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## Report of the Director of Neighbourhoods and Housing

### Executive Board

Date: 14 June, 2006

Subject: Regeneration of the Florence St area of Harehills

**Electoral wards affected:**  
Gipton and Harehills

**Specific implications for:**

Ethnic minorities

Women

Disabled people

Narrowing the gap

Eligible for call in

Not eligible for call in

(details contained in the report)

## Executive Summary

In pursuance of the objectives of the Vision for Leeds 2004-2020 and the Leeds Housing Strategy an allocation of £2.5m has been secured from the Regional Housing Board (RHB). Executive Board approval was secured for the demolition of 23 properties on Scarth Ave/Ashley Terrace/Florence Street in December 2003 utilising £1m of this funding. These 23 properties have now been demolished; leaving a cleared site which abuts the cleared site of the former Stanley Road Cleansing Depot which is also council owned. A balance of £1.5m, therefore, remains available. It is proposed that this £1.5m is used to target an area encompassing 36 properties which sits within the EASEL Regeneration area.

This report advises Executive Board of the options considered for this target area (as shown at Appendix 1 and listed at Appendix 2 – to be circulated at meeting) and details the results of an option appraisal. The report sets out recommendations for acquisition and clearance of 36 properties and seeks in principle approval to proceed with their acquisition by agreement with their owners. In the event that agreement cannot be reached with the owner of any property, approval is sought for officers to make and promote any necessary Compulsory Purchase Orders.

## **1.0 Purpose Of This Report**

Of a total of £2.5m which has been secured from the Regional Housing Board for the purpose of tackling poor quality pre 1919 housing stock in Harehills there remains available borrowing approval of £1.5m. It is anticipated that this will be the first tranche of funding to be made available to the area. The purpose of this report is to consider the options for regeneration of the Harehills area and to seek approval for the acquisition and clearance of 36 properties.

## **2.0 Background Information**

Funding proposals were submitted to the Regional Housing Board for Yorkshire and the Humber (RHB) in September 2003 and January 2004 on behalf of the Leeds Housing Partnership to provide pump-priming funding for a long-term housing market renewal programme for areas including Harehills, Beeston Hill and Holbeck and Cross Green/East End Park.

Borrowing approval of £2.5m was awarded by the RHB to commence regeneration of the Harehills area for the year 2005/6 and a bid for a further £4m has been made to the RHB for 2006-2008. It is expected that these resources will be largely used for acquisition and clearance of pre-1919 housing, plus interventions such as group repair and enveloping, which will result in a flexible and comprehensive approach to target areas. Work to develop this "menu" of interventions for the period 2006/8 and onwards is underway. The details of the proposed approach will be the subject of a further report.

The proposals contained within this report consider how best to address the strategic aims of the Vision for Leeds and Leeds Housing Strategy with the resources available.

## **3.0 Main Issues.**

- 3.1 The area which is the subject of this report comprises of 36 brick terraced properties 32 of which are street lined back to back houses, the remainder being through terrace properties. It is proposed that the properties, as identified in Appendix 2, are acquired and demolished. An option appraisal has been undertaken with an end use of housing re-provision in mind. However, further consideration will be given to end use of the cleared site as other regeneration initiatives affecting the area develop over time.
- 3.2 The target area (as highlighted on the plan at Appendix 1) is included within one of the worst 10% Super Output Areas (SOAs) on the national Index of Multiple Deprivation. For some indicators the area features within the worst 3% of SOAs in the country, for example crime and living environment. These properties are also situated within the Harehills Neighbourhood Renewal Area established through the 2001 Leeds Neighbourhood Renewal Strategy as an area requiring comprehensive and co-ordinated regeneration.
- 3.3 A Housing Needs and Aspirations Survey was undertaken by consultants, Outside Research in May 2004, on behalf of the Harehills Neighbourhood Renewal Team, to aid understanding of the issues and inform future housing provision. The key findings of this were that the area has a relatively unstable population and a high turnover of residents generally. People who indicated that they wished to move did so because

their houses were too small or of poor quality and the main preference is for 3 bedroomed semi-detached properties. The study also highlighted the lack of housing for elderly people and a high incidence of people with limiting long-term illness. In addition the study identified the highest mean household size in the area as occurring within the Asian/Asian British population. The replacement of the small existing dwellings with a range of larger new properties could assist in meeting the housing needs of this section of the community.

