

Report of the Directors of City Development and Environment & Housing

Report to Executive Board

Date: 8th February 2017

Subject: The Housing Growth and High Standards in all Sectors Breakthrough Project

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 checked="" type="checkbox"/> Yes	<input 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: Not applicable	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

1. This report provides a summary of the work that has taken place through the "Housing Growth and High Standards in all Sectors" Breakthrough Project.
2. As planning authorities, owners of strategic assets and developers in their own right, local authorities are uniquely placed to both drive sustainable growth and protect and support communities through enabling and delivering new homes. The Breakthrough Project is a pro-active approach to delivery, established to demonstrate this city's commitment to ensuring good quality homes to meet the needs and aspirations of all Leeds citizens.
3. Significant achievements include a large programme of high quality new build council housing including extra care provision for older people; the development of affordable housing in partnership with housing associations and third sector organisations and the establishment of a new approach to accelerating private sector growth.

Recommendations

4. The Executive Board is requested to:
 - i. Note the progress of the Housing Growth and High Standards in all Sectors Breakthrough Project; and

- ii. Approve the subsequent production of an Annual Report within a wider approach to stakeholder engagement.

1 Purpose of this report

- 1.1 The purpose of the report is to provide the Executive Board with an update on the Housing Growth and High Standards in all Sectors Breakthrough Project. This is a multi-stranded programme which delivers new housing through direct investment in new housing stock in the public and private sectors, bringing empty homes back into use and enabling delivery through a programme of intervention and support for housing associations, third sector partners and private sector land owners and developers.
- 1.2 The programme has been developed in the context of the city's housing delivery target of 70,000, which includes an affordable housing delivery requirement of 1,152 homes per annum. The project supports the delivery of the Core Strategy target to provide 3,660 new homes per annum between 2012 and 2018 rising to 4,700 between 2018 and 2028. Its objective is to support and enable the delivery of new homes with an appropriate type and tenure mix to meet the needs of communities. It has been established in recognition of the critical role played by housing in the sustainable growth of the city and the importance of developing a housing offer which is attractive to investors and employers in making their investment decisions.
- 1.3 Building homes which are affordable is central to ensuring the wellbeing of communities. As the Local Government Association Housing Commission report "Building Our Homes, Communities and Future" recently noted, housing supports wider benefits for communities including the alleviation of public service pressures and costs.
- 1.4 Housing Growth and the provision of new affordable housing is a priority for the Council and is outlined within the Best Council Plan - to provide enough homes of a high standard in all sectors. It supports the main focus of the plan – that of Leeds as a Strong Economy and Compassionate City. The programme supports housing across all tenures, including the delivery and enabling of affordable housing to support the work of the council and its partners to tackle poverty.
- 1.5 The report also sets the scene for subsequent reports on this agenda which demonstrate how the Council is pro-actively supporting housing growth: through bringing forward the land assembly and procurement of East Leeds Orbital Road to support the delivery of the East Leeds Extension which is a strategic growth area for the city and the granting of long term leases to third sector housing providers to enable additional investment in affordable homes.
- 1.6 The delivery of the Breakthrough Project illustrates the pro-active approach being taken by the Council in relation to housing growth. In parallel the Council is in the process of lobbying the Department for Communities and Local Government for the flexibility to develop locally led solutions to housing needs, through a proactive approach in delivering and enabling growth, particularly for the delivery of affordable housing. A series of "asks" is being developed to include local flexibility in relation to the operation of the government's Starter Homes policy to more

closely align the maximum value to affordability in Leeds; relaxation of restrictions on borrowing through the Housing Revenue Account and the use of resources generated through Right to Buy receipts; a proposed new model to support the transition to owner occupation for council tenants who wish to buy a home and local flexibility in the operation of the Housing Benefit system to address anomalies between payments to private sector and social housing sector landlords.

