

Report of: Head of Housing Growth

Report to: Development Plans Panel

Date: 13th March 2018

Subject: Housing Growth Programme (Supplementary Paper)

Are specific electoral wards affected?	<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 type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, access to information procedure rule number:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

Summary of main issues

1. The Housing Growth Programme was established to deliver new homes across all tenures. It has a number of component programmes which include enabling the delivery of affordable housing, direct delivery of council new build including the acquisition of long term empty homes and work to unlock stalled private sites.
2. It entails working with agents across the development sector – contractors and developers (including Registered Providers), landowners, funders and lenders (including Homes England).

Recommendation

3. Development Plans Panel is asked to note the investment being made in the delivery of new homes facilitated by the programme and the interface with planning policy and processes.

1. Purpose of this report

- 1.1 This report sets out the activity of the Housing Growth Programme to deliver and accelerate the delivery of new housing supply.

2. Background information

- 2.1 The Housing Growth Breakthrough Project and the Housing Growth Team were established to drive forward the delivery of new homes across tenures.
- 2.2 The programme is delivery focussed and dependent on developing effective external relationships to encourage and enable delivery. It interlinks with planning policy and process on a number of levels to develop practical solutions to unlocking growth. The team itself is multi-disciplinary with dedicated property surveying, highways, planning and legal representatives.
- 2.3 The Breakthrough Project is overseen by an officer level Housing Growth Board reporting to the Member Steering Group.

3. Main issues

Programme Overview

- 3.1 The mixed tenure housing growth programme has three broad areas which are in practice fully interlinked but it's helpful to look at the programme and associated funding under these broad headings – affordable and “specialist” housing; private sector acceleration and council direct delivery.

Affordable Housing

- 3.2 The delivery of affordable homes has a number of components. The largest of these is the delivery of properties through the Affordable Homes Programme which is funded by Homes England and delivered by Registered Providers (RPs). The AHP has delivered over 500 properties since 2015 and is due to produce a further 500 over the period to 2021. It represents well over £100m investment into the city.
- 3.3 The growth programme supports the development of specialist housing including bespoke properties with specific physical/ technical elements and a growing self-build and custom build sector, including the establishment of the self-build register.
- 3.4 In addition to government funding, the RPs and 3rd sector housing providers access land and grant from the council, which includes the use of Right to Buy receipts. An innovative new funding route via long term borrowing being made available to providers has also been developed and this was approved by Executive Board in February.
- 3.5 To support RPs in committing their investment programmes a Key Account Management approach has been established. Amongst other issues, this supports pre-application processes and helps the RPs manage their development risks and maximise grant draw down such that it's not lost to the city.

S106 and Use of Commuted Sums

- 3.6 Delivery through s106 is an important element of the delivery of affordable housing in communities and from a delivery perspective, a framework of RPs is maintained for developers to work with in respect of on-site provision. This ties RPs into the Nominations Agreement and other policy and practice principles.
- 3.7 Where Commuted Sums have been accepted, the Housing Growth Team has responsibility for working up delivery opportunities to spend them. Commuted sums

can be matched with other programmes to maximise resources and has delivered properties through our own programmes and that of the RPs. A programme of almost £3m spend was approved by Executive Board in September 2016, the report noted that alongside the use of the planning obligation funding, the Council and RPs are also be utilising an additional £22m towards the developments; so for every £1 allocated, £8 will be invested from other funding sources.

- 3.8 Strategic options for a next tranche of commuted sums is being cashflowed currently and worked up for approval. This includes considering opportunities to maximise growth by unlocking or accelerating sites and the identification of city centre sites to maximise the provision of affordable housing and support a mixed community in the city centre and its fringes.

Acceleration of Private Sites

- 3.9 The Acceleration Programme was established to find ways of unlocking stalled sites. Working with Planning, it entails a systematic trawl through the SHLAA and, in batches of around 50 sites at a time, contacting land owners or applicants to identify how sites can be brought forward. The toolkit for doing so varies from brokering finance discussions with Homes England or the LEP to marrying up land owners with RPs or other SME developers. It includes work in conjunction with Planning to specifically support the SME sector working jointly with the Leeds Chamber. For less experienced landowners it can be about confidence and signposting. To date 28 sites have been supported into delivery – almost 1900 units.
- 3.10 Drawing down funding to support private sector delivery is a key to unlocking sites and the council has been successful in securing support through Homes England's Accelerated Construction programme which will provide recoverable funding for a programme of sites and through the Housing Infrastructure Fund - Marginal Viability Fund which will provide over £7m for otherwise unviable sites unlocking c600 units. The outcome of a further and much larger HIF bid is awaited.

Council House Growth Programme

- 4.1 The council housing growth programme has delivered over 600 units so far through direct new build, off plan acquisitions and the acquisition of long term empty homes. The next phase of the programme will focus on the delivery of extra care housing, using HRA investment as a catalyst to deliver 360 units of mixed tenure development. This investment will be spread across a number of schemes, either fully council owned or through units acquired on another providers scheme. Procurement has commenced through a dedicated procurement framework.
- 3.11 125 long term empty properties have been returned to use through this programme funded by either Homes England grant or RTB receipts. This includes the conversion of some community centres and former caretakers' properties.
- 3.12 The Chancellor of the Exchequer in the Autumn Budget outlined the borrowing cap will be raised by up to £1b in areas where local authorities are faced with high affordability pressures. Local Authorities who are eligible will be able to bid for a programme which will run from 2019/20 for tow years. The Prospectus, which will be released by Homes England, is expected soon.

