



Report of the Director of Environment and Neighbourhoods

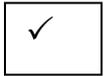
Executive Board

Date: 5th January, 2011

Subject: Transfer of the Beverleys Site for Redevelopment

Electoral Wards Affected:

City and Hunslet



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

This report sets out proposals to transfer the Beverleys site jointly to Chevin Housing Association and Unity Housing Association at nil cost in order that the development of the site may take place following the use of Regional Housing Board resources to acquire pre 1919 properties for clearance. £2.2m of grant funding has been secured by Chevin HA (on behalf of both Housing Associations) from the Homes and Communities Agency (HCA), National Affordable Housing Programme (NAHP) for the redevelopment of 55 new affordable homes. This scheme will contribute to meeting the delivery of affordable homes and will lever in £5.4m of investment in one of the Cities regeneration priority areas.

1 Purpose Of This Report

- 1.1 The purpose of this report is to seek approval for the transfer of the Beverleys site jointly to Chevin Housing Association and Unity Housing Association at nil value in order that work can commence on site to provide 55 new affordable homes on the site. A start on site before the end of the current financial year is required to ensure that grant funding from the Homes and Communities Agency for this purpose will not be withdrawn.

2 BACKGROUND

2.1 Context

- 2.1.1 Executive Board at its meeting of 19 January, 2005 approved proposals for the acquisition and demolition of 131 pre 1919 properties of mixed tenure in the Beverleys area of Beeston.
- 2.1.2 The project has been funded originally from borrowing approval and more recently with grant funding from the Regional Housing Board (specifically Single Regional Housing Pot, SRHP and Housing Market Renewal Fund, HMRF)
- 2.1.3 At its meeting in February 2008 the Councils Executive Board agreed to delegate responsibility for the disposal of sites within the Affordable Housing Strategic Partnership (at that time 77 acres) at less than best consideration of £5k to the Director of City Development.
- 2.1.4 In March 2008 Executive Board approved a recommendation that the Beverleys site along with 3 others cleared with SRHP funding should be transferred to the Leeds Affordable Housing Strategic Partnership (LAHSP) It was understood that the sites would be utilized by the LAHSP in the same way as the original 77 acres as agreed by the LAHSP Board but no specific Executive Board recommendation was made.
- 2.1.5 Subsequently in March 2009 the Affordable Housing Strategic Partnership, following a development procurement process, approved the selection of Chevin Housing Association as preferred development partner on the SRHP funded sites. The HCA who had been involved in the development procurement process had indicated that grant funding should not be awarded for land values. The HCA considered that as Regional Housing Board funding had been used for land assembly by the Council to award grant funding for its purchase from the Council would be classed as a double subsidy.

2.2 Current position

- 2.2.1 In August 2010 Chevin Housing Association were successful in their bid to the HCA as part of the National Affordable Housing mini bidding round for grant funding of £2.2m to develop 55 new affordable homes on the site. Planning Approval is already in place.
- 2.2.2 Demolition of the final 6 properties was completed at the end of November, 2010. There is a requirement from the HCA that a start on site should be made as soon as possible but certainly before the end of March, 2011.
- 2.2.3 The bid made by Chevin HA to the HCA was made on the assumption that the site would be transferred to them by the Council at nil cost, due to values and site conditions and that this would take place to allow them to start on site by November, 2010.
- 2.2.4 Chevin subsequently approached officers with a proposal for the site to be developed jointly with Unity Housing Association due to the changing housing market conditions and recognition that Unity have a presence in the Beeston area having developed recently a scheme at Hird St which complements an adjacent older development of the association. After consideration and further discussion

with the HCA the proposal has been accepted in principle subject to approval of Executive Board to transfer the site.

2.3 Strategic Context

- 2.3.1 Beeston Hill and Holbeck are identified as target areas for large scale regeneration within the Vision for Leeds 2004-20. The aims and aspirations of the Vision for Leeds are reflected in the Beeston Hill and Holbeck Land Use Framework (2005) and in the Beeston Hill and West Hunslet Regeneration Plan (2009) which marry city wide aspirations with local community aspirations and sustainable development principles.
- 2.3.2 The development of the Beverleys site will support the Council in achieving its strategic aim of increasing the number of affordable homes within the city. This is of particular significance in an area which has seen the demolition of low cost housing as part of the Beeston Hill and Holbeck programme.
- 2.3.3 Officers have negotiated with Chevin Housing Association the provision and maintenance of an area of high quality greenspace within the development in the form of an urban square. This facility, which will become a focal point for the wider community to enjoy, is in addition to that required by planning policy.
- 2.3.4 Discussions are ongoing between officers and Chevin HA and their principle contractor, Bramall Construction, to ensure that local employment and training opportunities are maximised.

