

Report of Director of City Development

Report to Executive Board

Date: 13th February 2019

Subject: Leeds Living: Housing Infrastructure Fund Bid

Are specific electoral wards affected?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
If yes, name(s) of ward(s): Little London & Woodhouse Burmantofts & Richmond Hill Beeston & Holbeck Hunslet Riverside	
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?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If relevant, access to information procedure rule number: Appendix number:	

Summary of main issues

1. Leeds City Centre is the economic, social and cultural hub of the city and the wider city region and a key focus of our ambitions for growth. The Leeds Inclusive Growth Strategy sets out the aspiration to double its size and economic impact and in September 2018 Executive Board reaffirmed the vision for Leeds to be the Best City Centre by 2030, setting out seven key principles that will guide the development, delivery and management of a wide range of projects and programme activities towards a liveable, inclusive and successful place.
2. There is a huge scale of ambition for the continued regeneration and growth of the city centre, which has been set out in detail in a range of recent reports to Executive Board covering the Our Spaces public realm strategy, plans for development of the South Bank, Leeds Station and HS2, the Connecting Leeds Strategy, and the Waterfront. This report sets out the further scope for the development of the city centre as a mixed tenure, sustainable residential neighbourhood alongside these major infrastructure and development programmes, and the work being undertaken by the Council and partners to support delivery of this in line with the inclusive

growth aspirations for the city. The report presents the Council's proposed approach to supporting a healthy and diverse city centre residential market through a bid to the Government's Housing Infrastructure Fund (HIF), which could unlock the development of c10, 000 homes through c£85m of enabling infrastructure investment underpinning the significant role for the city centre as a residential neighbourhood that provides housing opportunities that should be accessible to all.

3. There are currently around 25,000 residents in the city centre, largely in the private rented sector, but there is capacity for up to 20,000 new homes, significant resident population growth and an opportunity to ensure greater diversity of tenure. It is one of the most sustainable locations for new housing, close to jobs and major transport connections and providing for the reuse of previously developed land at a higher density than is achievable in less central locations.
4. In terms of overall scale the city centre could make a significant contribution to the proposed Leeds Core Strategy Review housing target of c52,000 homes by 2033, supporting the sustainable plan-led development of the city and achieving the appropriate balance of development on brownfield sites, within the main urban area and reducing the need for green field and green belt locations. Initiatives such as the Council's District Heating scheme will provide opportunities for new developments to deliver enhanced environmental performance, benefit from more efficient utilities and contribute to reductions in the carbon footprint of the city's growth.
5. However despite strong district-wide housing delivery rates over the last 10 years, city centre housing delivery has underperformed. There have been on average 395 homes built per annum over the last 10 years, despite planning approvals for c8,000 homes being granted in the city centre. The delivery rate for homes in the city centre has started to recover recently with over 3,500 homes now started on site, which is the greatest level of construction activity at a single point since 2008. However, a large number of other schemes still face challenges in being built as their viability is constrained by a lack of connectivity, local infrastructure that does not support residential use and consequent inability to attract residents at sufficient rental values to cover development costs.
6. Housing growth, improved choice and related investment as part of an expanding city centre provide an opportunity to ensure enhanced connectivity with surrounding neighbourhoods, where residents currently may not enjoy ease of access physically or to the social and economic opportunities it presents. A healthy and functioning city centre housing market will support the provision of new shared amenities including schools, health facilities, and new public open spaces for leisure and recreation. The proximity of amenities and work coupled with the low carbon heat provided by the district heating scheme will enable a truly sustainable development to be created. It will also assist in generating mixed tenure housing through the planning policy requirement that 5% of all new homes developed are affordable (rising to 7% through the Core Strategy review). The Council is seeking to ensure that this requirement is met within the expanded city centre through on-site provision and through a co-ordinated programme of delivery via the investment of Affordable Housing committed sums. Moreover, the Council is setting an ambition beyond this baseline policy requirement through a collection of measures that 20% of all new homes come forward as some form of affordable housing. This will also support part of the prevention measures as detailed in the Homelessness and

Rough Sleeping Strategy 2018-22 (the subject of another report to this Executive Board) through provision of additional affordable homes.