2 Background information

- 2.1 The Housing Growth and High Standards Breakthrough Project is central to the Best Council Plan. Its objective is to maximise investment in housing and it underpins the Core Strategy objective to ensure that there is sufficient high quality housing, including affordable housing, to meet needs across the city's varied housing markets.
- 2.2 The project supports the Council's ambition of the creation of a Compassionate City including addressing the disparities shown by the Index of Multiple Deprivation through: new housing, promotion of high quality standards including energy efficiency and which contributes to placemaking within neighbourhoods. Programme activity helps to support Core Strategy policies and principles in relation to quality and mix.
- 2.3 The main vehicle through which the Council is driving standards in new housing is through the establishment and operation of the Leeds Standard. The Standard, which was approved by Executive Board in September 2014 encompasses high quality design and good standards in space and energy efficiency. It forms the basis of the specification for the Council's own new build programme plus as a tool for influencing the quality of design more generally. The Council is also considering its approach to the Housing Standards Review, reflecting its objective of delivering quality housing growth and a report will be brought to a future Executive Board.
- 2.4 Delivery of the programme is outward facing and predicated on collaboration and working relationships across the development industry, both in relationship to specific site delivery and in facilitating housing investment in the city

3 Main Issues

A unique approach

- 3.1 The Breakthrough Project has a number of unique activities including the delivery of new build council housing at scale, a new approach to delivering specialist housing and the emergence of the private sector acceleration programme. It leads the identification of new housing investment models and will continue to build on its success to date in attracting external funding particularly for the development of affordable housing.
- 3.2 Recognising that the delivery of housing requires a unique combination of skills and resources, the multidisciplinary Housing Growth Team was approved in October 2014 and was fully staffed by March 2015. The rationale for its establishment was to assist the delivery of housing supply at pace, deliver choice and affordability, promote income generation to the council (through rental

income, expanding the Council Tax base and so on) and support quality standards and innovation.

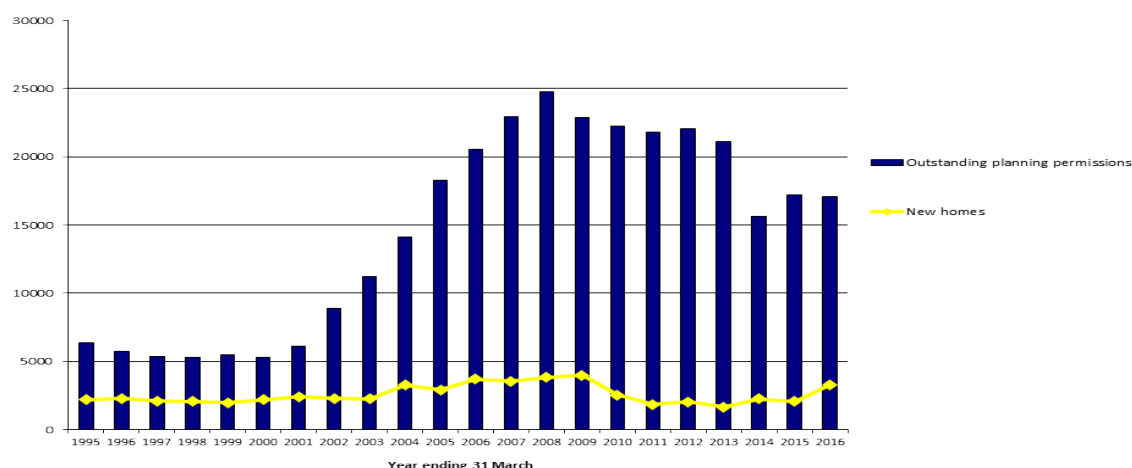
- 3.3 The team works to the Directors of City Development and Environment and Housing and is part of the Asset Management and Regeneration service, reporting to the Chief Officer for Economy & Regeneration.

Programme Activity

- 3.4 Programme activity can broadly be described through 3 broad workstreams although in practice there's a high degree of interdependency between activities to deliver the mixed tenure programme.

