

Name of meeting and date: Cabinet 16 June 2009

Title of report:

**REQUEST FOR AUTHORITY TO DEMOLISH HOUSES AND FLATS AT
POPLAR STREET, GELDER TERRACE AND WAKEFIELD ROAD,
MOLDGREEN, HUDDERSFIELD**

Is it likely to result in spending or saving £250k or more, or to have a significant effect on two or more electoral wards?	Yes / No or “not applicable” If yes give reason why No.
Is it in the Council’s Forward Plan?	No.
Is it eligible for “call in” by Scrutiny?	Yes
Cabinet member portfolio	Adults and Communities

Electoral wards affected and ward councillors consulted:

Newsome ward.

Cllr Andrew Cooper, Cllr Julie Stewart-Turner, Cllr Graham Simpson

Public or private: Public

1. Purpose of report

- 1.1. To outline the latest known project plans and funding issues for redeveloping the estate ('Poplar-Gelder') based around phases 1 and 2 of Yorkshire Housing's redevelopment proposals.
- 1.2. To outline incurred void costs and health and safety issues and risks relating to current void housing stock on the Poplar-Gelder estate
- 1.3. To outline potential demolition, site restoration costs and identify potential temporary usage and seek authority to clear identified remaining stock.

2. Key points

Background

- 2.1. In March 2006, the Housing Corporation (now the Homes and Communities Agency) confirmed a £1.024m funding allocation to Yorkshire Housing to develop the first of 2 phases of the Poplar-Gelder estate redevelopment. A location plan of the site is attached as **Appendix A**.
- 2.2. On 5 July 2006, Cabinet resolved to pursue the clearance and redevelopment of the estate in partnership with a housing association. Following progress on Yorkshire Housing's acquisition of adjoining land to facilitate the scheme, on 5 September 2007, Cabinet authorised the re-housing of remaining residents from the estate to enable the redevelopment. This process was completed by August 2008 and the properties shown highlighted on **Appendix A** are now void and untenanted. They comprise of 60 flats and 6 houses.
- 2.3. Cabinet subsequently authorised full negotiation of terms for the leasehold transfer of land to Yorkshire Housing comprising phase 1 on 20 February 2008. Following planning revisions and negotiations, full planning permission for phase 1 of the scheme was granted on 15 July 2008, followed by initial negotiation of terms for transfer of land necessary for the phase 1 scheme commenced between the Council and Yorkshire.
- 2.4. Since this time, Yorkshire Housing have re-appraised the scheme in view of the economic downturn and the scheme's partial reliance on units for sale which would have cross-subsidised the predominantly rented flats. After initially postponing the development pending further appraisal, Yorkshire Housing are re-bidding for funding to the Homes and Communities Agency (HCA) with the intent of making a start on site between September and December 2009.

Funding Issues

- 2.5. As part of the 'single conversation' agenda with stakeholders, the HCA is asking Local Authorities to programme and prioritise schemes in line with regional priorities. There is a risk that the HCA will not fund the scheme. However, the existence of planning permission for the phase 1 redevelopment, as well as adjoining land assembly by Yorkshire Housing and potential clearance of the site at an early stage, weigh in favour of swift delivery of the first phase. The HCA is keen to see early delivery of schemes.
- 2.6. Yorkshire Housing have confirmed that they have a bid ready to meet the HCA's deadline of 5 June 2009, showing the delivery of 35 2-bed 3 person flats for rent (4 of which are accessible flats). The total costs are estimated to be £4,316,600.00, The HCA grant bid is for £2,625,000.00, and the Yorkshire Housing borrowing requirement will be £1,691,600.00.

- 2.7. Yorkshire Housing are ready to conclude negotiations over the acquisition of the Council-owned part of the site, and have advised that this scheme is a top priority for them. The scheme is deliverable to proposed timescales, with a start on site in the 3rd quarter of 2009/10, and practical completion by the first quarter of 2010/11. Once Phase 1 is underway, Yorkshire Housing have advised that they will be ready to resume preparatory work on Phase 2.

Demolition: The Case for Action

- 2.8. Yorkshire Housing have been asked to expand on the proposals and provide a detailed project delivery timetable to assist project planning and dialogue with the HCA. Assuming that the HCA funds the project, and terms are agreed for transfer of land to facilitate the phase 1 redevelopment, the stock will be left on site for at least 4 months. This means continued void stock and attendant screening costs and the risk of damage and unauthorised access.
- 2.9. Since the identified properties became vacant, from the start of September 2008 to the end of May 2009, based on full occupation rates and average rental figures of £65 per week, the Council has lost £154,440 of rental income to the Housing Revenue Account.
- 2.10. In addition, security screening costs of the properties have been estimated at £1078 per month, excluding staff cost and time visiting the site. Kirklees Neighbourhood Housing has reported that the screening contractors have had to replace many screens on the estate, only for them to be removed and sold as scrap by people who have broken into the stock through the roofspace. The contractors (Orbis) have advised that they cannot continue to absorb costs of screening replacements (equipment and call-out duties).
- 2.11. Cabinet has previously been advised of the site attracting anti-social behaviour and damage during its occupation, which were factors leading to the decision to demolish the site in principle. The design and layout, and vulnerable location of the properties has continued to attract damage, anti-social behaviour (particularly drug abuse and soiling) and break-ins, and thefts of materials. Needle-sticks from drug abuse are also known to have been left around the estate. Emergency services have also had to attend as fires have been started.
- 2.12. These circumstances have escalated in recent weeks and months and there have been thefts of roofing materials and signs of structural damage and loose material. A serious fire on 1 June 2009 underlines the issue. Aside from cost issues (security, visits and materials) there are now serious health and safety concerns which pose risks to both members of the public and also place the Council at risk as a public body responsible for the stock. KNH have reported that it is typical for up to 20 flats to be unsecured at any one time following unauthorised access or attempted break-in.

