

Not for publication: Appendix A of this report contains confidential information and is exempt under Access to Information Procedure Rule 10.4 (3), in that it contains information relating to the financial affairs of the Council.

Report of Directorate of Environment and Housing

Executive Board

Date: 17 June 2009

Subject: Design & Cost Report

Scheme Title: 47-57 Chapel Hill, Morley: Acquisition, demolition and development.

Capital Scheme Number 12154/MOR/000

Electoral Wards Affected:
Morley North

Specific Implications For:

Equality and Diversity	<input type="checkbox"/>
Community Cohesion	<input type="checkbox"/>
Narrowing the Gap	<input checked="" type="checkbox"/>

Eligible for Call In

Not Eligible for Call In
(Details contained in the report)

EXECUTIVE SUMMARY

The regeneration of Morley Bottoms (Lower Morley) is a priority for the Leeds Town and District Centre (T&DC) Regeneration Scheme. The business case has identified tackling poor quality buildings on Chapel Hill as a core component of actions that will bring about regeneration in this area. This report seeks Executive Board approval to undertake a 2 phase scheme to deliver substantive physical regeneration along the Chapel Hill corridor of Morley Bottoms.

Phase 1 consists of the acquisition, demolition, site clearance and landscaping of a semi-derelict four storey building situated at 47-57 Chapel Hill and 1-8 Bank Court, Bank Street, Morley. Phase 2 would consist of the subsequent development of the site. In order to facilitate phase 2 the report indicates that the development will be undertaken by a registered social landlord using the Homes and Communities Agency (HCA) grant and loans to provide 22 social housing units. Both phases involve significant regeneration benefits each of which can be substantiated on its own merits, with Phase 1 being capable of being undertaken independently of Phase 2.

The report seeks authority to incur costs for acquisition and fees and delegate authority to the Director of Resources to spend the remaining balance as shown in exempt Appendix A,

which has already been budgeted from the Council's capital programme under the Town and District Centre Regeneration Scheme: Morley Bottoms (12154/MOR/000).

1.0 PURPOSE OF THIS REPORT

- 1.1 This report seeks approval for a scheme design, the expenditure referred to in exempt Appendix A for the acquisition of 47-57 Chapel Hill, Morley and 1-8 Bank Court, Bank Street, Morley plus fees and delegation of authority to spend the remaining balance in the scheme Morley Bottoms 12154/MOR/000 as shown in the exempt Appendix A to the Director of Resources.

2.0 BACKGROUND INFORMATION

- 2.1 Leeds City Council's capital programme has allocated £14.5 million to the Town and District Centre Regeneration Scheme. Out of this £3.375 million has been allocated for Parks and Urban Renaissance and £11.125 million for Town and District Regeneration scheme for economic regeneration.
- 2.2 Under the Town & District Centre Regeneration Scheme, proposals were drawn up for Morley which were endorsed by Asset Management Board (AMB) on 13th April 2007.
- 2.3 The business case approved by AMB proposed to increase car parking provision in the area, redevelop neglected properties and tackle traffic congestion as catalysts to the future regeneration of Morley. The business case is available on request as a supplementary document.
- 2.4 Since then several changes have been made to the business plan. All changes have been endorsed by the T&DC Programme Board and reported to AMB. The Chapel Hill element of the scheme now involves site acquisition, demolition, clearance and landscaping as Phase 1. Phase 2 consists of a new-build affordable housing scheme.
- 2.5 The detailed appraisal of the site and structure showed that refurbishing the existing building was not a viable option. In addition, in order to make the scheme viable, the number of housing units was increased from 19 to 22. A substantial new build development will provide a significant improvement to the streetscape and will support the regeneration of the lower Morley area.
- 2.6 The site is difficult to develop as it has split levels, a retaining structure to the rear elevation and is constrained by its road frontage. As feasibility of the site and details of the outline scheme have progressed, it has resulted in several changes to the original business plan.

3.0 DESIGN PROPOSALS / SCHEME DESCRIPTION

- 3.1 The full regeneration scheme for this area is set out below:
- acquisition of a small hoarding site on Chapel Hill to remove hoarding and to construct a lay-by parking area.
 - tackling poor quality neglected properties (both retail and residential) in Morley by enforcement action.