Acceleration Programme

- 3.5 The Private Sector Acceleration Programme grew out of recognition that the private sector holds the key to meeting the housing requirements of the city. Leeds has a large number of permissioned sites which have yet to commence delivery and in that respect the Council, as the Local Planning Authority, has supported developers (including the volume house builders) to gain planning permission for development which so far totals over 16,441 units.
- 3.6 It is also recognised however that there are further opportunities for the council to unlock permissioned sites that have deemed to have stalled through engaging in detailed dialogue with land owners, developers and applicants. As the reasons behind a site not coming forward has been established, the council then offers its support to unlock or accelerate delivery by developing bespoke solutions.
- 3.7 The diagram below illustrates the difference between extant planning permissions and new homes delivery.



- 3.8 The Acceleration Programme takes a structured approach, working through the SHLAA to identify the sites that have stalled and may benefit from intervention. This is achieved by inviting owners/applicants to engage with the authority with the objective of bringing forward construction.
- 3.9 Working with partners, in particular the Homes and Communities Agency and Leeds City Region Local Enterprise Partnership, an intervention toolkit of enabling activity has been developed to remedy some of the constraints. These include signposting to funding opportunities or brokering dialogue between the landowner/developer and funders, housing providers etc. Non-financial support is also made available

especially for larger infrastructure schemes to help overcome barriers to schemes progressing more quickly. In certain instances early advice on pre planning issues can provide confidence to land owners who may not be familiar with the housing development process.

- 3.10 The programme also aligns the functions of Strategic Planning and growth and helps to embed more fine grained intelligence within the SHLAA process including an understanding of land availability, size, scope, ownership and probability of development. The work of the programme also provides information on the Council's own regeneration activity to developers to bolster their market intelligence and provide confidence geared at supporting investment.
- 3.11 An aspect of the programme has been through the council's engagement with local Small and Medium sized Enterprises (SMEs). This sector has been slower to recover from the recession than the main volume builders. The programme seeks to join up and make links between SMEs, stalled development sites, public sector enabling activity, funding and potential delivery partners.
- 3.12 The Council has promoted funding opportunities such as Builders Finance Fund (BFF) to SMEs and the government's re-launched Home Building Fund which enables support for small sites and recognises that the business model for SMEs is different to that of the volume builders.
- 3.13 Work with SMEs is in the grain of government thinking more widely, the Local Government Information Unit has recently reported on the subject and included a case study of the Leeds approach.