- 3.4 The tenure of the 36 properties affected by these proposals is outlined at appendix 2. It is significant to note that none of the properties in the area are owner occupied. This polarisation of tenures suggests that owner occupiers are choosing not to stay or not to invest to acquire properties in the area. While property prices are comparatively low investors are able to see the potential return from private lettings. A concentration of privately rented property can often lead to an over representation of vulnerable, mobile and anti-social residents. It is generally accepted that private tenants tend to be transient often with less long term commitment to their homes. Evidence from Leeds East Homes also suggests a transient population within the social rented sector. In fact 17 of the 24 properties managed by Leeds East Homes are occupied by tenants of less than 4 years standing.

Local Ward members were briefed on the intention to carry out an option appraisal, commencing with a survey of residents and property owners in the target area. The results of the residents survey and consultations with stakeholders and Leeds East Homes have been included in the option appraisal which 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.

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

Generally in terms of the older housing stock, the Leeds East Homes business plan does not support major refurbishment. Whilst they will maintain and repair stock, they are unlikely to undertake any significant improvement where investment in housing stock is considered to be uneconomical. The transience of the residents in this area raises the question of the sustainability of these properties. Despite the uncertainty surrounding the sustainability of investment in this area LEH have a legal obligation to ensure that all stock meets the Governments Decent Homes Standard by 2010.

LEH have calculated that they will need to spend £313,565 by 2010 to bring the 24 homes that they manage in the target area up to the Decent Homes Standard. However, this standard does not address the issue of poor design, layout, the lack of gardens/private space and poor built environment. Refurbishment of LEH properties alone would provide only a piecemeal solution. Although 1 property owned by Connect Housing Association would also be subject to the Decency requirement the 10 privately owned properties, and 1 vacant shop unit owned by LCC would remain unimproved. This would also fail to tackle issues of housing mix and diversity and ultimately an opportunity to contribute to the regeneration of the Harehills area would be missed.

Evidence suggests, therefore, that the expenditure required to comply with the above **minimum** standard would

- **not** address all of the issues identified by residents as unsatisfactory
- **not** prove to be cost effective in the long term
- **not** prove to be sustainable
- **not** enable the levels of transformational change required to regenerate the area  
and therefore would **not** prove to be value for money

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

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 may create through terraces with better layout and room sizes which would meet (potentially exceed) the Decent Homes Standard. Consultant Architects working in other parts of Harehills have estimated that the remodeling of two back to backs to form 1 family house would cost £65,000 per conversion in construction costs alone. The potential cost of remodeling of these properties is estimated at £2,622,050 (see appendix 4).

Even if ultimately these properties were sold on the open market for an optimistic £100,000 this could potentially result in a net loss to the Council of approximately £1m it is also doubtful whether **long term** demand exists even after conversion. Whilst this option may address some of the issues with poor conditions, internal layout and potentially the lack of garden; it cannot address issues of poor housing mix, high density or poor environment and amenity. It is highly questionable whether such extensive works and expenditure would be cost effective, justifiable, or sustainable when compared with other options.

In view of the high costs involved and the fact that £1.5m of funding is currently available from RHB this option has been ruled out as a viable option on the grounds of affordability.

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

Acquisition of 10 privately owned properties (plus 1 owned by Connect Housing Association) and demolition of all 36 properties would provide a brownfield site, the redevelopment of which could provide an opportunity to create a catalyst to the regeneration of the wider area.

3.5 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.

3.6 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>354</b>
C	Acquisition and redevelopment of the site for housing	<b>920</b>

This exercise and the table above illustrates 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, the Leeds Housing Strategy, and EASEL regeneration objectives. Option C is therefore the one recommended to the Executive Board.

Option C (Acquisition, clearance and redevelopment) scores highly against each objective. Clearance of these properties creates a potential development site which may facilitate the potential re-provision of housing which is of a type and size matched to the needs and choices of residents, in an improved environment which would as a consequence contribute to the regeneration of the area and community.

Option A (Do minimum to meet legal conformity), while this option is the least expensive it is only able 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 government's 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.