7. To achieve the aspirations for a mixed community in the city centre the 'Leeds Living' programme has been established and work is underway with developers, landowners, and partners to address the challenges the city centre housing market faces.
8. In 2017 MHCLG launched the £2.3bn Housing Infrastructure Fund (HIF) in a response to the need to build homes faster. An Expression of Interest was submitted to the HIF in September 2017 as part of the Leeds Living work, and in March 2018 the Council was invited to develop a detailed business case, since when co-development work has been ongoing with Homes England and a range of developers across the city centre. The business case is now in the final stages of preparation for submission by 22nd March 2019. The investment requirement is for c£85m to fund infrastructure schemes that will accelerate and unlock the delivery of c10, 000 homes by 2033. If successful, infrastructure works will commence on site by the end of 2019.
9. As part of this work, developers and investors have highlighted the need for a clear vision for the city centre that illustrates the scale and ambition for its expansion, physical change and place-making, to help articulate the opportunities that Leeds presents for housing development, assist in accelerating delivery and to help collaboration between partners and sectors.
10. Responding to this challenge, and building on the work on the Best City Centre Vision and Our Spaces Strategy, the broader aspirations for city centre change are being captured through an emerging web-based City Centre Vision. This vision will show where development and infrastructure investment is taking place as well as signposting to key strategies for the city. The vision will act as a tool to promote the city centre, share information, and assist with collaboration in the delivery of growth projects.

Recommendations

Executive Board is asked to:

1. Note the report and the vision for the development of the residential offer in the city centre through the Leeds Living programme in line with the Leeds Inclusive Growth Strategy, Best City Centre Vision, Our Spaces Strategy, Connecting Leeds Transport Strategy and South Bank Regeneration Framework.
2. Agree that the Director of City Development submits a business case to the Housing Infrastructure Fund on the basis set out at paras 3.5-3.16 to support the acceleration and unlocking of housing delivery in the city centre and that a further report is made to the Board to enable injection of funding, delivery and spending programme if the submission is successful.
3. Delegate authority to the Director of City Development to negotiate and enter into collaboration agreements with landowners/developers in connection with the submission of the Council's business case.

4. Delegate authority to the Director of City Development to approve the final details of the Housing infrastructure Fund business case by 22nd March 2019.

1. Purpose of this report

- 1.1 This report presents the Council's proposed approach to supporting a healthy and diverse city centre residential market through a bid to the Government's Housing Infrastructure Fund (HIF), which could unlock the development of c10,000 homes through c£85m of enabling infrastructure investment.

2. Background information

- 2.1 Our vision is for Leeds to be the best city in the UK: one that is compassionate and caring with strong growth, which tackles poverty and reduces inequalities. Leeds City Region (LCR) has an economic output of £62 billion, the largest of any region outside of London. The LCR Strategic Economic Plan identifies growth opportunities to deliver upwards of 35,000 additional jobs and £3.7 billion of annual economic output by 2036.
- 2.2 The Leeds City Region Connectivity Strategy highlights that when planned infrastructure investment is added to growth (including HS2), this has potential to create 146,000 FTE jobs across the region, with an additional 25,000 FTE jobs in Leeds City Centre, highlighting Leeds City Centre as the heart of growth in the city region.
- 2.3 Leeds City Centre is the economic, social and cultural hub of the city and the wider city region and a key focus of our ambitions for growth. The Leeds Inclusive Growth Strategy sets out the aspiration to double its size and economic impact and in September 2018 Executive Board reaffirmed the vision for Leeds to be the Best City Centre by 2030, setting out seven key principles that will guide the development, delivery and management of a wide range of projects and programme activities towards a liveable, inclusive and successful place centred around people:
- **A welcoming city centre**
 - **A cultural city centre**
 - **A quality environment**
 - **A well connected city centre**
 - **A city centre that is legible, accessible and walkable**
 - **A liveable and compassionate city centre**
 - **A business friendly city centre**
- 2.4 These principles are driven through the huge scale of ambition for the continued regeneration and growth of the city centre, which has been set out in detail in a range of recent reports to Executive Board covering the Our Spaces public realm strategy, plans for development of the South Bank, Leeds Railway Station and HS2, the Connecting Leeds Strategy, and the Waterfront. This report sets out the further scope for the development of the city centre as a mixed tenure, sustainable residential neighbourhood alongside these major infrastructure and development programmes, and the work being undertaken by the Council and partners to support delivery of this in line with the inclusive growth aspirations for the city.
- 2.5 There are currently around 25,000 residents in the city centre, largely in the private rented sector, but there is capacity for up to 20,000 new homes, significant resident population growth and an opportunity to ensure greater diversity of tenure. It is one of the most sustainable locations for new housing, close to jobs and major transport

connections and providing for the reuse of previously developed land at a higher density than is achievable in less central locations.