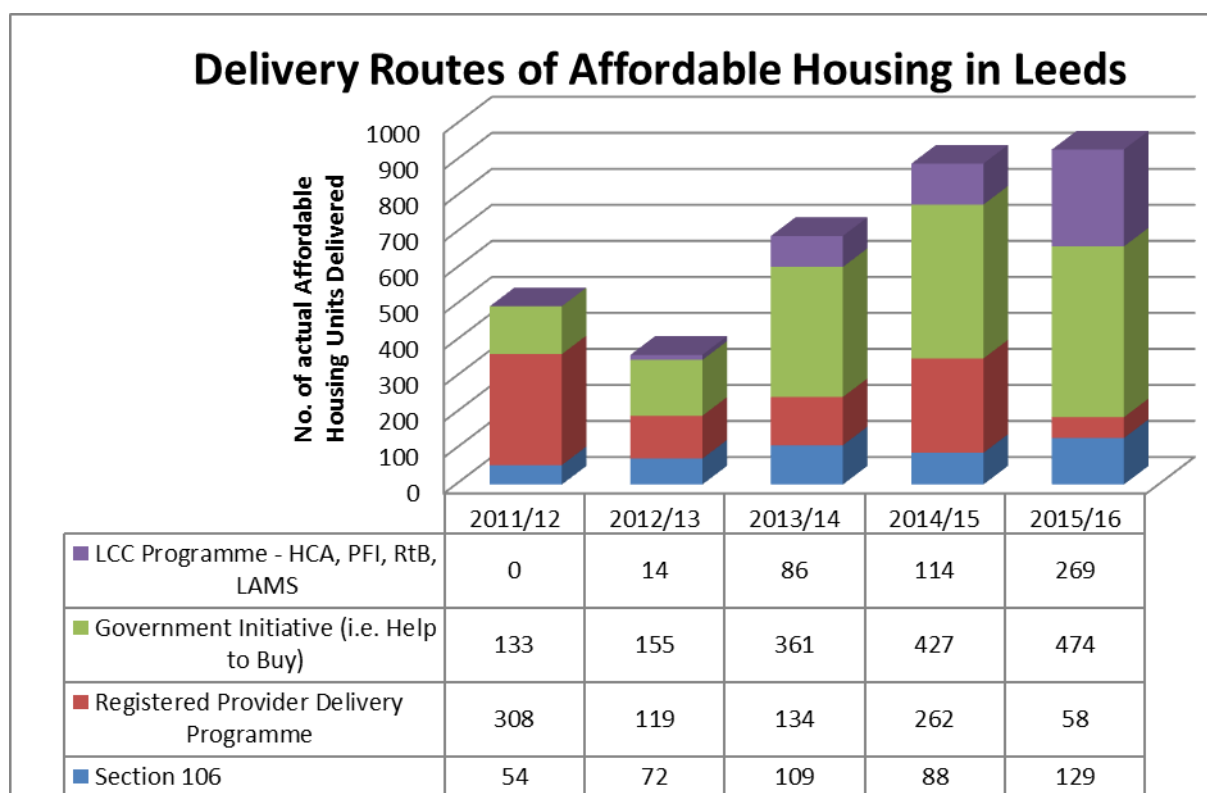
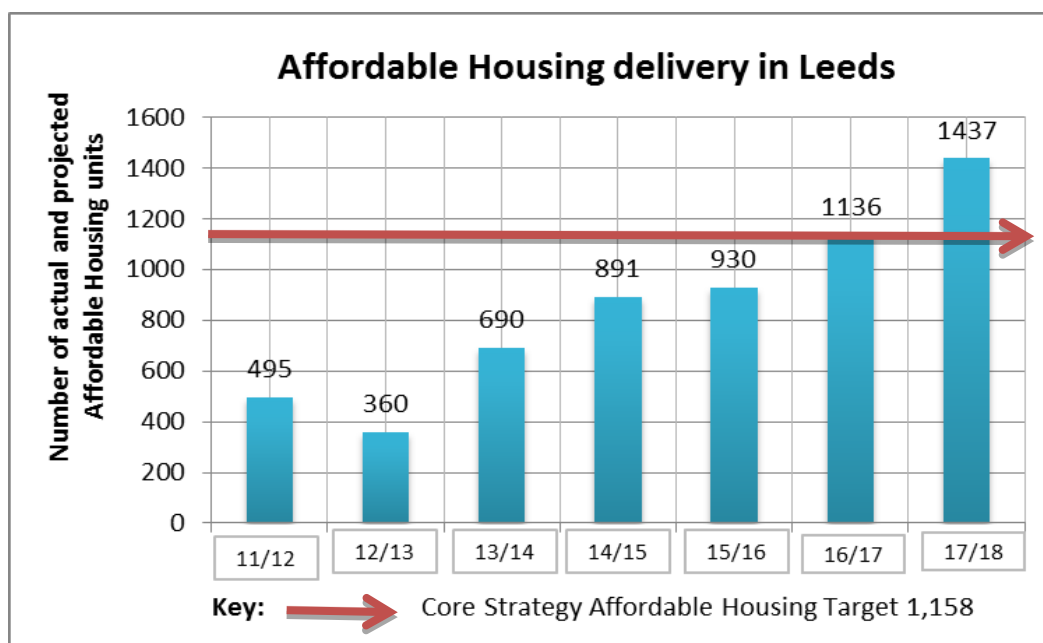
Delivery to date

- 3.14 Since this programme commenced, development has commenced on 12 sites delivering a total of 1200 units with a further 14 sites moving through the planning process. These include examples of large sites where landowners have been supported to develop a detailed strategy from a position of no plans for the site through to gaining full planning permission and start on site. Other sites more simply were through introduction, guidance/advice and confidence building with landowners.

