

**Report of the Directors of Environment & Housing and City Development**

**Report to Executive Board**

**Date: 18<sup>th</sup> March 2015**

**Subject: Supporting Housing Growth**

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

**Summary of main issues**

- 1 This report provides Executive Board with details of the pro-active work being undertaken by the Council to accelerate housing growth in line with the objectives of the Best Council Plan. In establishing Housing Growth and Jobs for Young People as a Council “Breakthrough Project”, the Council is leading the drive towards growth including championing housing quality and enabling sustainable delivery through the planning framework in addition to the Council’s direct investment in new homes and the reconfiguration of resources to co-ordinate delivery.
- 2 Housing growth which meets the needs of all residents is a critical component of sustainable economic growth. Not only is the Council leading the drive to meet the overarching housing requirements set out in the Core Strategy, it is also seeking to ensure growth which meets needs and provides choice particularly for people on low incomes and for older residents.
- 3 The Council will meet this objective by working with the private sector, housing associations and through its own investment. It will also ask government to make some specific changes to the financial framework to allow the Council to increase its investment in new homes in the context of the wider devolution discussions being held with the West Yorkshire Combined Authority/ Leeds City Region LEP.

- 4 The report details progress against the investment routes for housing growth: the Council Housing Growth Programme, affordable and specialist housing delivery and private sector led growth co-ordinated by the newly established Housing Growth Team.
- 5 It outlines how, through the Housing Investment Land Strategy, the Council is making use of its assets to support growth through the use of its brownfield land. It also, as requested by Executive Board at its meeting in November 2014, outlines how the Council has engaged with some of the government's funding initiatives to support the delivery of new homes on brownfield sites.
- 6 It describes how employment opportunities for young people as a result of investment in housing growth are being secured.
- 7 It also invites all participants in the delivery of new homes to support the Council's ambition in the delivery of high quality new homes that meet the needs of people and neighbourhoods across the city.

## **Recommendations**

The Executive Board is recommended to:

- 1 Note the approach to supporting the acceleration of housing growth including through the use of Council owned brownfield land.
- 2 Approve the approach to government in respect of Housing Revenue Account borrowing and the use of the Right to Buy receipts via the letter attached at the appendix.
- 3 Approve the approach to working with partners locally to support the Breakthrough Project beginning with an event to be led by the housing growth team in the summer.

### **1. Purpose of this report**

- 1.1. Leeds has an ambitious economic growth agenda which housing growth supports and forms part of. To deliver the Best Council Plan, the Council has identified a number of cross departmental "Breakthrough Projects", one of which is "Housing Growth and Jobs for Young People". Bringing these connected objectives into a single project allows resources to be focussed on outcomes and demonstrate the benefits to communities.
- 1.2. The purpose of this report is to show how the Council is supporting this through its role as an enabler and driver of growth using its position as a landowner and procurer of services as well as that of Local Planning Authority. Moreover the Council takes a leadership role in ensuring the needs of the city are met and the report outlines how the Council is doing this: through dialogue with stakeholders including housebuilders, housing providers, land owners, lenders and funders; through putting the planning tools in place via the adopted Core Strategy and emerging Site Allocations Plan and using its own investment and staff resources.

- 1.3. The report sets out the overarching and strategic approach to housing growth and opportunities for jobs for young people, It links to two related reports on this agenda – "Developing the range of choices in the older people's housing market" which describes the success to date in the delivery of specialist accommodation for older people and a strategic approach for future growth; and the Council's investment in its own stock through the Housing Revenue Account.
- 1.4. Through this report to Executive Board, the Council invites its partners to work alongside it on an ongoing basis to identify and overcome barriers and to deliver a range of good quality products that meet the needs of all the city's residents. It also proposes a number of requests of government, measures which in a national context could deliver a step change in growth and which the authority would welcome to help achieve its ambitions.
- 1.5. The report also outlines the way in which the Council is proactively bringing its brownfield land forward by determining the most appropriate delivery route for its surplus residential land.

