



Not for publication: Report exempt from Access to Information Procedure Rules by reason of 10.4(3)-Appendices 1, 2 & 4 only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: 26 August, 2009

Subject: REGENERATION OF HOLBECK Phase 4

Scheme: 15557/000/000

Electoral wards affected:

Beeston and Holbeck

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 is anticipated that Leeds will receive a further £15.8m 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 £1.3m of this allocation to extend the existing 3 phases of acquisition and demolition within Holbeck to extend and enhance the development opportunity for new housing.

This report outlines the options considered for an area encompassing 20 back to back properties (as shown at Appendix 1 and labeled 'Holbeck target area phase 4, addresses are listed at appendix 2) and details the results of an option appraisal. The report recommends the acquisition and demolition of these properties by utilising £1.3m of SRHP fund over the financial years 2009/11 and seeks in principle 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.

Executive board is requested to authorise scheme expenditure of £1.3m.

1.0 Purpose of This Report

- 1.1 The purpose of this report is to consider the options for regeneration of the Holbeck area and to seek approval for the acquisition and clearance of 20 properties within Holbeck by utilising £1.3m of this 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 The Councils Executive Board at its meetings of 18 October 2006, 24 January 2007 and 14 November, 2007 approved the commencement of the acquisition of 50 properties within phases 1, 2 and 3 in Holbeck. Phased demolition is anticipated to commence within the current financial year and ultimately 102 properties which make up phases 1, 2 and 3 will be demolished. To date 100 of these properties are within Council ownership and 2 further acquisitions are outstanding. One owner still has not yet agreed to sell voluntarily to the Council but is seeking alternative commercial premises to facilitate the relocation of a hot food takeaway business. The date of the complete clearance of the site will depend upon whether a Compulsory Purchase Order is required on this scheme.
- 2.3 Recently Chevin Housing Association has been selected by the Leeds Affordable Housing Partnership Board as the Councils development partner on this and 3 other sites in South and East Leeds which are being cleared with Single Regional Housing Pot funding. Once the site, comprising of phases 1,2 and 3, is cleared Chevin HA will submit a bid to the Homes and Communities Agency (HCA) for funding with which to develop new affordable housing units.
- 2.4 The redevelopment of phases 1,2 and 3 is anticipated to commence during the next 2 years. This timescale will depend upon the potential requirement for compulsory purchase and is subject to funding being made available by the HCA.
- 2.5 While no decision has yet been made regarding the redevelopment of the proposed phase 4 if further acquisition and demolition in this location is approved then a comprehensive plan for the combined site can be drawn up rather than the emergence of piecemeal plans at intervals. Officers will commence work without delay to develop and seek approvals for a procurement route for the redevelopment of phase 4 which will ensure a timely progression from the earlier phases. A start on site could potentially take place in 2011/12 assuming that all privately owned properties can be purchased without the need for CPO and subject to the availability of funding.
- 2.6 If because of the requirement for CPO or the lack of available funding from the HCA there is an unavoidable delay in the commencement of redevelopment it is important that sites do not detract from the appearance or sustainability of the area. Demolition sites once cleared are grass seeded to provide a tidy appearance and fenced to prevent unauthorised access by vehicles. Officers will undertake regular

inspections to identify incidences of fly tipping and to ensure that regular maintenance of the area takes place as programmed.

- 2.7 Continuation of the redevelopment of this area of Holbeck will further complement and enhance the regeneration benefits anticipated for the area in the near future with the commencement of the Beeston Hill and Holbeck PFI project.

3.0 Main Issues.

- 3.1 The area which is the subject of this report comprises of 20 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 consolidate phases 1, 2 and 3.

- 3.2 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, to then 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.

3.3. Option A: Do minimum to meet legal conformity

- 3.3.1 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 bringing the 6 properties owned by the Council up to the Governments Decent Homes Standard is estimated at least £46,200. 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.