Affordable Housing

- 3.15 The Council's support for the delivery of affordable housing and specialist accommodation - including housing for older people and new routes to investment such as self-build - requires the Council to recognise the particular drivers and funding mechanisms used by providers in this sector.
- 3.16 The government's focus on home ownership changes the investment strategy for RPs and consequently the Council needs to re-shape the support provided to the sector as well as ensuring the delivery of the remaining Affordable Homes Programme grant for rented AH units. Working with the sector to identify sites in which to co-invest and share risk will be key to future growth.
- 3.17 The Core Strategy requires delivery of 1158 affordable units pa and the chart below shows delivery to date. This year will see the delivery of more affordable homes since recovery from the recession in 2008. The 2017/18 figure is a forecast based to some extent on the Homes and Communities Agency (HCA) grant programme

although delivery may extend into the period to 2021 as government programmes have been extended.



3.18 Specialist housing providers – Registered Providers, Self-builders and, specialist developers amongst others provide additional delivery routes within the housing market and provide products which meet the needs of communities, building housing which offers choice, affordability and accessibility within communities.

Activity to address revenue savings in service areas including the construction of bespoke new properties for families with complex requirements.

- 3.19 The HCA investment programmes and provision of strategic support for Registered Providers, is enabling the delivery of c£81m of investment through the 2015-18 Affordable Housing Programme and further support to providers to deliver the 2016-21 Shared Ownership and Affordable Housing Programme of 549 units equating to an investment programme of c£57m.
- 3.20 The support offered by the Council includes making land available to the Registered Provider sector for the delivery of affordable housing, in addition to providing guidance and advice in relation to planning and local consultation. The council has also developed a grant programme using Right to Buy totalling £8.7m.



Holborn Court – Unity Housing Association



Mount Cross – Salvation Army Housing Association

- 3.21 The facilitation of Self-Build, Custom Build and Co-housing, which is both community facing and subject to statutory requirements for permitted sites is a key part of the programme's work. As part of a balanced strategy to provide the city with a range of house building delivery options, the self-build and custom

housebuilding sector provides a route to the housing market often delivering a different product to that of the volume housebuilders. It also provides an opportunity for individuals and communities to be directly engaged in the production of new homes and supports the growing Community Led Housing sector. Support includes the establishment of the Self Build Register and the strategic use of council owned assets and an example of this, the proposal to grant long term leases to local providers to facilitate borrowing is elsewhere on this agenda.

3.22 Through the launch of a land sites prospectus, the Council has continued its engagement with Extra Care providers to facilitate the delivery of mixed tenure Extra Care. The Local Housing Allowance had a significant impact on delivery with many RP boards reluctant to invest in new provision and continuing dialogue with them and the HCA will take place.

3.23 A strategic approach to the delivery of affordable housing through s106 has been developed and reported to Executive Board in September 2016 wherein £2.75m of Commuted Sums has been invested in the delivery of 135 new affordable homes. This area of work includes the commissioning of housing market data and intelligence to support planning negotiations.

Delivery to date

3.24 Support for Registered Providers to date has enabled 48% (301 units) of the 2015-18 HCA funded Affordable Housing Programme to be committed to date and a programme of 272 new affordable housing units delivered through Registered Providers and the Third Sector via the Right to Buy receipts grant programme.

Council Housing Growth

3.25 The programme to deliver 1,000 new council homes is delivering at pace and demonstrates Leeds' ability to deliver new housing at scale. In addition to HRA resources of £134m, £16m HCA grant has been secured to match and stretch HRA resource to support increased housing supply.

3.26 The delivery of the long term empty homes programme has been a particular success; £11m programme to bring 120 long term empties back into use. To date, over 75 long term empty homes have been acquired, properties that often blight local communities, refurbished and let to households on the Leeds Homes Register. Ad hoc acquisitions under the Right of First Refusal are also offering new opportunities to further increase supply.