## **2. Background information**

### The Core Strategy

- 2.1. In aspiring to be the 'best city in the UK', the Core Strategy takes forward the spatial and land use aspects of the Vision for Leeds, City Priority Plans and the Best Council Plan (in particular, Objective 2: to 'Promote sustainable and inclusive economic growth'). Integral to this approach, is the need to plan for the homes and jobs needed across the District in a sustainable manner.
- 2.2. These principles are reflected in the Leeds Core Strategy which was adopted by Full Council on 12<sup>th</sup> November 2014. The Core Strategy provides the spatial and land use planning framework for Leeds to 2028. Integral to it is an overall approach to housing growth, which has been determined through an objective assessment of all housing needs for the plan period and aligns with wider local and sub-regional plans and programmes for economic growth.
- 2.3. The Core Strategy is not however advocating housing growth at any cost and sets out a clear approach to housing mix and within this is a requirement for applications for large schemes to produce Housing Market Assessments so that the needs of communities can be identified. It is recognised that the approach to housing supply needs to reflect a wide range of needs and incomes and that the new housing which is developed supports a housing market which has choice and affordability as key components.
- 2.4. Following the most severe recession in a generation Leeds has started to see signs of recovery in its housing market. Whilst there is an expectation that Core Strategy targets will be achieved within the next two years there remains a shortfall particularly of affordable housing provision against requirements and a need for more homes with planning permission if requirements are to be

sustained. The Council is ensuring that a five year housing land supply is in place to provide land to meet housing needs but this in itself is no guarantee that the most appropriate mix of housing will be delivered. In recent years it has been completions by non-volume house builders (including via the actions of the Council) which have bolstered the housing requirements. Whilst the volume house building industry maintains a focus of targeting high value market areas and building slowly targets are unlikely to be met.

#### Housing targets and housing needs

- 2.5. The quantum of new housing required is set by the Core Strategy at 70,000 (net) new dwellings by 2028. Following the Planning Inspector's consideration of the Core Strategy, it is proposed that this should be achieved at a rate of at least 3,660 until 2017 per annum increasing to 4375 per annum to 2028. The requirement for affordable housing is further defined as 1150 per annum.
- 2.6 The housing requirement is based on independent Strategic Housing Market Assessments (SHMA) which use employment led approaches to population and household change in Leeds up to 2028. A range of alternative scenarios were put before the Core Strategy Inspector. He considered that the delivery of 70,000 homes (net) was sound on the basis that despite potential for slower household growth from recent projections, these were balanced by two factors: a) the prospective needs arising from the latest economic growth forecasts in Leeds and b) the impacts of the recession which the Government were advising local authorities not to project forward. As part of the Inspector's modifications to the Core Strategy the Council highlighted intent to monitor the evidence base and delivery; and through allocations plans, manage the release of sites through phasing so as to ensure that there is not an over-provision of housing in relation to local needs.
- 2.7 This monitoring is on-going and Members will be aware of the recent Office for National Statistics (ONS) figures released by the Department for Communities and Local Government on projected housing need in the city. These state that the projected rise in the number of households will be 44,500 for the period 2012 – 2028 and is less than the net figure of 70,000 new homes for the same period which forms part of the Core Strategy. However, it is important to note that the ONS figures are a starting point for projections of housing need and as a minimum, do not take into account factors such as the demand generated by economic growth and job creation. Given the strength of the Leeds economy at the heart of the City Region, the city expects to attract a considerable number of people to live and work in the coming years. The figures also assume a continuation of trends for the period 2007-12 which was a period of recession. In the light of the economic recovery and expected growth in Leeds, the housing industry is expected to operate at a higher level of productivity. The figure of 70,000 new homes was endorsed by the Planning Inspector after a thorough public examination. However, notwithstanding this position, officers are looking fully at these latest figures and evaluating the implications on the basis of the evidence and will consider the need for any actions which may arise from this analysis. The Core Strategy remains in place and officers will continue to work on preparing the draft Site Allocations Plan for new housing around the city.

