the exterior of the properties would create a visually superior and uniform street scene. This, coupled with major remodeling of the properties could create through terraces with better layout and room sizes which would meet, and potentially exceed, the Decent Homes Standard. It is estimated that the remodeling of two back to backs to form 1 family house would cost at least £70,000 per conversion in construction costs alone. The cost of remodeling all 112 properties in the target area, including acquisition and conversion costs, is estimated at over £7.9m (see Appendix 4) excluding the costs of road closure and environmental works to provide private gardens to the converted properties.

3.8.2 Even if ultimately these properties were sold on the open market for an optimistic £100,000 each this could potentially result in a net loss to the Council of approximately £2.3m. It is also doubtful whether long term demand exists even after conversion.

3.8.3 The conclusion to be drawn from this option is that the high level of investment would address some of the issues with poor condition but it would not

- tackle poor housing mix
- tackle issues of over density
- tackle poor environment
- be cost effective

### **3.9 Option C. Acquisition, Clearance and redevelopment of the site for housing**

3.9.1 Acquisition of the 43 privately owned properties within the target area and clearance of all 112 properties would form the first phase of the longer term strategy to commence transformational change of the area and provide a catalyst to the regeneration of the wider area.

3.9.2 Once cleared this site would create a development opportunity for the provision of modern high quality housing, a proportion of which would be affordable homes, as well as tackling the issues of poor environment. A development of this nature would fit with the regeneration plans for the area.

## **4.0 Option Appraisal**

4.1 A formal Option Appraisal in accordance with the corporate procedure has been carried out to assess Options A and C; option B having been ruled out on grounds

of affordability. Both financial and non financial aspects of Options A and C have been considered.

A discounted cash flow exercise has been carried out for options A and C and the net present values are as follows

<b>Option</b>	<b>Description</b>	<b>NPV £000</b>
A	Do minimum to meet legal conformity	<b>372.5</b>
C	Acquisition and redevelopment of the site for housing	<b>4,300</b>

4.2 This exercise and the table above illustrate the cost of each option over the next 25 years at today's value. Although the financial element of the option appraisal would suggest that Option A is preferable the pursuance of the stated objectives of this project are critical to the achievement of the strategic aims of the Vision for Leeds and the Leeds Housing Strategy.

4.3 Option C (Acquisition, clearance and redevelopment) scores highly against the objectives of the Leeds Housing Strategy and the Vision for Leeds. Clearance and redevelopment facilitates the potential to create high quality housing, which is of a type and size matched to the needs and choices of residents, in an attractive environment which would as a consequence contribute to the improved image and regeneration of the area and community. Option A (Do minimum to meet legal conformity), is able only to meet some of the objectives to a limited extent and potentially for a limited timescale. Other objectives, i.e. matching housing to needs and choice and tackling poor environmental quality, are not met at all by Option A. This is due to the fact that the governments Decent Homes Standard is a minimum standard which focuses on fitness, disrepair and the provision of modern facilities within the dwelling. It does not consider the external environment or the internal layout, size or number of rooms.

4.4 Whilst the financial analysis in isolation would seem to support option A the assessment of non financial factors must be given careful consideration also. The contribution of Option C to key strategic objectives outweighs the differential in financial terms in this instance. Option C is, therefore, the one recommended to Executive Board.

## **5.0 Implications for Council Policy and Governance**

5.1 The acquisition and demolition will follow Council policies.

5.2 The public interest in maintaining the exemption in relation to appendices 1,2 and 4 attached to this report outweighs the public interest in disclosing the information by reason of the fact that:-

- a) Appendix 1 and 2 - The success of the scheme could potentially be prejudiced by speculative investors acquiring properties in advance of the Councils action.
- b) Appendix 4 - The costs attributed to the purchase of private properties are purely estimates at this stage and their disclosure could prejudice the council's ability to reach an agreement on the purchase price with owners.

- 5.3 Copies of the exempt appendices 1, 2 and 4 will be circulated to members of the Executive Board once members of the public have been excluded and will be collected in at the conclusion of the meeting.