- 2.13. The Council's Corporate Safety Unit have advised that urgent action is required to prevent a serious and possibly fatal accident at the properties. Advice is to post warning signs to all the properties warning of dangers. If these properties are due to be demolished then it is strongly recommended to be done sooner than later to eliminate the health and safety risks.
- 2.14. Demolition of the buildings (identified on **Appendix A**) would eliminate a health and safety concern but it would also potentially improve the viability of the replacement housing development. Were this not to receive HCA funding, in July 2009, the Council would have a cleared site to pursue alternative development, potentially using prudential borrowing, or with other development partners.
- 2.15. Design and Property Services have provided 2 preliminary quotes at risk from one of the contractors on the Council's approved demolition contractor tender list. Although further quotes would be required as part of the overall assessment of delivery and value for money, it is expected that the cost should not exceed £150,000. The 2 quotes received relate to around £118,000 and £120,000 respectively excluding VAT and services removal. These estimates relate to 10 week demolition contracts. It is expected that this cost would come from the Housing Revenue Account. It is suggested that fencing of the site would be the most appropriate option to deter unauthorised access to the site.
- 2.16. Given contamination of the site by needlesticks, it is also recommended that the site is cleared of needlesticks immediately prior to demolition and this additional cost to be considered. This is as yet unknown but could be reported to Cabinet when received, if this placed the overall costs above the estimated £150,000 threshold.

3. Implications for the Council

- 3.1 Clearance of the properties identified in this report will reduce the risk for the Council and members of the public, and will signal the Council's continued commitment to redeveloping the site. It will leave a block of properties largely unoccupied on the corner of Smithy Lane/Wakefield Road, which cannot be demolished without first obtaining vacant possession from owners who purchased under the right to buy.
- 3.2 Cabinet have already approved the principle of pursuing a Compulsory Purchase Order and this option may need to be considered in relation to phase 2 of the scheme. In the meantime, this smaller block of 12 properties (9 are owned by the Council) would remain as a more manageable risk given its direct street frontage position and visual supervision.
- 3.3 Clearance of this site under an estimated 10 week demolition contract initially appears to be a long period. However, transfer to a contractor under formal licence would transfer risk to the contractor who would be required to operate a secure and safe site.

- 3.4 There are costs associated with this scheme which were not expected to be borne by the Council. The properties are a Housing Revenue Account (HRA) asset and it is appropriate that the demolition costs incurred be met from the HRA. This is a cost which was not planned in the 5 year capital plan but funding can be met from reserves.
- 3.5 Subsequent transfer of the cleared site to a housing association will mean that VAT on the demolition costs will count against the Council's partial exemption limit. Strategic Finance have advised that VAT on the demolition cost can be accommodated within the current VAT partial exemption limit.

4 Consultees and Their Opinions

Group Finance Manager:

Given that the existing site is an HRA asset, it is therefore appropriate that demolition costs incurred be met through HRA; funding can be met from HRA Reserves .

Ward Members:

Cllr Andrew Cooper confirms that he is happy for the site to be demolished.

Cllr Julie Stewart-Turner confirms that she is happy for the site to be demolished.

Cllr Graham Simpson has seen the site and confirms that he is happy for the buildings to be demolished.

5 Officer Recommendations and Reasons

5.1 That Cabinet agrees to delegate authority to the Head of Housing to instruct the Head of Design and Property Services to tender, assess and procure demolition of the properties identified in this report in accordance with the Contract Procedure Rules.

5.2 That Cabinet agrees that the cost of demolition should not to exceed £150,000 and further 10% contingency without further referral to cabinet for appraisal.

6 Cabinet Portfolio Holder's Recommendation

Cllr Andrew Marchington and Cllr Shabir Pandor – both portfolio-holders agree with the proposals.

7 Next steps

7.1 Procurement of a demolition contractor will occur as soon as is practically possible, in accordance with a project initiation document and in accordance with the Contract Procedure Rules. This would be supervised by Design and Property Services with housing services as client.

- 7.2 Subject to announcement of HCA funding, work will continue in pursuance of previous Cabinet resolutions (20 February 2008) to transfer land to Yorkshire Housing to facilitate redevelopment.

8 Contact Officer and Relevant Papers

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Papers

Cabinet minutes:

5 July 2006 Ref 1857/item 11.
5 September 2007 Ref 2297/item 35.
20 February 2008 Ref 2469/item 17