- 2.8 The SHMA also provided evidence on the need for specific types of homes. By 2026 there is expected to be 45,800 additional single person households and almost 19,500 couple households in Leeds. Families are forecast to only grow by approximately 4,500 households. The Core Strategy seeks to ensure that 63% of all new homes are 2 bed or smaller whilst only 37% are 3 bed or more. This ensures that the needs of cohorts such as university graduates and older people are addressed.
- 2.9 Within the overarching targets, there is a requirement for a mix of housing types and tenures to meet needs, particularly the need to deliver affordable housing. In terms of demand for Council stock, whilst Housing Leeds continues to carry out approximately 5000 new lets each year to, there are over 24,000 applicants on the Leeds Homes Register, and there were over 13,000 new applications made during 2013/14. The spatial distribution of demand varies across the city and between different property types, and is strongly influenced by the current supply of council housing in areas. Comparing applications for council housing with the availability of stock and lettings over 2012/13 shows that there are particularly high levels of demand in the outer and suburban wards in addition to some of the inner urban wards which have relatively low stocks of council housing.
- 2.10 Whilst the housing market in Leeds is improving, the issues of affordability and access have become starker. Average asking prices are continuing to rise (an increase of 3% over the last year following a 5% increase the year before) and market rent levels increasing. This has the effect of “dragging up” the Affordable Rent level (set at 80% market) which is the focus of central government policy for new affordable supply.
- 2.11 A major demographic trend within Leeds is that of an increasing older population, in particular the growing numbers of people with care requirements. A report setting out a strategic approach to accelerating the delivery of housing for older people is elsewhere on this agenda.
- 2.12 The Housing Investment Land Strategy (HILS) was presented to Executive Board in July 2013. The purpose of the strategy is to ensure that land is made available for a range of housing types, tenures and delivery routes to deliver housing growth and meet housing needs. Work has progressed to refine and develop this strategy to ensure that consideration is given in a proactive way to the residential development potential of all Council sites as they become surplus to operational requirements. The HILS has been the subject of extensive discussions at the Housing and Regeneration Scrutiny Board which has helped shaped the strategy.

### **3. Main Issues**

- 3.1. The Council has put in place a number of building blocks to support, co-ordinate and accelerate housing growth which are considered further in the following section:
- The Planning Framework;
  - Achieving Quality Housing Growth
  - The way in which the Council's Brownfield assets are used; and
  - Establishing a dedicated Housing Growth Team.

#### **Putting the Planning Framework in Place**

- 3.2 Alongside the adoption of the Core Strategy, the Community Infrastructure Levy is now in place and the publication draft of the Site Allocations Plan has been presented to Executive Board in February 2015. This means that the policy framework is in place to determine the appropriate locations for housing development and to secure necessary mix of housing and provision of infrastructure such as schools and green space. The Site Allocations Plan is nearing the stage where a wide range of types and sizes of site distributed throughout Leeds will be put forward in the Publication Plan (expected late summer/early autumn 2015) increasing the availability of opportunities to develop housing in a managed way.

#### **Quality Housing Growth**

- 3.3 Executive Board in September 2014, approved the introduction of the Leeds Standard to ensure excellent quality in the delivery of new homes under three themes: Design Quality, Space Standards and Energy Efficiency Standards. The Leeds Standard is a comprehensive approach to the design of new housing across all tenures, working with partners including Public Health and sets a benchmark for housing quality and quality of place.
- 3.4 It comprises the clarification and application of the principles held within the Neighbourhoods for Living document (existing adopted guidance) which has been updated in addition to a clear set of standards and specification for the Council's new build programme.
- 3.5 The adoption of the Leeds Standard has been a result of ongoing dialogue with the housebuilding industry and housing providers. A consultation event was held in January with a cross section of developers and providers to further develop the consensus on quality and consider how the objectives of the Leeds Standard can be embedded within delivery.
- 3.6 The Standard includes best practice approaches to deliver affordable warmth and the construction of accessible properties. The Neighbourhoods for Living document has been updated via a Memorandum which seeks to prompt, steer and assess design quality throughout the development process from an early stage.

#### **The Brownfield Land Programme and use of Council owned sites**

- 3.7 The Council has consistently achieved an average brownfield land target of over 80% over the past 10 years assisted by the promotion of the City Centre

as a housing location of choice. Whilst the Core Strategy maintains the re-use of brownfield land as a priority there is recognition that such levels cannot be sustained and a brownfield target across the city rests at 65% for 5 years then 55% thereafter. The phasing of housing allocations helps ensure that these targets are maintained so as to achieve wider regeneration objectives of the Core Strategy and a focus on the main urban area and key regeneration areas to benefit from new housing and the investment and improvements to local neighbourhoods it brings.