## **Implications For Council Policy And Governance**

- 4.1 The Leeds Housing Strategy has identified the regeneration and renewal of areas with frail housing market conditions, poor quality or obsolete housing and issues with multiple deprivation as a key priority. This has also been identified as a key priority both in the Regional Housing Strategy and the West Yorkshire Housing Strategy and is reflected in the prioritisation of action to improve pre-1919 housing in the East Leeds District Action Plan. This proposal forms part of a housing market renewal component of the comprehensive regeneration programme for Harehills.

If the acquisition of privately owned properties is approved valuations will be carried out on each individual property by a chartered surveyor to determine its current market value. 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 Council's 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.

## **4.2 Consultation**

During July 2005 attempts were made to contact and visit all **residents** whose homes are directly affected by the proposals. These visits established that 3 of the properties are currently empty, of the remaining 33; contact was made with 29 householders and face to face interviews carried out with 27. Two residents declined to take part in the consultation. Officers were unable to make contact with 4 householders despite a number of visits, cards left and 2 letters.

A summary of the results of the questionnaires are shown in appendix 3

Attempts were also made to make contact with the private landlords in the area, of which there are 9. This proved to be more difficult than consultation with residents. Two letters were sent to the owners requesting their views but despite this only 5 made contact. 4 of these owners expressed a willingness to sell if the proposals to acquire and demolish are approved and as long as the “market value” assessment of their property is acceptable. 1 owner stated that they were not in favour of demolition but gave no further comment on willingness to sell.

Of the 27 residents consulted 17 were in favour of demolition, 6 didn't know and 4 were not in favour of demolition. Many of the residents who stated that they were in favour of demolition mentioned a desire to see modern family houses with gardens provided on the cleared site.

The option appraisal survey indicates that 21 residents consulted have lived in their present home for less than 5 years. In addition 13 residents expressed a desire to move, 7 of these within 1 year. 12 households consulted contained children under 5. Many of these expressed a desire to move, as their children grow, to properties with gardens and additional bedrooms

4.2.2 If approval is secured to acquire and demolish these properties a number of methods will be utilised by Council officers in order to ensure that residents and stakeholders have the opportunity to be involved and informed:-

- Existing arrangements already in place to consult with and involve local residents will be utilised wherever possible. I.e. Area Forums and local community action groups.
- Regular liaison between project officers and the officers of LEH and other RSLs will ensure that rehousing of residents is co-ordinated effectively.
- Regular written updates for, residents and property owners in the form of a newsletter and briefing notes for Ward members, MP for East Leeds, ALMO officers and Housing Associations.
- A suite of information leaflets is being devised to advise residents of the procedure and the assistance, including compensation, which is available to them.
- Weekly local surgeries to be held in the area to ensure that project officers are easily accessible to residents and stakeholders. In addition this will encourage the development of trust resulting from personal contact.

## 5 **Legal And Resource Implications**

5.1 The estimated scheme costs of £1.5m are detailed at Appendix 4. This estimate includes acquisition of the properties not already owned by the Council; home loss compensation and disturbance payments for all residents and site clearance.

5.2 The preference is to acquire properties by agreement with the property owners. However, a compensation package equivalent to that which would be available in the event of a Compulsory Purchase Order being made will be offered to residents

and owners. Details of the compensation payments available to which owners and tenants may be entitled are outlined at Appendix 5

- 5.3 Negotiations to acquire the privately owned properties will be undertaken by Council officers. The aim will be to conclude acquisition of all properties and rehousing of all residents prior to commencement of site clearance for the sake of financial prudence. However, management of the partially vacated site will be carefully monitored to ensure that safety and security is maintained for the remaining residents. A provisional timescale has been devised with the aim of acquiring and securing vacant possession of all properties by the end of 2006, with demolition taking place within the first quarter of 2007.
- 5.4 Although the preference is to acquire properties by agreement with owners, ultimately if agreement cannot be reached this report recommends that officers be authorised to make and promote any necessary Compulsory Purchase Orders. Should Compulsory Purchase action become necessary in this instance it is suggested that 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. These powers are intended to help authorities to assemble land where this is necessary to implement the proposals in their Community Strategies and where the proposed development, redevelopment or improvement is likely to contribute to achieving the promotion of the economic; social and environmental well-being of an area. In the event that compulsory purchase action becomes necessary a further report will be submitted to Executive Board. This would set out the reasons why using the compulsory purchase option was considered appropriate and justified in the circumstances.

