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Report of the Director of Environment and Neighbourhoods

Executive Board

Date: 26th August, 2009

Subject: The Regeneration of Cross Green (Phase 3)
Scheme: 15616/000/000

Electoral Wards Affected:
Burmantofts and Richmond Hill

Yes Ward Members consulted
(referred to in report)

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

1. 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 £1.1m of this allocation to extend the existing 2 phases of acquisition and demolition within Cross Green to extend and enhance the development opportunity for new housing.

This report outlines the options considered for an area encompassing 14 street lined semi detached properties (as shown at Appendix 1 and labeled 'Cross Green target area phase 3, 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 £1.1m 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 £1.1m

1.0 Purpose of This Report

- 1.1 The purpose of this report is to consider the options for regeneration of the Cross Green area and to seek approval for the acquisition and clearance of 14 street lined semi detached properties which were built in the very early 1900s in Cross Green by utilising £1.1m of this funding during 2009/11.

2.0 Background Information

- 2.1 Cross Green is identified as a target area for large scale improvement within the Vision for Leeds 2004-10, the Corporate Plan 2005-8 and the Leeds Regeneration Plan 2005-2008..
- 2.2 The Councils Executive Board at its meetings of 17 May, 2006, and 20 September, 2006 approved the commencement of the acquisition of 73 properties within phases 1 and 2 in Cross Green. Demolition of phase 1 was completed in December 2007. Within phase 2 16 properties have been demolished and contractors are currently on site to clear a further 24 properties. One owner has not yet agreed to sell voluntarily to the Council but negotiations are ongoing. It is hoped that this matter may still be resolved without the need for a Compulsory Purchase Order (CPO) but of course timing of the final phase of demolition will dependant on whether or not a CPO is required.
- 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 agreement has been reached with the remaining owners on current phases Chevin HA will submit a bid to the Homes and Communities Agency for funding to progress the redevelopment of the cleared site with new affordable housing units.
- 2.4 The redevelopment of phases 1 and 2 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 3 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 3 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 Cross Green will further complement and enhance the regeneration benefits anticipated for the area from the EASEL project

3.0 Main Issues.

3.1 The area which is the subject of this report comprises of 14 brick semi detached houses, some of which are in very poor condition. 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 council owned land to the rear of these properties which is used by the occupiers as garden land.

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

Option C: Acquisition and redevelopment of the site.

3.3. Option A: Do minimum to meet legal conformity

3.3.1 Leeds East North East Homes (ENEh) has a legal obligation to ensure that all the housing stock that they manage meets the Governments Decent Homes Standard by 2010. The cost of bringing the 2 properties owned by the Council and managed by ENEh up to the Governments Decent Homes Standard is estimated at around £15,000 per property. A further two properties are owned by the Council but not managed by ENEH as they are currently in an uninhabitable condition. It is estimated that the cost of internal and external works to bring these two properties back into use would amount to over £135,000. As there is no record of these properties ever having been Housing Revenue Account assets they will not attract Major Repairs Allowance. The sustainability of such a high level of investment is doubtful unless a commitment could be secured from the remainder of owners within this target area that they are prepared to invest in the privately owned properties.

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

- 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

3.4.1 Enveloping works to the exterior of the properties can create a visually superior and uniform street scene and so contribute to the overall transformational change in an area **assuming that all owners are willing to take part**. It is estimated that to carry out **exterior improvement** works to all of these 14 properties and to carry out internal refurbishment of the two Council owned properties as outlined at para 3.3.1 it would cost in the region of £619,945. This excludes the cost of any internal refurbishment to any other privately owned or ENEh managed properties.

- 3.4.2 A contribution of up to 25% of the costs would be required from private owners of the properties. Owner occupiers can benefit from up to 100% grants dependant upon a test of resources, private landlords have to pay the full 25% contribution. In view of this fact there is a degree of uncertainty around the likelihood of take-up from owners especially in view of the fact that 50% of the properties are currently vacant and have been for some considerable time. Without an adequate proportion of take up from owners the viability of any group repair scheme is questionable.
- 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 internal housing conditions** – external works only included in a group repair scheme.
 - **tackle poor environment** – the properties in question are street lined properties so have no front gardens which could be improved and works are not usually carried out to rear gardens as part of a group repair scheme, hence no impact on the environment.
 - Provide a level of **thermal efficiency** equal to that of new properties - due to the age of these properties they are hard to treat in terms of thermal insulation due to their solid wall construction. Whilst group repair could ensure that these properties reach Decency in terms of energy efficiency a considerable amount of further internal investment would be required to enhance their SAP rating to match that of a new property built to the Code for sustainable homes level 4.
 - enable the levels of **transformational change** required to regenerate the area to be achieved

A Group repair scheme is proposed for the Cross Green area from the SRHP 2008/11 funding allocation. However, discussions with Health and Environmental Action Services Area renewal team (whose officers are tasked with seeking approvals for and the delivery of Group Repair schemes) have suggested that because of the condition of the stock and the tenure base the properties which are the subject of this report are NOT considered to be the most appropriate for the sustainable use of funding which has been earmarked for a group repair scheme in the area.

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

- 3.5.1 Acquisition of the 10 privately owned properties within the target area and clearance of all 14 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. It would also consolidate the Councils land holdings at St Hildas Avenue/Grove/Crescent (Cross Green phase 2 acquisition and demolition scheme) and to the rear of the properties on St Hildas Crescent which are the subject of this report.
- 3.5.2 Whilst the cost would be high, £1.1m funded through the SRHP, the site once cleared and together with phases 1 and 2 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, B and C. Both financial and non financial aspects of Options A, B and C have been considered.

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

Option	Description	NPV £000
A	Do minimum to meet legal conformity	267.5
B	Group Repair	557.6
C	Acquisition and redevelopment of the site for housing	1,100.0

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. Each of these appendices identifies the location of the affected properties.

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 14 properties in the target area established that 7 are currently unoccupied. Of the remaining 7 contact was made with 6 householders and responses secured either by face to face or telephone interviews, or by the return of a questionnaire.
- 6.2 6 private landlords operate in the in the target area who were also consulted. 4 private landlords have responded, 2 of them were in favour of demolition, 2 of them were not. 1 further property is owned by a Registered Social Landlord who is also in favour of demolition
- 6.3 The full results of the consultation are set out in Appendix 3. In summary, all 4 of the 6 residents who responded were in favour of demolition. 5 of the 6 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 appraised 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 all 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. All respondents classed themselves as White British. All 5 of the respondents who disclosed equality information classed themselves as Christian or having no religion.
- 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

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 Cross Green phase 3 would build on the work commenced in phases 1 and 2 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 £1.1m.
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 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

Previous Reports:-

Injection Single Regional Housing Pot 2008/11 - £13.94m – Director of Resources Sep 08
Cross green Phase 2 Acquisition and demolition Scheme – Exec Board Sep 06 £2.4m
Cross green Phase 1 Acquisition and demolition Scheme – Exec Board May 06 £0.5m