- 3.8 The Council is supporting delivery through the Housing Investment Land Strategy process to use its' own land to develop market and affordable housing including self-build and specialist housing for older people. This includes exploring the potential for sites within the Brownfield Land Programme which seek to identify market-led mixed tenure housing development solutions for several regeneration area sites.

**Establishment of the Housing Growth Team**

- 3.9 To enable the Council to effectively co-ordinate and provide leadership for growth, the resources engaged in delivering housing growth have been drawn together as a single, multi-disciplinary team. This builds on the lessons of delivering the Tour De France and applies them to this Breakthrough Project, wherein a dedicated multi-skilled team is established to ensure effective and efficient delivery. This experience is being utilised across the Council, the establishment of the Growth Team being one of the first examples.
- 3.10 The delivery and maximisation of housing growth is via a range of linked activities and these form the work programme for the team:
- delivery of market housing via the planning system and the release of deliverable sites, use of the council's land and resources and pro-active dialogue with developers;
  - affordable housing delivered through Registered Providers including via the Homes and Communities Agency's Affordable Homes Programme, s106 provision through market led schemes and through the council's own grant funding programme using Right to Buy receipts;
  - delivery of the Council Housing Growth Programme
- 3.11 The establishment of a dedicated team facilitates and co-ordinates the delivery of housing, having very practical focuses on the identification of opportunities to unlock specific sites and drive forward strategic schemes.
- 3.12 The growth team brings together knowledge and expertise in housing delivery and act as a main point of contact for investors and providers. It consists of staff from Asset Management and Regeneration, Housing Leeds, Planning, Urban and Landscape Design, Highways and Legal Services.
- 3.13 The team manages and enables the delivery of new homes and progress against each of the workstreams is set out below. It also takes a strategic

approach to delivery, making the connections to wider strategies including those of the City Region and Homes and Communities Agency, agreeing priorities and drawing on the funding and investment managed by them.

- 3.14 The Housing Growth programme is overseen by the Housing Growth Board which is made up of the Director of City Development, the Director of Environment and Housing, the Chief Procurement Officer and the Chief Planning Officer. Progress is monitored by the respective Executive Members. It is the intention to report a minimum of annually to Executive Board.

**Delivery and Progress**

- 3.15 This section sets out actions to support delivery through:
- supporting private sector delivery including a pro-active approach to working with developers and use of Council land;
  - utilising government funding mechanisms;
  - supporting the delivery of affordable homes
  - activity to secure skills training and employment opportunities for young people through the construction sector of which housing growth is a key contributor;

**a) Supporting private sector delivery**

3.16 Delivery of the new homes needed by the city as established by the Core Strategy will be through the private sector’s investment in Leeds. In the context of a more buoyant market overall, there will be opportunities to accelerate delivery on key strategic sites. The team is taking a pro-active approach to analysing those opportunities and identifying where and how it can effectively intervene to speed up delivery. In discussion with land owners and developers and working with lenders and funders, ways to address barriers to delivery will be identified and pursued. This can range from support for infrastructure or remediation through sources such as the Local Growth Fund or looking at opportunities for co-investment through the councils own new build programme or those of its partners.

3.17 Over the course of the last financial year 15 Council owned sites (below) have been sold and a further 33 are under offer with legal contracts being progressed; 13 properties currently have offers received with a further 36 being prepared for marketing; 9 sites are being progressed for council housing. A total of 106 Council owned sites are therefore being made available, demonstratings the positive and proactive way in which the Council has supported the disposal of sites for new housing and how land has been made available to support specific forms of residential development.