- 3.3.2 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

3.4 Option B: Group repair and internal modeling.

- 3.4.1 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 20 properties in the target area, including acquisition and conversion costs, is estimated at over £1.93m (see Appendix 4).

3.4.2 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 £0.93m. It is also doubtful whether long term demand exists even after conversion.

3.4.3 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

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

3.5.1 Acquisition of the 14 privately owned properties within the target area and clearance of all 20 properties would form the next phase of the longer term strategy to commence transformational change of the area and provide a catalyst to the regeneration of the wider area.

3.5.2 Whilst the cost would be high, £1.3m funded through the SRHP, once cleared and together with phase 1, 2 and 3 sites it would create a development opportunity to provide modern high quality housing 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

Option	Description	NPV £000
A	Do minimum to meet legal conformity	8.3
C	Acquisition and redevelopment of the site for housing	1300.0

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.

6.0 Consultation

6.1 A consultation exercise was carried out in March/April 2009. Visits to the 20 properties in the target area established that 2 are currently unoccupied. Of the remaining 20 contact was made with 13 householders and responses secured either by face to face or telephone interviews, or by the return of a questionnaire.

6.2 11 private landlords operate in the in the area who were also consulted. 3 private landlords have responded, 1 of them is in favour of demolition, 1 of them is not and 1 "does not know".

6.3 The full results of the consultation are set out in Appendix 3. In summary, all 12 residents who responded were in favour of demolition. 8 of the 12 respondents state that they are thinking of moving away from the area.

6.4 Following the conclusion of the residents' survey local ward members were briefed on the results and gave their full support to the proposals for acquisition and demolition contained within option C of this report.

6.5 If approval is secured to acquire and demolish these properties residents, elected members and other stakeholders will be kept fully apprised of developments.

6.6 Equality Impact Assessment

6.6.1 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

6.6.2 It has been established that 92% of residents who responded to the residents survey have English as their first language, one resident refused to comment but communicated with ease in English. For any residents who have another language as their first language translations and interpretation will be offered. 75% of respondents classed themselves as White British. 83% classed themselves as Christian or having no religion and 16% (2 respondents) were Muslims.

6.6.3 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.

6.6.4 None of the residents who responded classed themselves as disabled. However, named Project officers will be allocated to deal directly with each household so that if vulnerable households are identified particular attention will be paid to addressing the needs of those households 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 scheme costs of £1.3m are detailed at Appendix 4. This estimate includes acquisition of the 14 privately owned properties; compensation and disturbance payments for owners and private 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.

8.0 CAPITAL FUNDING and CASHFLOW

Authority to Spend required for this Approval	TOTAL £000's	TO MARCH 2009 £000's	FORECAST			
			2009/10 £000's	2010/11 £000's	2011 on £000's	0 £000's
LAND [1]			296.5	849.5		
CONSTRUCTION [3]				140.0		
FURN & EQUIP [5]	0.0					
DESIGN FEES [6]	14.0		3.5	10.5		
OTHER COSTS [7]	0.0					
TOTALS	14.0	0.0	300.0	1000.0	0.0	0.0

Total overall Funding (As per latest Capital Programme)	TOTAL £000's	TO MARCH 2009 £000's	FORECAST			
			2009/10 £000's	2010/11 £000's	2011 on £000's	0 £000's
RHB Grant			300.0	1000.0		
Total Funding	0.0	0.0	300.0	1000.0	0.0	0.0
Balance / Shortfall =	-14.0	0.0	0.0	0.0	0.0	0.0

9.0 REVENUE EFFECTS

There are no revenue implications within this scheme.

10.0 Risks

10.1 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.

10.2 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 development of Holbeck phase 4 would build on the work commenced in phase 1, 2 and 3 and continue to 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 is requested to:

1. Authorise Scheme expenditure to the amount of £1.3m.
2. Agree to allow officers to proceed in accordance with option C
3. Agree to allow the Director of Environment and Neighbourhoods and the Director of City Services 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

Previous Reports:-

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