Housing need and requirements

- 3.13 The Housing Growth and Planning teams work together on developing intelligence and housing market analysis at local level (building on the evidence base provided by the SHMA). This helps inform Planning and Development Briefs and s106 where required for strategic sites and the growth of specific sectors such as student housing.

- 3.14 There is also collaboration on housing markets with Leeds City Region and the West Yorkshire Combined Authority alongside the identification of strategic schemes alongside the regional strategic economic plan.

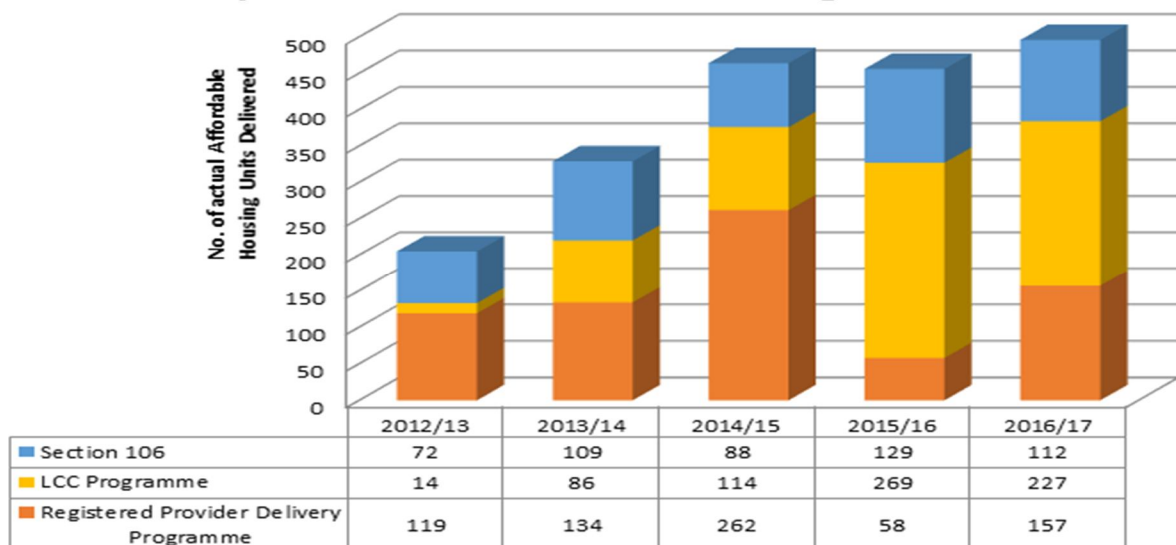
Housing Delivery

- 3.15 The table below shows the impact of direct council and Homes England delivery of affordable homes (s106 is part of the total delivery figures) has on the overall supply of new housing. It shows that for the past 3 years around a third of delivery (29%) is through public sector support.

	Total delivery	LCC new build	Empty homes brought back into use*	RP delivery – Homes England Grant	Of which RP land assisted	RTB funded delivery	% delivery LCC direct support (land or money)	% delivery including support for Homes England Programmes**
2014/15	2,226	101	215	246	142	18	21%	26%
2015/16	3,296	265	755	58	0	48	32%	34%
2016/17	3,306	245	437	114	67	139	26%	28%
Totals	8,828	611	1,407	418	209	205		29% average

* includes 125 homes brought back into use through the HRA

- 3.16 This table shows the delivery of affordable housing, although it should be noted that at the time of production the 16/17 figures were forecasts, however it illustrates the relative contributions of sectors to the overall output.



- 3.17 The Leeds Housing Deal is part of ongoing negotiations with MHCLG and HMT and the Chancellor on his visit to Leeds in September made a positive public statement about the Housing Deal. It includes a number of linked proposals including in relation to HRA borrowing and funding for infrastructure to accelerate city centre growth as a major brownfield opportunity. It also included discussions about how the planning process can support delivery by SMEs through making land more easily available to SMEs through Planning and Development Briefs.

4. Corporate considerations

4.1 Consultation and engagement

- 4.1.1 The programme is overseen by the Members Steering Group and consultation on individual schemes takes place with the relevant ward members.

4.2 Equality and diversity / cohesion and integration

- 4.2.1 An Equality, Diversity, Cohesion and Integration (EDCI) screening is completed for individual projects.

4.3 Council policies and best council plan

- 4.3.1 The Housing Growth and High Standards in all sectors breakthrough project supports the Council's ambition for Leeds as a Strong Economy and a Compassionate City and the Inclusive Growth Strategy.

4.4 Resources and value for money

- 4.4.1 The programme has a range of funding sources including grant and recoverable funding from Homes England and the Department of Health in addition to developing and delivering investment strategies for Commuted Sums and other sources of housing finance.

4.5 Legal implications, access to information, and call-in

- 4.5.1 The report is for information and discussion.

4.6 Risk management

- 4.6.1 Site specific risk log are maintained where required.

5. Conclusion

- 5.1 The Housing Growth Programme entails direct delivery, support and enabling for the delivery of new housing supply working with developers, Homes England, funders and lenders to secure and direct investment in the city. It runs in conjunction with the Planning service both in terms of policy and on a site specific basis to identify and take advantage of opportunities to maximise output.

6. Recommendation

- 6.1 Development Plans Panel is asked to note the investment being made in the delivery of new homes facilitated by the programme and the interface with planning policy and processes.