3.18 The table below summarises the sales made by the Council for residential development in the 2014/15 financial year

SITE ADDRESS		WARD	FINANCIAL QUARTER SOLD
Brooksbank Brooksbank	HOP, Drive,	Temple Newsam	Q1 2014/2015



Halton		
Burley Hall, Kirkstall Lane	Kirkstall	Q1 2014/2015
Lodge, Lidgett Lane, Allerton Grange High School	Roundhay	Q1 2014/2015
89 Cross Green Lane	Burmantofts and Richmond Hill	Q1 2014/2015
12 Bellbrooke Place	Gipton and Harehills	Q1 2014/2015
152 Burley Road	Hyde Park and Woodhouse	Q1 2014/2015
172 Burley Road	Hyde Park and Woodhouse	Q1 2014/2015
Home Lea former Garage Site, Rothwell	Rothwell	Q2 2014/2015
2 Autumn Terrace	Hyde Park and Woodhouse	Q2 2014/2015
South Accommodation Road	City and Hunslet	Q3 2014/2015
Seven Hills Primary Caretaker's House, Morley	Morley South	Q3 2014/2015
Park Road Farm, Colton	Temple Newsam	Q3 2014/2015
Wood Lane Children's Home, Headingley	Headingley	Q3 2014/2015
Land at Beeston Hill	Beeston and Holbeck	Q3 2014/2015
Park House, Stanningley	Bramley and Stanningley	Q3 2014/2015

## **b) Use of government funding mechanisms**

### Local Growth Fund

- 3.19 The Local Growth Fund was announced as part of Local Growth Deals to Local Enterprise Partnerships for projects that benefit the local area and economy. The Leeds City Region has secured £573m from the Government's Local Growth Fund to support economic growth in the area between 2015 and 2021.
- 3.20 The Council has been successful in securing funding through the Local Growth Fund round 1 to support both the delivery of brownfield sites in East Leeds and wider Housing Growth on the site of the Council's nursery at Red Hall.
- 3.21 £1.1m of loan funding has been secured to undertake works to nine sites included within the brownfield land programme in east Leeds to enhance their attractiveness and viability and work will commence on site in the autumn. To support the Brownfield Land Programme, Executive Board agreed in January 2013 to establish ring fence arrangements to allow receipts achieved from the sale of land to be reinvested into future development sites as part of the

programme. This will allow additional works to be undertaken to further improve the attractiveness and viability of the programme as a whole.

£2m of funding has also been secured to support the Council in bringing the Red Hall nursery site forward for development once the nursery facility is relocated to a new site at Whinmoor Grange.

- 3.22 As part of Round 2 of the Local Growth Fund, an Outline Business Case has been submitted to support the remediation of land at Bath Road. This is crucial to the further regeneration and development of the Holbeck Urban Village which includes landmark buildings such as Temple Works and Tower Works, with the land at Bath Road providing the opportunity to create conventional housing within the wider city centre area.
- 3.23 The funding provided through the Local Growth Fund is on the basis of a repayable loan. It is anticipated that a similar structure will be used for funding awarded as part of Round 2 of the programme.

#### Estate Regeneration Fund

- 3.24 In September 2014, the Council submitted an Expression of Interest to the Government's Estate Regeneration Fund for the Beckhills area. The fund aims to kickstart and accelerate the regeneration of large estates through fully recoverable loans which are made available to private developers. The Expression of Interest drew on the ideas included within the Neighbourhood Framework for estate wide improvements as well as the development potential which could be realised through the redevelopment of land on Beckhill Approach and Beckhill Grove.
- 3.25 Although the Expression of Interest did not meet the funding requirements at the time, in that a private sector partner was not engaged, the HCA have encouraged the Council to develop a bid. Following further discussion with Members, in order to progress there is the potential to seek a development partner using the HCA's Development Partner Panel via a procurement process run in parallel to that for the Brownfield Land Programme sites as agreed by Executive Board in November 2014. This procurement will commence in April with the aim of securing a developer capable of delivering new homes on the cleared land whilst also progressing wider estate improvements supported by the potential use of funds through the Estate Regeneration.

#### Housing Zones and Large Sites Infrastructure Fund

- 3.26 In August 2014, the Government released its Housing Zone prospectus which set out a vision to create 30 Housing Zones as a means of unlocking brownfield sites for housing development. The Government has made available £200m of loan funding to the private sector for Housing Zones outside of London which will support the delivery of 200,000 homes nationally.
- 3.27 In addition, the Large Sites Infrastructure Fund seeks to unlock housing developments of at least 1,500 new homes through loan funding support to private developers. Leeds considered a number of opportunities for schemes

in the South Bank, Holbeck Urban Village, East Leeds Brownfield Sites, Belle Isle and Middleton, Kirkstall Forge and the Aire Valley.

