

Council Housing Growth Programme (CHGP): Approval to enter into a grant agreement with West Yorkshire Combined Authority (WYCA) to support the delivery of the New Council Homes on the Amberton estate, Gipton and Brooklands Avenue, Seacroft

Date: 20th March 2024

Report of: Council Housing Growth Team

Report to: Director of City Development

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

Summary

- This report seeks authority to enter into a £1,760,000 Brownfield Housing Fund grant funding agreement with West Yorkshire Combined Authority to support the delivery of 88 new council homes which are currently under construction on the Amberton estate, Gipton and Brooklands Avenue, Seacroft.
- The grant funding from West Yorkshire Combined Authority will be used to help offset a large amount of the abnormal development costs associated with these challenging brownfield sites.

Recommendations

Further to the key decision taken by Executive Board in November 2018. The Director of City Development is requested to: -

- a) Give approval to enter into a grant funding agreement with West Yorkshire Combined Authority to support the delivery of the new council housing development on the Amberton estate, Gipton and Brooklands Avenue, Seacroft.

What is this report about?

- 1 On 16th August 2023, the Director of City Development granted approval for the Council to enter into separate NEC4 Engineering and Construction Contracts with Wates Construction Ltd for the development of 55 new council homes on the Amberton estate, Gipton and 33 new council homes at Brooklands Avenue, Seacroft.

- 2 These are challenging brownfield sites which have remained undeveloped for many years and require significant remediation to be made ready for new homes to be built. There are high abnormal development costs associated with these sites, calculated at around £3.2 million, including:
 - Grouting former mine workings
 - Service diversions / tree removals
 - Attenuation works to prevent flood risk
 - Contamination & Soft spots; and
 - Site topography – cut and fill to provide access.
- 3 The project team identified various opportunities to secure additional funding through the Brownfield Housing Funding and affordable housing commuted sums to help deliver financially viability projects in light of these high abnormal costs.
- 4 The Council's application to secure £1,760,000 of Brownfield Housing Funding grant was approved by West Yorkshire Combined Authority Board on 7th December 2023.
- 5 Construction works are currently underway; the enabling works took place between October 2023 – January 2024 to help de-risk the sites, with the main construction programme beginning in February 2024. Works are due to complete by Autumn 2025.

What impact will this proposal have?

- 6 The delivery of 88 new homes will directly contribute to the achievement of several key performance indicators that the Council will use to measure success, including:
 - Growth in new homes in Leeds
 - Number of affordable homes delivered.
 - Improved energy and thermal efficiency performance of houses; and
 - Number of households in fuel poverty
- 7 As well as enabling the Council to meet its housing needs; this development will also support the wider regeneration of five sites which have been undeveloped for many years and contribute to delivering against LCC's social value charter aspirations via the creation of employment, skills, and apprenticeship opportunities within the city.
- 8 The Council proposes to develop these sites to deliver new council housing for rent which contributes towards meeting the affordable housing needs of the city. Gipton and Harehills and Killingbeck and Seacroft are two of the Council's priority wards based on levels of relative deprivation. All properties will be made available on the Leeds Housing Register for an Affordable Rent.

How does this proposal impact the three pillars of the Best City Ambition?

Health and Wellbeing

Inclusive Growth

Zero Carbon

- 9 This work is strongly aligned to the three pillars at the centre of the Leeds Best City Ambition as follows:
 - Support communities and tackle fuel poverty, improve housing quality and standards.
 - Promote sustainable and inclusive economic growth.
 - Reduce carbon through the improved insulation of our housing stock.
- 10 This proposal will support inclusive growth for the wider community through the employment and skills opportunities provided by the scheme.
- 11 The scheme, on completion, will promote greater Health and Wellbeing for residents through the provision of better quality and energy efficient social housing.

- 12 All homes are being delivered via the Council Housing Growth Programme and are built to a specification which focusses on cutting carbon, improving air quality, and tackling fuel poverty and which play a key role in ensuring excellence in delivery through design quality, space standards and energy efficiency standards. It sets out challenging targets for our contractors to meet in terms of carbon emissions for these new homes:

What consultation and engagement has taken place?

