
Report of Director of Environments and Neighbourhoods

Report to Executive Board

Date: 10th February 2012

Subject: Investment in Affordable Housing in Leeds.

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 sets out the investment in affordable housing delivery in Leeds since 2008.
2. It sets the context for prioritising investment in order to meet gaps in affordable housing delivery.

Recommendations

3. Executive Board is asked to; note the affordable housing investment which Leeds has successfully attracted since 2008;
4. and note that investment in affordable housing delivery in Leeds is directed towards identified gaps and meeting the priorities as identified in the Leeds Housing Investment Plan (LHIP).

1 Purpose of this report

- 1.1 This report provides an overview of affordable housing delivery in Leeds since 2008, providing context for ongoing discussions about investment and outlines the proposed approach to delivery of priorities for affordable housing investment in Leeds going forward.

2 Background information

- 2.1 Leeds has been successful in the delivery of affordable housing as a result of the 2008-11 and 2011-15 funding programmes, and at the end of the programme over 3000 new affordable housing units will have been delivered. In addition, over 400 homes have, or are due to be delivered on new residential schemes via section 106 agreements.

- 2.2 Appendix 1 sets out by ward the details of schemes delivered since 2008 and those anticipated by 2015. To summarise, since 2008 **1,952** affordable homes have been delivered via the following funding routes:

- **Secured via Planning (S106):** this includes affordable homes which have been delivered on new residential developments as a planning requirement **401** units delivered to date.
- **2008/11 National Affordable Housing Programme (NAHP)** delivered by a Registered Provider (RP), and in some instances the Council, with grant funding from the Homes and Communities Agency (HCA). **819** units were provided via this route to date.
- **The HCA's Homebuy Direct Programme** which provided equity loans used to assist with the purchase of a new build home on selected developments and other government initiatives have delivered a total of **715** units to date.
- **Golden Triangle Scheme** which was delivered in partnership with Harrogate and York to tackle affordability in high value areas includes Homebuy and mortgage rescue products and delivered a total of **17** affordable units

- 2.3 Appendix 2 shows a map of affordable housing investment in Leeds between 2008-15. All affordable housing schemes (with 5 or more units), which have been delivered since 2008 or are due to be delivered before 2015 are shown. The map identifies affordable housing units delivered through the mechanisms outlined above and includes those schemes which are completed and those which are currently on site.

3 Background Information on the Affordable Housing Programme

- 3.1 The map provides a picture of affordable housing investment in Leeds since 2008. It demonstrates that there is a spread of affordable housing delivery across Leeds, which has, or will benefit most wards.
- 3.2 In October 2011, Executive Board approved the Leeds Housing Investment Plan (LHIP). The LHIP is a document through which the city's housing investment

requirements are articulated to inform its collaboration with the Homes and Communities Agency (HCA). The LHIP indicates the strategic context for housing investment including priority areas and investment themes linking it to needs such as housing for the elderly.

- 3.3 The HCA, in formulating its Affordable Homes Programme, requested submissions from Registered Providers in terms of firm bids which were site specific and indicative bids which are on a non site specific basis. Firm bids were assessed by the HCA in terms of their ability to meet LHIP priorities.
- 3.4 The indicative affordable housing programme provides an opportunity for the Council to influence the location of affordable housing developments for grant funding. Registered Providers are now in a position to consider where they will deliver their indicative bids and are seeking the Council's views about the likelihood of support for proposed sites. Whilst the Council has emphasised to Registered Providers its geographic and thematic priorities as set out in the LHIP it is important for Registered Providers that proposals fit with their existing portfolios and are financially viable. Because allocations of funding have been made by the HCA on a Leeds City Region basis if sites cannot be identified which match both the Councils and the Registered Providers priorities there is a risk that Registered Providers will seek development opportunities in another local authority and investment will be lost to Leeds.
- 3.5 As part of the AHP 2011-15, Leeds received an allocation of 753 Firstbuy units. Firstbuy allocations are made to developers also on the basis of a minimum geography of the Leeds City Region and may be transferred to another local authority within the LCR if take up is slow on any particular scheme. This is a useful product to support affordability in market housing developments and the officers are working to support developers to maximise take up in Leeds.

4 Issues to be considered.

- 4.1 Future affordable housing delivery in Leeds is influenced by a number of factors:
- where development opportunities exist and are attractive to private developers resulting in S106 units;
 - where Registered Providers would choose to invest often based on current stock and management infrastructure;
 - Housing needs and gaps in affordable housing provision which the Council wishes to address by directing Registered Providers or private developers in a specific direction.
- 4.6 Affordability is a key issue for the city and the requirement for affordable housing as part of market developments, through the s106 process, will remain. The Interim Affordable Housing Policy seeks to support housing growth by helping schemes to remain viable. It continues to support affordability in the outer housing markets by requiring an enhanced level of provision.