- 3.28 Discussions took place with developers who were actively progressing schemes in these areas, but it quickly became apparent that there was a lack of appetite from the private sector to enter into loan arrangements with the HCA at that time. In addition through further assessment of the various opportunities it was concluded that there would be limited additionality achieved through Housing Zone designation, and that the schemes were of insufficient scale and would fail to meet the programme's requirements. In most areas, bids would have been premature most notably because private sector development partners were not in place, something which was a prerequisite of any bid.

**c) The delivery of Affordable Homes**

- 3.29 Registered Providers (RPs) have a significant growth programme and it is anticipated that around new 600 units will be delivered by the sector in the period to 2018. The Housing Growth Team works with RP and third sector providers to assist delivery by co-coordinating the input of services and by providing land to help maximise the amount of grant and investment the city can attract for affordable housing.
- 3.30 The Council is utilising the receipts generated by the sale of houses under the Right to Buy to support affordable housing delivery. The Right to Buy Replacement Programme of approximately £14m is being promoted in part to housing associations and third sector providers as a grant funding opportunity. The funding which, in line with government guidance, can provide up to a maximum of 30% scheme costs is funding the delivery of social or affordable rented housing. The delivery of accommodation for older people, including extra care, through this route is being encouraged.
- 3.31 The first projects which will produce c60 units of accommodation (new build and empty homes refurbishments) are being developed and funding to Leeds and Yorkshire and Guinness Northern Counties housing associations and LATCH, Canopy, and GIPSIL who are third sector providers. There are 2 more applications currently being worked up and further applications for funding are welcomed on an ongoing basis.

The Council House Growth Programme

- 3.32 Some £134m of investment in new council housing has been made available through the Housing Revenue Account (which, including the Right to Buy receipts programme referred to above, is a total programme of £148m) and will provide energy efficient and sustainable homes for a range of needs. The delivery of the programme is underway, showing how almost 1000 new units are being delivered and progress against individual sites is set out below.

The opportunity for co-investment through the Brownfield Land Programme also forms part of the programme and specific locations and property types to be determined as the development partner(s) are procured.

<b>Site and mix</b>	<b>Ward</b>	<b>Progress</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>
BH & H PFI	Beeston Hill & Holbeck	handover and letting commenced	68	240		
Thorn Walk acquisitions	Harehills & Gipton	hand over and letting commenced	13	10		
East Park Road 32 (1 & 2 bed apartments)	Burmantofts and Richmond Hill	- LCC awarded the contract to Geo Houlton and Sons Ltd.		32		
Haworth Court 45 (1 & 2 bed extra care apartments)	Otley and Yeadon	Out to tender and working towards contract award April 2015			45	
Squinting Cat Public House 18 (1 & 2 bed apartments for older people)	Crossgates and Whinmoor	Planning application submitted - aiming for start on site spring 2015			18	
Broadlea 24 (2 & 3 bed houses)	Bramley	Planning application submission February 2015 - Expected start on site summer 2015			24	
The Garnets 25 (2 & 3 bed houses)	City and Hunslet	Planning application submission March 2015 - Expected start on site summer 2015			25	
Whinmoor Public House 22 units	Crossgates and Whinmoor	At feasibility stage			22	
Beech Walk, & Mount 27 units	Gipton and Harehills	At feasibility stage			27	

Yeadon Town Street 4 units	Otley and Yeadon	At feasibility stage			4	
Brownfield Land Programme	Various/to be determined	At partnership procurement stage				108
Empty Homes 120 units	various	16 Acquired and at letting stage	16		20	100
Unallocated					100	100
Totals			97	282	285	308