3.0 MAIN ISSUES

- 3.1 In view of the exceptional circumstances outlined in paragraph 4.2 below; the potential loss of £5.4m funding from one of the cities priority regeneration areas and the impact upon the affordable housing targets for 2011/12/13 if the scheme was to falter at this stage, it is proposed that the transfer of this site be treated as an isolated exception to the £5k per plot rule which was established with regard to the LAHSP Board sites.
- 3.2 The future availability of funding for the development of affordable housing is under review following the Governments Comprehensive Spending Review. Countrywide the National Affordable Housing programme has had a 60% reduction over the course of this parliament. The outcome of Leeds Local Investment Plan discussions will provide a clearer picture as to the level of investment that the city will attract to maximize the number of new affordable homes for the city. A further report will be brought to Executive Board to seek approval of proposals to dispose of the sites once funding is in place for their development.

4.0 LEGAL & RESOURCE IMPLICATIONS

- 4.1 The transfer of the Beverleys site at nil cost to Chevin will mean that a potential receipt of £275,000 will be forfeited from the Affordable Housing Strategic Partnership to achieve 55 new affordable homes.
- 4.2 Since Chevins expression of interest in the SRHP sites, submitted in early 2009, a number of factors have changed which have impacted upon their ability to present a bid to the HCA which was likely to receive approval. This has resulted in a request from Chevin to waive the Councils expected receipt of £275,000. A brief summary of those influential factors are listed below:

- Discussions with the HCA have confirmed the double subsidy issue. In view of the fact that public funding has been utilised for the acquisition of the SRHP funded sites the HCA are unwilling to provide further grant funding for their purchase from the Council.
- HCA Grant funding requirements have changed, specifically relating to the tenure split which now is required to comprise of 50% social rent/ 50% for sale resulting in a reduction in grant funding for the scheme.
- An increase in the estimated build costs for the scheme
- Chevin claim that they had been unaware of the Councils policy of charging a fee of 3.5% of the land value on all land transactions. They have now assumed that a fee of £63,000 will be payable.

4.3 In effect while scheme costs have increased by over £700,000 since the original bid was made the grant amount has decreased by £276,000. The total scheme costs now stand at £5.4m comprising of £2.2m NAHP grant funding and £3.2m from the Housing Associations own resources.

4.4 Following on from initial discussions as part of the selection process the HCA have now confirmed that they would be unprepared to pay NAHP grant funding to any housing association for the purchase of SRHP funded sites from the Council. As grant funding has already been used by the Council for the purchase of the sites from private individuals this would be viewed as a double subsidy situation.

4.5 Over the past 5 years SRHP and Housing Market Renewal funding has been used to clear the site. If the site remains undeveloped due to the lack of sufficient funding to acquire the site and redevelop it the Councils potential to attract further grant funding for regeneration projects could well be damaged.

4.6 It is proposed that the land be transferred by the power given under general consent A 2005 under section 25 of the Local Government Act 1988 for the disposal of land to registered social landlords. (Section 32 of the Housing Act 1985 provides that local authorities cannot dispose of land which they hold for the purposes of Part II of that Act without the consent of the Secretary of State. Consent A of the General Consent under Section 25 of the Local Government Act 1988 for the Disposal of Land to Registered Social Landlords (which operates as a consent for the purposes of Section 32 of the Housing Act 1985) provides that a local authority may dispose of land to a registered social landlord for development as housing accommodation subject to a number of conditions. The Head of Property Services confirms that the proposed disposal satisfies all of the conditions of this consent and that in particular the aggregate value of assistance provided by the Council under the consent in the current financial year does not exceed the limit of £10,000,000 as prescribed by the Secretary of State.

5.0 COMMUNITY SAFETY

While the site remains vacant there are potential implications under Section 17 of the Crime and Disorder Act 1998 e.g. fly tipping and antisocial behaviour.

6.0 CONSULTATION

Ward Members were consulted on the proposals to transfer the site to the Affordable Housing Strategic Partnership and prior to the submission of the planning application. They are aware of the success of Chevins successful bid to the HCA for grant funding and expect to see a start on site in the near future.

7.0 RECOMMENDATION

- That Executive Board approve the proposals to transfer the Beverleys site jointly to Chevin Housing Association and Unity Housing Association at nil cost.
- That a further report is brought back to Executive Board seeking approval for the disposal of the remaining sites cleared with SRHP funding following the exploration of other options for the potential to secure a receipt as detail emerges from proposals contained within the recent Comprehensive Spending Review.

Background Papers:

Regeneration of the Beverleys area of Beeston	EB 19 th January, 2005
Disposal of Land for Affordable Housing	EB 8 th February, 2008
Regional Housing Board Funded Clearance Sites and Their Inclusion in The Strategic Affordable Housing Partnership	EB 12 th March 2008