- acquisition of 47-57 Chapel Hill, Morley and 1 -8 Bank Court, Bank Hill, Morley to demolish, site clear, landscape and secure the site.
- work with partners to redevelop 47-57 Chapel Hill, Morley and 1 -8 Bank Court, Bank Hill in order to provide new residential accommodation.

4.0 MAIN ISSUES

- 4.1 Morley Bottoms was the original Morley village, from which the town of Morley grew. However, as the town rapidly expanded, the centre moved away from the Morley Bottoms area and became established on upper Queen Street. The shift of the town centre has, over a period of time, had a detrimental affect on the Morley Bottoms area. Morley Bottoms is a conservation area and is a mix of retail and residential properties. The properties are mainly stone Victorian terraced properties with an attractive frontage. However, there are also some newer properties on Chapel Street, which are unattractive and of poor build quality.
- 4.2 As part of the City Council's Town and District Centre Regeneration Programme, a project team was established to work on the regeneration of Morley Bottoms and was specifically tasked to achieve the following:
- arrive at a vision for the regeneration of the overall area
 - consider the balance between retail and residential in the area
 - upgrade quality of residential and commercial properties in the area
 - focus remaining retail offer on specialist shops with high quality shop fronts
 - upgrade public space and public amenities such as car parking
 - improve the area/environment to attract more people to live and shop in the Morley Bottoms area.
- 4.3 Having due regard to the desired outcomes and having identified the key problems affecting the area, the following issues were identified and investigated:
- lack of car parking
 - properties in poor condition
 - traffic congestion
 - low grade residential accommodation and transient residential population
 - a poor quality environment
- 4.4 The business plan proposed to address several of these issues by:
- acquiring the hoarding site; removing the hoarding and making this into a lay-by car park. This has been completed and £15,000 from the budget set aside for Morley Bottoms Regeneration (scheme no 12154/MOR/000) has been spent. The construction of the lay-by car park was funded by the Outer South Leeds Area Committee Well Being capital budget.

- undertaking a traffic study to establish whether a one way system could operate successfully in Chapel Hill, Brunswick Street, Queen Street area. The traffic study showed that this was not deliverable due to the high costs. However it was recommended and agreed that the traffic signals at the junction within Morley Bottoms be upgraded to provide pedestrian crossing facilities from existing Highway budget provision.
- undertaking the planning enforcement actions under s215 against owners of neglected properties located on Brunswick Street/ Queen Street within Morley Conservation Area. This has resulted in some properties being repaired and other owners are being successfully pursued through the courts.
- Negotiating on a 'subject-to-contract' basis, with the owner of Chapel Hill & Bank Court properties with a view to acquiring the premises.

Chapel Hill Development: 47-57 Chapel Hill & 1- 8 Bank Court, Bank Street.

- 4.5 The proposed scheme includes acquisition, demolition, clearance and landscaping of the existing building situated at 47-57 Chapel Hill & 1- 8 Bank Court as Phase 1. This element can be undertaken as a standalone project independently of Phase 2. Phase 2 proposes a new housing development to be undertaken by Yorkshire Housing Association. This would provide a high quality affordable housing scheme on the released site. Yorkshire Housing Association has already undertaken design work (at risk), and produced a financial appraisal for the scheme to be built on this site. The total cost estimate for the scheme is £4.02 million of which LCC's contribution is £1.5m through the Town and District Centre Programme and YHA intend to raise £1.16m. A bid to HCA has been made for the remaining £1.3m. A decision about the allocation is expected in July.
- 4.6 The Morley Bottoms scheme has been identified as a priority by the Council. If the scheme does not receive HCA funding the building could still be acquired and the site cleared for future development (see Phase 1 below). As a contribution to the regeneration of Morley Bottoms this would have considerable regeneration merit as it would remove an 'eyesore' building whilst signalling the Council's intention to help reverse the physical decline experienced by the area over many years.
- 4.7 Following provisional discussions with officers, the owner of the Chapel Hill properties has terminated all tenancies (at his own risk) and the property is currently vacant. The property has remained vacant longer than anticipated and is suffering from vandalism. In addition, the owner has suffered a loss of rental income during this time and is keen to see matters progress. The owner has advised officers that he may re-let the premises and withdraw from the possible disposal if matters are not concluded in the near future.
- 4.8 The budget for this scheme is £1,489,800. Of this £15,000 has already been spent for the acquisition of the hoarding site in Chapel Hill (as previously detailed in 4.3 above).