- 3.33 As the table above shows, there remains scope within the programme to identify further sites with funding for approx.200 units uncommitted. The identification of additional sites is currently underway both through the consideration of Council owned sites and exploring the option of acquiring privately owned land where it is located in areas which meet the strategic requirements of provision.
- 3.34 To ensure that properties are built to the highest standard and reflect best practice on an on-going basis, a new approach to procurement has been developed. This will be a quality led process wherein partner(s) will be selected to develop schemes in liaison with the Council to identify cost effective technical solutions and deliver the Leeds Standard on the basis of continual improvement. The approach will engage Ward Members on an early and ongoing basis to allow them to shape and influence development of new housing within their wards. The identification of a partner will be via the Yortender portal and the first projects will be released shortly.
- 3.35 The programme also seeks to increase stock in areas which have limited development opportunity by purchasing new properties from developers which can be an effective way of accelerating growth and delivery. The process of selecting sites and commencing negotiations with developers is underway.
- 3.36 The Council has taken extensive advantage of the ability to fund new homes through the Housing Revenue Account (HRA) and opportunities to grow the programme are being identified. An example of this is the successful bid to central government to increase the level of borrowing undertaken through the HRA by a further £4m via a bid to the Local Growth Fund. The Fund is administered by the Leeds City Region Local Enterprise Partnership who, in supporting the bid, endorsed the growth strategy for Leeds and in particular the need for more council owned homes.

#### **d) Delivering employment opportunities for young people through housing growth**

- 3.37 The Housing Growth programme provides opportunities for skills training and employment for local people through both planning and procurement frameworks. It offers the opportunity to further develop established approaches to securing employment opportunities, particularly for young people, in the construction sector. The scale and the planned nature of the programme will enable the delivery of a more attractive sector focused offer that can be tailored and sequenced to better meet the needs of the construction sector and house-builders in particular. Employer input to the design and delivery of provision will be invited to realise an increased number of opportunities for local residents.
- 3.38 The Council has established the use of employment and skills obligations through S106 Planning Agreements on private sector led development which is helping to support local people to access the increasing number of construction jobs in the city.
- 3.39 In 2014, the Council introduced new provision to support local people, including young people under 25 years, to take full advantage of emerging jobs in the construction industry. Delivered in partnership with Construction & Housing Yorkshire (a subsidiary of re'new Leeds Limited), the Construction Skills Project focuses on working closely with employers in the sector to encourage the recruitment of new entrants and support higher levels of investment by employers in skills training of the existing workforce .
- 3.40 Working with Registered Providers, the Affordable Homes Programme will enable the planning and delivery of aligned skills provision to provide a pool of apprentices that work across sites within the programme and will support a greater number of apprenticeship opportunities than a site by site approach. This will follow a similar model to the contract for the Little London, Beeston Hill and Holbeck PFI programme which has delivered a significant number of opportunities to date wherein the contractor has supported 41 apprenticeships (35 new and 6 existing).
- 3.41 The Council Housing Growth Programme will be procured through the Yorbuild framework which includes employment and skills contract obligations. .

#### **4 Working with partners to help delivery**

- 4.1 The Council has effective relationships with partners at local, national and regional level and this collaboration remains at the heart of delivery.
- 4.2 Despite an extensive period of growth there will still be insufficient new affordable homes to meet needs in Leeds. In order for the Council to develop and deliver new Council homes as part of its overall growth strategy, there are measures which government will be requested to put in place which would

further allow the Council to invest and support economic growth through direct investment in housing.