3.27 The Little London, Beeston Hill and Holbeck PFI project has been an important contributor to growing and improving council housing stock. 353 new council homes have been delivered to date (all have been built to code 4 sustainable homes standard) and 1,245 dwellings have been refurbished to achieve the Eco Homes XB standard, (exceeding decent homes standards). Higher energy efficiency of new build and refurbished properties reduces CO2 emissions by c3.8 tonnes per property per year resulting in reduced fuel bills and increasing disposable income.



Holbeck Moor Road, Little London, Beeston Hill and Holbeck PFI

- 3.28 The project was however not just about housing. To bring about lasting and sustainable change there was additional investment of £6.4 million from the Basic Needs programme to extend the local primary school and a further £1m to build a new integrated community centre and housing office to serve the local community. In addition the development of new local shops was facilitated, securing £1m of private investment and providing a new fresh food offer locally. Further, 96 people have secured employment through the project. There is evidence to suggest that the investment by the Council in these localities through new interest by commercial investors in development.
- 3.29 Priorities for the remainder of the programme, in addition to more general needs housing, is the delivery of further extra care schemes. The delivery of Extra Care Housing through the Council Housing Growth Programme ties in closely with the Best Council Plan 2013-2017 by providing housing as the city grows and through supporting the delivery of the Better Lives programme:
- supporting the health and well-being of older people who wish to live independently
 - providing an alternative to residential care
 - ensuring that older people have a wider choice of housing and care options including the provision of person centred care and support
 - increasing the supply of specialist homes for older people that are for rent, shared ownership and for sale.
- 3.30 This will involve using the council house growth programme as a catalyst to investment in extra care across the city and a further report on this is scheduled for April Executive Board.
- 3.31 Further, there will be continued development and refinement of the specification through the Leeds Standard and consideration as to the extent to which it informs wider Planning Policy. Innovation has been central to the programme and further

opportunities to be innovative, whether in design, technology or approach are in motion.

- 3.32 This includes exploring modern methods of construction and modular build; developing a suite of new procurement approaches that enable delivery at pace, make the most efficient use of resources and give the best opportunity to secure economies of scale; and utilising Building Information Management (BIM) to inform lifecycle maintenance and investment planning. In addition, engagement with Leeds Beckett University during the construction of The Plantation on the site of the former Squinting Cat Public House as a case study due to its construction type. The Council is currently considering the opportunity to work with Legal and General who have developed a pioneering modular build technology and established a production unit just outside the city. This will deliver a mixed tenure project which includes homes for outright sale is in development and a report will be brought back to Executive Board in the spring.
- 3.33 The programme in the short and medium term will become more mixed tenure, incorporating housing for sale products including Shared Ownership. To this end, work is ongoing with the HCA to take advantage of the revised AHP to 2021 and exploring opportunities for the establishment of a local housing company.

Delivery to date

- 3.34 Over 560 new units have been delivered under the programme to date (inclusive of the new build housing within the PFI programme). A further 79 units are currently on site and over 160 units are in the design, feasibility or planning stages. New build delivery includes the council's first and flagship Extra Care Scheme completed in December 2016 providing mixed tenure affordable housing and enabling older people to maintain their independence but with access to care and support tailored to their needs; as well as the development of the former Lord Cardigan Public House site, a former property on the Derelict and Nuisance sites programme working with a local SME builder.



Wharfedale View Extra Care – Henry Boot construction



Former Lord Cardigan Public House site

Challenges

- 3.35 The Housing and Planning Act and subsequent budget statement introduced a number of measures which redefined the context in which housing is delivered and affordable housing is managed.
- 3.36 Set out in more detail in the report to Executive Board in April 2016, these include changes to planning and land use include the introduction of the Starter Homes product via the planning system which is yet to be defined by government. The feedback we receive from developers points to the overwhelming need for certainty and flexibility within the planning system and clarity is required on this and other aspects of the Act so that councils, Registered Providers and developers are making investment decisions in a known business environment.
- 3.37 Alongside the 1% rent cut for all social landlords and continuing uncertainty about the Local Housing Allowance for supported housing, the ability of councils and registered providers to continue to deliver is compromised as a result of these issues which impact their revenue stream and consequent ability to service borrowing.
- 3.38 The lack of flexibility associated with some funding streams (such as the use of Right to Buy receipts, ability to borrow within the HRA etc) remains a challenge recognised and shared by Core City partners and is the subject of ongoing lobbying to government.