5.0 CONSULTATION

Who	When
Members	Morley Ward members have been consulted throughout the process of developing this scheme and are in support of the scheme.

Morley Town Centre Management	<p>Morley Town Centre Manager has been consulted and involved in the development of the scheme.</p> <p>The Town Centre Manager has also consulted the local traders and members of the public. The response has been positive.</p>
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6.0 PROGRAMME

- 6.1 In terms of the regeneration impact on Morley Bottoms Phase 1 on its own is sufficient to justify the investment of T&DC funding and it can be delivered independently of Phase 2, if necessary:

Phase 1, the acquisition, demolition, site clearance and landscaping;
Phase 2, the new build of 22 social housing units.

The programme is as set out below.

PHASE 1 PROGRAMME

Actions	Provisional Dates (Ph 1 only)
Financial approvals for acquisition	17 June 2009
HCA decision on funding	
Planning approval for demolition	31 July 2009
Acquisition completed	15 September 2009
Demolition and site clearance	30 Nov 2009
Landscaping and fencing	4 Jan 2009
Phase1 completion	15 Feb 2010

PHASE 2 PROGRAMME

Actions	Provisional Dates
Financial approvals	17 June 2009
HCA decision on funding	21 July 2009
Planning application	15 August 2009
Acquisition completed	15 September 2009
Tender Out	1 Feb 2010
Tender In	1 May 2010
Start on site	15 July 2010
Completion:	31 Mar 2011

7.0 SCHEME DESIGN ESTIMATE

- 7.1 Following independent valuations being carried out on the Chapel Hill properties, a purchase price shown in the exempt Appendix A has been provisionally agreed with the vendor on a subject-to-contract basis.

- 7.2 The details of the property acquisition, demolition, site clearance, landscaping and securing the site have been considered and cost estimates have been produced. LCC's contribution to the final phase i.e. construction of the phase 2 will be subject to detailed project appraisal by T&DC Programme Board and AMB. This will be

financed by the available balance in scheme no: 12154/MOR/000 under the Town and District Centre Regeneration scheme called Morley Bottoms.

- 7.3 The information contained in the confidential part of this report relates to the financial or business affairs of the Council. It is considered not to be in the public interest to disclose this information at this point in time as it could undermine the Council's position in negotiating with the building owner. The release of this information could also prejudice the Council's interests in relation to this or other similar transactions in that the land owner of this or other similar properties would have 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 any 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.

8.0 CAPITAL FUNDING AND CASH FLOW

- 8.1 Please refer to exempt Appendix A attached below.

9.0 REVENUE EFFECTS

- 9.1 In the long term, the scheme will not create any additional revenue implications for Leeds City Council. However, in the short to medium term, the landscaped site will be maintained by Parks and Countryside.

10.0 RISK ASSESSMENTS

- 10.1 It is considered that there is a real risk of the vendor withdrawing from the provisionally agreed terms and re-letting the flats if the acquisition were not to take place.
- 10.2 There is a risk that the funding from the HCA may not be forthcoming. However, if the property is demolished and the cleared site landscaped there will be a minimal revenue cost to the Council for the upkeep of the site and the site can be land banked pending an upturn in the property market.
- 10.3 Risks to the overall scheme delivery will be reported on, and managed through regular reports to the T&DC Programme Board and AMB. It is proposed that an appropriate sum is set aside as contingency, from the remaining ring fenced budget, in order to meet any increase in the provisional cost estimates.

11.0 RECOMMENDATIONS

- 11.1 The Executive Board is recommended to support the project brief and scheme design as presented subject to approval of final detailed design of Phase 2 by Asset Management Board (AMB).
- 11.2 The Executive Board is recommended to give authority to spend the amount referred to in exempt Appendix A and delegate authority to spend to the Director of Resources for the balance remaining shown in exempt Appendix A in the Town and District Centre Regeneration scheme 12154/MOR/000.

BACKGROUND PAPERS (available from Project Manager)

- Morley Business Case for Town & District Centre Regeneration.
- Cost estimates for demolition, site clearance and associated works.
- Current project appraisal for building 22 units by Yorkshire Housing Association.