Wards affected:

Have ward members been consulted? Yes No

- 13 As part of the submission process for the Brownfield Housing Fund, the Council Housing Growth Team has positively engaged with the Executive Member for Housing who supported the Council's grant funding application to WYCA.

What are the resource implications?

- 14 The grant funding agreement enables the draw down of £1,760,000 of Brownfield Housing Funding for the Amberton and Brooklands Avenue projects, in several tranches, which will be in accordance with the terms of the agreement between the Council and WYCA.

What are the key risks and how are they being managed?

- 15 The Council Housing Growth Programme is delivered using the Council's agreed project management methodology and a joint risk log has been established with the Contractor.
- 16 Following the previous approvals, the project team have been working with the Contractor and its technical advisor NPS to put in place robust mitigation measures to resolve all Council's risks prior to contract award.

What are the legal implications?

- 17 The recommendations set out in this report are a direct consequence of a previous Key Decision (taken by Executive Board in November 2018) which approved the investment in new sites for the delivery of social housing which included the Amberton and Brooklands Avenue projects. Total funding injected and available for the Council Housing Growth Programme as of November 2022 is £324.1m. The additional funding required for the projects will be funded via HRA borrowing and blended with retained Right to Buy receipts. The scheme remains within the viability principles that were agreed by Executive Board on 21st September 2022. Therefore, the proposal constitutes a Significant Operational Decision which is not subject to call in.
- 18 Legal services have reviewed and approved the grant funding agreement.
- 19 If the sites are sold for profit the Council could be liable to repay either part or the full grant to WYCA.
- 20 The Council could be liable to repay the grant should it be established that the grant constitutes Unlawful State Subsidy. An assessment has been undertaken in compliance with the State Subsidy regulations and this has confirmed the Grant does not constitute State Subsidy.

Options, timescales and measuring success.

What other options were considered?

- 21 The Council could decide not to sign the grant agreement but doing so would cause viability challenges for the projects and in turn add further pressure on the Housing Revenue Account.

How will success be measured?

- 22 The programme directly contributes to the achievement of a number of the key performance indicators which the Council will use to measure success including:
- Growth in new homes in Leeds
 - Number of affordable homes delivered
 - Improved energy and thermal efficiency performance of houses; and
 - Number of households in fuel poverty

What is the timetable and who will be responsible for implementation?

22 Timescales for the projects are below which will be overseen by the project team and the contractor:

Activity	Date
Enabling Works 2 start	October 2023
Enabling Works 2 completion	January 2024
Main works construction start on site	February 2024
All New Homes Occupied	Autumn 2025

Appendices

None.

Background papers

None.

Related reports

- Council Housing Growth Programme Report to Executive Board - November 2018 [Council and democracy \(leeds.gov.uk\)](https://leeds.gov.uk/council-and-democracy)
- Council Housing Growth Programme Report to Executive Board - September 2022 [Council and democracy \(leeds.gov.uk\)](https://leeds.gov.uk/council-and-democracy)
- Early Works Underwriting Agreements for the Amberton Estate and Seacroft Crescent – October 2022 [Council and democracy \(leeds.gov.uk\)](https://leeds.gov.uk/council-and-democracy)
- Approval to enter into NEC4 Engineering and Construction Contract for Amberton and Seacroft - August 2023 [Council and democracy \(leeds.gov.uk\)](https://leeds.gov.uk/council-and-democracy)
- Approval to enter into NEC4 Engineering and Construction Contract for further Enabling Works at Amberton and Seacroft – October 2023
<https://democracy.leeds.gov.uk/ieDecisionDetails.aspx?ID=56824>
- Approval to increase the value and extend the Enabling Works to deliver new council housing on the Amberton estate, Gipton and Brooklands Avenue, Seacroft
[Council and democracy \(leeds.gov.uk\)](https://leeds.gov.uk/council-and-democracy)
- Approve the contract sums for the NEC4 Engineering and Construction Contract Agreements for Construction of New Council Homes on the Amberton estate, Gipton and Brooklands Avenue, Seacroft
<https://democracy.leeds.gov.uk/ieDecisionDetails.aspx?ID=57091>