Medium term priorities for the Breakthrough Project

- 3.39 The Project will develop innovations in delivery for the new build programme and partnerships to deliver new mixed tenure housing. This includes the work with Legal and General described above which will form its first housing for sale project. In parallel, other vehicles will be explored potentially through an in-house or local housing company model to deliver a mixed tenure new build programme.
- 3.40 The developing approach to further council investment in Extra Care housing will be a strategic piece of work, seeking opportunities for HRA resources to act as a catalyst to investment and further support the integration of housing and health services.

- 3.41 The Autumn Statement introduced measures to support housebuilding across tenures and linking homes and infrastructure to growth. Working with our partners, particularly the Homes and Communities Agency and Registered Providers the Breakthrough Project will continue to identify new government funding opportunities for new homes. New measures to deliver both affordable rent and low cost home ownership will help to deliver a mixed offer of affordable housing in communities.
- 3.42 The anticipated Housing White Paper will require the Council to be in a position to react quickly to any new measures and opportunities. Notwithstanding that new legislation can introduce uncertainty and a new statutory landscape; there may be the potential for new growth opportunities which the Breakthrough Project will be well positioned to interpret and identify opportunities for the city.
- 3.43 The work of the Breakthrough Project will be converted into a report for stakeholders containing the main messages about both the Project's work to date and demonstrating the commitment of the Council to working with its partners to continue to deliver growth for the benefit of communities and to encourage the confidence of investors in the city.

4 Corporate Considerations

- 4.1.1 At the centre of programme governance is the Housing Growth Executive Members Steering Group which has been established to drive the programme and a Members Development Group has been established. Both are chaired by the Executive Member for Regeneration, Transport & Planning.
- 4.1.2 The Executive Member for Regeneration, Transport & Planning and the Executive Member for Communities have shaped the approach and have been consulted as part of the drafting of this update report via the Housing Growth Executive Members Steering Group.
- 4.1.3 The Housing Growth Board which is led by the Directors of Development and Resources and Strategy works to this structure and oversees the day to day management of the programme.

4.2 Equality and Diversity / Cohesion and Integration

- 4.1.1 The Equality and Diversity/Cohesion and Integration screening document has been completed to ensure due regard to equality issues. This is attached for reference at Appendix 1.
- 4.1.2 The recommendations in this report have a number of positive equality outcomes. The Affordable Housing programme will have a beneficial impact for socio-economic equality groups.

4.3 Council policies and the Best Council Plan

- 4.1.1 The programme outlined within the report supports the delivery of the 2016/17 Best Council Plan priorities of "Supporting economic growth and access to economic opportunities" and "Providing enough homes of a high standard in all sectors".
- 4.1.2 Supporting the delivery of housing growth including affordable housing is integral to the Housing Growth and High Standards in all Sectors breakthrough project. The

delivery of affordable housing underpins the Council's ambition for Leeds as a Strong Economy and a Compassionate City.

4.4 Resources and value for money

- 4.1.1 Housing growth results in additional council tax and New Homes Bonus payments including the uplift to NHB for affordable housing.

4.5 Legal Implications, Access to Information and Call In

- 4.1.2 There are no legal implications arising from this report.
- 4.1.3 There is no exempt or confidential information contained within this report.
- 4.1.4 This report is subject to Call In.

4.6 Risk Management

- 4.1.1 It is considered that the approach outlined in this report will have no adverse risks to the Council.

5 Conclusions

- 5.1 This report sets out the progress and direction of the Housing Growth and High Standards in all Sectors Breakthrough Project.

6 Recommendations

- 6.1 The Executive Board is requested to:
 - i. Note the progress of the Housing Growth and High Standards in all Sectors Breakthrough Project; and
 - ii. Approve the subsequent production of an Annual Report within a wider approach to stakeholder engagement.

7 Background documents¹

- 7.1 None.

¹ 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.