- 4.7 A report setting out recommendations for the publication of the Council's Core Strategy will also be considered by Executive Board at this meeting. The focus of the Core Strategy is to provide an overarching spatial strategy to help direct and manage the District's priorities and ambitions for housing development including the need for affordable housing and the ability to meet a range of housing needs in different locations.

4.1 Next Steps

- 4.2 It is predicted that **up to 1900** affordable homes will be delivered during 2011/15 through:
- **HCA Affordable Homes Programme 2011/15- firm contracted proposals.** Registered Providers are already contracted with the HCA to deliver on specific sites in Leeds. This will deliver for **250** units
 - **HCA Affordable Homes Programme 2011/15 - indicative allocations.** Registered Providers are contracted with the HCA to deliver a specific number of units on a non site specific basis. These contracts are on a Leeds City Region (LCR) basis so can be moved to other local authorities within the LCR. Officers are working with Registered Providers to maximise investment in Leeds. It is estimated that at least **200** units will be delivered via this route
 - **HCA Affordable Homes Programme 2011/15 – Section 106 acquisitions.** Some Registered Providers have included within HCA contract an undertaking to deliver units by taking s106 units on private developments. This is expected to deliver **94** units.
 - **HCA National Affordable Housing Programme 2008/11.** A number of schemes are currently in delivery which were funded from the previous programme. **182** units are due to be delivered which are currently on site.
 - **HCA funded Firstbuy allocations to developers.** The initiative provides first time buyers on market developments with an equity loan for 20% of the asking price which is funded jointly by the developer and the HCA (50/50). The loan is repayable over 25 yrs or on sale of property. The HCA have approved allocations to developers to deliver over 700 units in Leeds although delivery is market driven and dependant on uptake by purchasers. Officers are working with developers to promote the product and maximise delivery. It is considered that this target is challenging especially as all completions must take place by December 2012.
 - **Secured via Planning (S106):** An estimate **400** affordable homes to be delivered on new residential developments as a planning requirement has been based on recent historic delivery but is subject to fluctuations in the housing market, the impact of changes in planning policy which aim to promote housing growth and the unknown uptake of government initiatives by developers.

- 4.3 Affordable housing provision is fairly well spread across Leeds, although there are varying levels of investment when comparing certain wards against others.
- 4.4 The HCA Affordable Homes Programme seeks to address identified needs in terms of affordability relating to specific locations and themes identified in the LHIP. Other localised insufficiencies in affordable housing provision may be best addressed by encouraging private developers to bring forward sites and securing affordable housing via S106s. Changes to the planning framework are expected to positively impact on efforts to address affordability issues citywide.
- 4.5 Following the publication of the Governments Housing Strategy, “Laying the Foundations”, in November, 2011. Two new funding opportunities, Get Britain Building Fund and the Growing Places Fund have arisen. These resources are intended to unlock stalled residential developments and improve the viability of sites.
- 4.6 In order to maximise investment for Leeds officers will continue to:
- Work in partnership with Registered Providers regarding their indicative programme to ensure sites are considered in line with the LHIP priorities.
 - Work in partnership with the HCA to maximise potential investment opportunities including any new initiatives as bidding opportunities and criteria become clear.
 - Explore ways of addressing affordability through discussions with developers and exploring new investment opportunities and funding models.

4.7 Consultation and Engagement

- 4.7.1 Consultation on the Affordable Housing Investment Programme 2011-15 has been undertaken with the HCA, Registered Providers and Executive Board members. Any schemes or priority areas identified for investment will be subject to further consultation.

4.2 Equality and Diversity / Cohesion and Integration

- 4.2.1 There are no direct equality issues arising from this report.
- 4.2.2 Any investment proposals identified as a result of the approach proposed in this report will be subject to an Equality and Impact Assessment screening.

4.3 Council policies and City Priorities

- 4.3.1 This report describes a process undertaken to identify affordable housing investment in Leeds, and supports the objectives of the City Priorities Plan.

4.4 Resources and value for money

- 4.4.1 This report has no direct resource implications

4.5 Legal Implications, Access to Information and Call In

4.5.1 There are no legal implications associated with this report

4.6 Risk Management

4.6.1 There are no risk management implications with this report

5 Conclusions

5.1 This report has highlighted the geographical spread of investment in affordable housing since 2008, and issues associated with identifying future affordable housing investment priorities.

6 Recommendations

6.1 Executive Board notes the affordable housing investment which Leeds has been successful in attracting over the period, since 2008.

6.2 That investment in affordable housing delivery in Leeds is directed towards identified gaps and meeting the priorities as identified in the Leeds Housing Investment Plan (LHIP).

7 Background documents

7.1 None

Appendix 1 – Affordable Units delivered since 2008 and anticipated by 2015

Appendix 2 - Map of Affordable Housing provision