- 4.3 These requests are in the context of the devolution discussions currently being held with the West Yorkshire Combined Authority/ Leeds City Region LEP, which propose a joint work programme with government to accelerate housing growth and the provision of affordable housing. This includes an approach to public sector land and assets, a joint asset management plan with the Homes and Communities Agency and the pooling of funding by partners to accelerate delivery and enable sites to be brought forward for development
- 4.4 Significant changes to the funding framework could be requested of government which can support this growth. These are twofold – a request to remove the current restriction on the level of borrowing that can be undertaken through the HRA and secondly to relax the restrictions on the use of Right to Buy receipts which means that not all of the receipt is used for replacement housing and there is a possibility that Council tenants are left with overhanging debt on sold properties.
- 4.5 In relation to removal of the restrictions on borrowing through the HRA, government will be requested to allow the Council to borrow in line with its borrowing capacity which would be contained within a set of prudential indicators that would be agreed annually by Council. This makes it consistent with what currently happens for General Fund services. In the context of on-going dialogue about increasing freedoms and flexibilities to the city, the case for increasing or removing the cap on borrowing on the basis of a business case can be agreed with government.
- 4.6 The main elements of the business case will be that the Council is able to demonstrate that: the cost of borrowing does not restrict the ability of the authority to maintain its existing stock; there is demand, supported by an endorsed Core Strategy, which the new build is designed to fulfil and that the borrowing, over the lifetime of a home, more than recovers the debt. Associated with the last two points in particular, it is proposed that the representations are made to exclude housing sector debt from Public Sector Borrowing Requirement (PSBR) calculation. Implementation of this request would bring the UK into line with the other EEC countries which exclude housing debt from their PSBR calculation because it is seen as a traded activity.
- 4.7 As regards relaxation of the restrictions relating to the use of Right to Buy receipts, the main issues that government will be asked to address are: that Councils are able to retain the receipt from the house sales in its entirety; the legislation is changed so that the sale of a property cannot result in the Local Authority being left with overhanging debt and the removal of restrictions on match funding with other investment streams, such as the HCA's Affordable Homes Programme, to enable the Council to mix and stretch resources.

- 4.8 Executive Board is asked to approve this approach and attached at Appendix 1 is a draft letter to the Secretary of State setting out these requests.
- 4.9 Working locally, the Council will hold an event in the spring with developers and providers to develop consensus and gain support for the Breakthrough Project to deliver homes and generate job opportunities through this investment.
- 4.10 The Council already has a strong track record of working with developers and investors as notably demonstrated through work with the developers of Kirkstall Forge to bring forward the redevelopment of 23 hectares of brownfield land which will deliver more than 1000 new homes and 300,000 sq ft of new office space. Crucial to unlocking the site is the development of a new rail halt on the Leeds- Bradford Forster Square Line providing a six minute link to Leeds City Centre from the site. The Council and the West Yorkshire Combined Authority has worked closely with the developer and the Department for Transport to facilitate the station development.

## **5 Corporate Considerations**

### **5.1 Consultation and Engagement**

- 5.1.1 Consultation with the Executive Member Neighbourhoods, Planning and Personnel has taken place and consultation with the Ward Members in respect of any specific aspects of the programme will be undertaken before proposals are progressed.

### **5.2 Equality and Diversity / Cohesion and Integration**

- 5.2.1 The Equality and Diversity/Cohesion and Integration screening tool has been used to ensure due regard to equality issues. The screening process found that it is a positive opportunity to promote the delivery of significant investment in improved, sustainable new homes.

### **5.3 Council Policies and City Priorities**

- 5.3.1 The proposals in this report are consistent with the Best Council Plan 2013-2017 by providing housing as the city grows.

### **5.4 Resources and Value for Money**

- 5.4.1 There are no direct resource implications arising out of this report.

### **5.5 Legal Implications, Access to Information**

- 5.5.1 There are no legal implications resulting from this report

### **5.6 Risk Management**

- 5.6.1 There are no specific risks associated with this report



## **6 Summary and Conclusions**

- 6.1 The Council is taking a lead role in enabling and delivering housing growth for the benefit of Leeds' residents through: progressing the Planning framework to provide clarity and certainty for development; established a new standard for quality developed in dialogue with housebuilders and the wider development industry; configured staff resources to manage, co-ordinate and accelerate growth and established a large programme of direct investment in new homes.
- 6.2 Partners locally and within government are invited to support the Council is its ambition to become Best City through sustainable growth.

## **7 Recommendations**

- 7.1 The Executive Board is recommended to:
- 1 Note the approach to supporting the acceleration of housing growth including through the use of Council owned brownfield land..
  - 2 Approve the approach to government in respect of Housing Revenue Account borrowing and the use of the Right to Buy receipts via the letter attached at the appendix.
  - 3 Approve the approach to working with partners locally to support the Breakthrough Project beginning with an event to be led by the housing growth team in the summer.

## **8 Background documents<sup>1</sup>**

- 8.1 None

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<sup>1</sup> The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.