## **6.0 Consultation**

- 6.1 A consultation exercise was carried out in January/February, 2009. Visits to the 112 properties in the target area established that 14 are currently unoccupied. Of the remaining 98 contact was made with 67 householders and responses secured either by face to face or telephone interviews, or by the return of a questionnaire.
- 6.2 The full results of the consultation are set out in Appendix 3. In summary, 55 out of 67 residents who responded (82%) were in favour of demolition. Of the other respondents 5 stated that they were not in favour of demolition and 7 state that they “do not know”. 37 of the 67 respondents state that they are thinking of moving away from the area
- 6.3 The 27 private landlords who operate in the area own 34 properties and were also consulted. Of the 11 private landlords who responded, 4 are in favour of demolition, 3 are not in favour and 3 “do not know”.
- 6.4 Major stakeholders in the area, AVH and Leeds Federated Housing Association, have been consulted on the proposals set out in this report and are committed to working together to ensure the successful regeneration of the area if the proposals contained within this report are approved.
- 6.5 Initially some ward members expressed concerns regarding the potential demolition of part of the Garnets area, one of the main concerns related to the belief that other areas in Beeston Hill, were in greater need of regeneration. However whilst it is apparent that other areas of Beeston Hill are also in need of attention, the Garnets area is in particular need, and it is of note that in the 2007 Index of Multiple Deprivation , the area ranked 58th out of 36000 areas in terms of the living standards domain. In discussing this issue and when presented with the 3 scenarios discussed at para 2.3 and following advice relating to the regeneration impact that such a proposal could make, members expressed a preference for the option of selective demolition and redevelopment. Ward members have since received a briefing note on the results of the residents survey and the proposals for acquisition and demolition and have declined a face to face briefing on these proposals.
- 6.6 If approval is secured to acquire and demolish these properties residents, elected members and other stakeholders will be kept fully apprised of developments.

## **6.7 Equality Impact Assessment**

- 6.7.1 An Equality Impact Assessment has been carried out in order to highlight any issues of inequality which may be created by a decision to approve the proposals contained within this report. Equality Information has been gathered on the following issues
- Ethnicity
  - Faith/Religion
  - Disability
  - Sexuality
  - First language

- 6.7.2 It has been established that 92% of residents who responded to the residents survey have English as their first language. For any residents who have another language as their first language translations and interpretation will be offered. 45% of respondents classed themselves as White British and 71% classed themselves as Christian or having no religion.
- 6.7.3 For those residents who wish to move away from the area in which they currently live the award of priority extra on the Leeds Homes Register and the receipt of home loss and disturbance compensation means that this is a very real possibility for some residents who may never have had this opportunity ordinarily. For those residents who wish to remain to be close to a community of similar ethnic background or faith and to the facilities which this affords there is also the opportunity to be rehoused locally. The use of choice based lettings in the first instance rather than "Direct Lets" means that displaced residents have the opportunity to choose, subject to normal qualification criteria, where they wish to be rehoused. This is seen as advantageous to integration and community cohesion.
- 6.7.4 Five residents of the 67 who responded classed themselves as disabled. Named Project officers will be allocated to deal directly with each household. Particular attention will be paid to addressing the needs households containing vulnerable residents to ensure that they receive equal access to the service and that they are able to secure replacement homes which meet their specific needs.

## **7.0 Legal and Resource Implications**

- 7.1 The estimated total scheme costs of £4.3m are detailed at Appendix 4. This estimate includes acquisition of the 43 privately owned properties; compensation and disturbance payments for owners, private tenants and AVH tenants, and full site clearance including temporary work to secure the site.
- 7.2 The preference is to acquire properties by agreement with owners and details of the compensation package are set out at Appendix 5. Ultimately, however, if agreement cannot be reached, authorisation will be sought to make any necessary Compulsory Purchase Orders (CPOs).
- 7.3 Should Compulsory Purchase action become necessary, in this instance, Section 226(1)(a) of the Town and Country Planning Act 1990 (as amended by Section 99 of the Planning and Compulsory Purchase Act 2004) is the most appropriate legislation in the circumstances. Regard must be had to the Human Rights Act 1998 including Article 8 (respect for private family life and home). The recommendation to authorise officers to make and promote any necessary CPOs strikes a clear balance between the public interference with private rights, which will arise if a CPO is pursued. Compensation would be payable to the person affected, and the provision of the above Acts are considered to be compatible with the Human Rights Act.
- 7.4 The costings for these proposals are based upon a requirement for LFHA to contribute the 15 homes in their ownership to the scheme at nil cost. A proposal has been tabled by LFHA which would mean that, subject to all necessary approvals these 15 properties would be exchanged for the 6 remaining LCC owned properties in the area. These 6 properties are all located on Garnet Road and Garnet Terrace. As LFHA are the major social landlord in the area owning 68% of properties on Garnet Road and Terrace the proposed rationalization of ownership would create consistency and enhance sustainability of the retained stock.

- 7.5 Subject to approval of the proposals contained within this report formal approval will be sought from LFHAs Board and via Environment and Neighbourhoods Housing Decision Panel for approval of the proposed exchange. An in principle agreement has been secured from LFHA and consultation with AVH on this proposal has resulted in an agreement from their Senior Management team to negotiate with the Council and LFHA to gain the best outcome for the area.
- 7.6 LFHA would be responsible for the payment of home loss and disturbance compensation to their tenants and for the costs of demolition of the 15 properties they currently own.