## 5.5 Risks

- 5.5.1 The funding to be utilised for the delivery of this project, if approved, is in fact borrowing approval for the financial year 2005/6. While approval has been secured from the RHB to roll over this allocation into 2006/07 it is necessary to ensure that the allocation is spent within the financial year 2006/7. Any slippage of the programme would require further approval to roll over funding into 2007/8.
- 5.5.2 The capacity of LEH and other RSLs to rehouse residents from this area could potentially delay the programme. In view of the need to rehouse residents displaced by other clearance schemes (associated with EASEL for example) it is possible that delays may be created within the programme until suitable alternative accommodation may be found for those residents wishing to be remain within east Leeds. Council officers will work closely with all concerned in order to facilitate alternative rehousing options.
- 5.5.3 The success of the Leeds Housing Partnership to secure further funding from the RHB may be jeopardized by failure to deliver on current projects. In addition future funding, including the current bid for a further £4m for Harehills for the period 2006/8, will take the form of grant allocation and so will not be available for roll over into 2008/9.
- 5.5.4 A contingency fund of approx £135k is available to cover potential overspend on this project; if this is not required it may be made available to future phases in the longer term strategy for the regeneration of the Harehills area.
- 5.5.5 The intention is to acquire the 10 privately owned properties in this area with the agreement of owners. However, while the majority of respondents were in favour of

demolition there is always the possibility that Compulsory Purchase action may be required if agreement cannot be reached. This will inevitably have implications for the timescale of the project and would also involve additional costs i.e. publicity costs, officer time including legal fees, and the costs incurred associated with the staging of an Inquiry if objections are made.

## **5.6 Future Usage of the Cleared Site**

The clearance of the 36 properties targeted within this report would provide a potential development site for a number of alternative uses which could include new housing and an area of much needed open space or community health provision. The Primary Care Trust (PCT) has been unable to accommodate its requirements within the new joint service centre which is to be developed on Compton Road and are seeking a site within the St James vicinity on which to develop a Child Health Centre and a Primary Care Centre. The future of this site, the former Stanley Road Depot site and the cleared Ashley Road site will be determined through the EASEL Regeneration Project.

## **6 Conclusions**

Of the allocation of £2.5 million which was secured from the Regional Housing Board for the purpose of tackling poor quality, pre 1919 housing stock in Harehills £1m was allocated for the clearance of the Ashley Rd site leaving a balance of £1.5m. The proposals contained within this report if approved will utilise this balance. Three options have been considered for the target area encompassing 36 properties. The option appraisal has identified Option C - acquisition, clearance and ultimately redevelopment of the site as the preferred option. This option is considered to be most effective in starting a process of transformational change which is required to regenerate the wider area. It will also complement and add value to clearance already undertaken on Ashley Road/Scarth Ave. Of the three options acquisition, demolition and redevelopment will make the most effective contribution to local and regional strategic aims. Consultation with local stakeholders has identified a majority view which supports acquisition and demolition.

It is envisaged that the proposals within this report have the potential to complement and contribute to other regeneration initiatives in the area, including EASEL, subsequent phases of RHB and LIFT funded projects. This of course is subject to the identification of further sources of funding and approvals. The menu of interventions available as part of this strategy will include not only acquisition and clearance but also group repair to retain the character of the area and provide diversity of property types and tenures.

## **7 Recommendations**

Executive Board is requested to note the contents of the report and:

1. Approve the injection into the Capital Programme of £1.5m of Regional Housing Board money
2. Authorise Scheme Expenditure to the amount of £1.5m
3. Authorise officers to commence acquisition of properties by voluntary agreement with the owners. In the event that agreement cannot be reached



with the owner of any property within the target area for its acquisition, authorise officers to make and promote any necessary Compulsory Purchase Orders.

## **Appendices**

1. Plan of target area (Exempt under the Councils access to information regulations 10.4[3])
2. Address list (Exempt under the Councils access to information regulations 10.4[3])
3. Summary of residents survey results
4. Costs associated with option B and C (Exempt under the Councils access to information regulations 10.4[3])
5. Compensation Payments