## 8.0 CAPITAL FUNDING and CASHFLOW

Previous Authority to Spend on this scheme	TOTAL £000's	TO MARCH 2008 £000's	FORECAST		
			2009/10 £000's	2010/11 £000's	2011/12 £000's
LAND (1)	0.0	0.0			
CONSTRUCTION (3)	0.0				
FURN & EQPT (5)	0.0				
DESIGN FEES (6)	0.0				
OTHER COSTS (7)	0.0				
<b>TOTALS</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Authority to Spend only required for this Approval	TOTAL £000's	TO MARCH 2008 £000's	FORECAST		
			2009/10 £000's	2010/11 £000's	2011/12 £000's
LAND (1)	2943.1		686.8	2256.3	
CONSTRUCTION (3)	0.0				
FURN & EQPT (5)	0.0				
DESIGN FEES (6)	56.9		13.2	43.7	
OTHER COSTS (7)	0.0				
<b>TOTALS</b>	<b>3000.0</b>	<b>0.0</b>	<b>700.00</b>	<b>2300.0</b>	<b>0.0</b>

Total overall Funding	TOTAL £000's	TO MARCH 2008 £000's	FORECAST		
			2009/10 £000's	2010/11 £000's	2011/12 £000's
Confirmed SRHP Grant Funding	3000.0		700.0	2300.0	
Future SRHP Grant Funding 2011/12	1300.0				1300.0
<b>Total Funding</b>	<b>4300.0</b>	<b>0.0</b>	<b>700.0</b>	<b>2300.0</b>	<b>1300.0</b>
<b>Balance / Shortfall =</b>	<b>1300.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>1300.0</b>

## 9.0 REVENUE EFFECTS

- 9.1 There are no revenue implications within this scheme.

## 10.0 Risks



- 10.1 Total scheme costs for the necessary acquisition of 43 properties and clearance of 112 properties amounts to £4.3m. To date £3m has been allocated from the current 2008/11 programme.
- 10.2 A further £1.3m had originally been injected into the capital programme for this project in 2008/11 but in light of the 11.3% cut introduced within the West Yorkshire investment programme the Leeds allocation has been cut by £2.5m over the remainder of the three year programme. In an attempt to accommodate this reduction a decision was made in January 2009 by Leeds City Councils Regional Housing Programme Board to slip expenditure on 2 schemes one of these being the residual £1.3m on the Garnets scheme. Both schemes have been highlighted to the WYHP as priorities for Leeds should further funding be identified in the 2008/11 programme or failing that as priorities for the next programme. The WYHP has already made a bid to HCA for additional funding to reconcile the 11.3% cut across the 2008/11 programme.
- 10.3 While there is a risk to commencing this project without all of the necessary funding in place officers are confident that sufficient funding will be made available in 2011/12 if not before. A delay in commencement of acquisitions could result in the loss of funding if quarterly spend targets with the WYHP are not met. Also by delaying this project until all funding is in place could mean that the cost of house purchases has begun to increase by the time that acquisitions can commence.
- 10.4 If Compulsory Purchase action is required this will inevitably have implications for the timescale of the project. Compulsory Purchase action would also involve additional costs i.e. publicity costs, officer time including legal fees, and the costs incurred surrounding the staging an Inquiry if objections are made.
- 10.5 Displaced residents who apply for tenancies through the Leeds Homes register are awarded 'Priority Extra' in recognition of their additional housing need caused by the action of the Council. Council officers will liaise regularly with officers of the ALMOs and RSLs to progress rehousing requests as efficiently as possible in an attempt to minimize the risk of delay to progression of the scheme.

## **11.0 Conclusions**

- 11.1 The commencement of acquisition and demolition in the Garnets will support the regeneration of the area in line with the Vision for Leeds and the Leeds Housing Strategy.
- 11.2 Of the options considered option C is considered to provide the more holistic solution.

## **12.0 Recommendations**

Executive board are requested to:

1. Authorise Scheme expenditure to the amount of £3m.
2. Agree to allow officers to proceed in accordance with option C.
3. Instruct officers to bring a future report to Exec Board when further funding is made available through successful bids for the residual £1.3m.
4. Agree to allow the Director of Environment and Neighbourhoods and the Director of City Development to authorise and promote any necessary Compulsory Purchase Orders should a CPO become necessary

## **Appendices**

1. Plan 1 target area (Exempt from Access to Information Procedure Rules 10.4(3))
2. Address list (Exempt from Access to Information Procedure Rules 10.4(3))
3. Summary of residents survey results
4. Costs associated with option B and C (Exempt from Access to Information Procedure Rules 10.4(3))
5. Compensation Payments
6. Equality Information

## **Previous Reports:-**

Aug 08 – To Director of Resources  
Injection of remaining Single Regional Housing Pot 2008/11 - £13.94m