- 2.6 In terms of overall scale the city centre could make a significant contribution to the proposed Leeds Core Strategy Review housing target of c52,000 homes by 2033, supporting the sustainable plan-led development of the city and achieving the appropriate balance of development on brownfield sites, within the main urban area and reducing the need for green field and green belt locations. Initiatives such as the Council's District Heating scheme will provide opportunities for new developments to deliver enhanced environmental performance, benefit from more efficient utilities and contribute to reductions in the carbon footprint of the city's growth.

3. Main Issues

Challenges

- 3.1 As detailed above, Leeds has established a robust approach to the development of the city centre, reflecting its regional pre-eminence and responding to the economic opportunity that comes with this, while planning for a people focused, sustainable, and inclusive city centre. There is opportunity to develop new city centre residential communities that are well connected to jobs and which take advantage of the sustainable nature of the city centre as a well-connected central location for living, breaking the link with the car and promoting greener, healthier lifestyles through active travel and well design spaces and places. Yet there are a number of challenges to overcome to fully realise this potential.
- 3.2 Leeds has performed exceptionally as a district in delivering against housing targets; over the last 3 years 8,828 homes have been delivered, the second highest of any Local Authority area in England. Despite strong district-wide housing delivery rates over the last 10 years, city centre housing delivery has underperformed. There have been on average 395 homes built per annum over the last 10 years, despite planning approvals for c8,000 homes being granted in the city centre. The delivery rate for homes in the city centre has started to recover recently with over 3,500 homes now started on 25 sites, which is the greatest level of construction activity at a single point since 2008. However, a large number of other schemes still face challenges in being built as their viability is constrained by a lack of connectivity, local infrastructure that does not support residential use and consequent inability to attract residents at sufficient rental values to cover development costs.
- 3.3 Moreover, there is a challenge to ensure the inclusive delivery of the residential offer in the city centre. Housing growth, improved choice and related investment as part of an expanding city centre provide an opportunity to ensure enhanced connectivity with surrounding neighbourhoods, where residents currently may not enjoy ease of access physically or to the social and economic opportunities it presents. A healthy and functioning city centre housing market will support the provision of new shared amenities including schools, health facilities, and new public open spaces for leisure and recreation. This is particularly relevant given the location of a number of the Council's priority neighbourhoods around the city centre rim (including Holbeck and Lincoln Green) and the need to ensure that these are

well connected to the city centre and residents benefit from economic growth and new amenities.

- 3.4 Additionally, there is a need to ensure that the right mix of homes is delivered in line with demand. Housing growth will assist in generating mixed tenure housing through the planning policy requirement that 5% of all new homes developed are affordable (rising to 7% through the Core Strategy Review). However, further work is required to ensure the city centre is positioned to meet the housing needs of a diverse range of the city's residents and there is an ambition that 20% of all housing delivered is affordable housing of some form, as detailed later in this report. The delivery of new homes, and in particular affordable homes, will also assist the Council in delivering the Homelessness and Rough Sleeping Strategy 2018-22 (the subject of another report to this Executive Board) through assisting with Homeless Prevention through additional homes.

Leeds Living

- 3.5 To respond to these challenges and achieve the aspirations for new, sustainable communities in the city centre work is underway with Government, developers, landowners on the 'Leeds Living' programme, which has been established to address the issues the city centre housing market faces and to support delivery of a sustainable city centre residential offer.
- 3.6 In 2017 MHCLG launched the £2.3bn Housing Infrastructure Fund (HIF) in a response to the need to build homes faster as detailed in the Housing White Paper, 'Fixing Our Broken Housing Market'. An Expression of Interest was submitted by the Council to the HIF in September 2017 as part of the Leeds Living work. The EOI was for £113m of grant support to deliver a range of targeted infrastructure improvements, to accelerate and unlock over 16,000 homes in the city centre. The EOI was submitted with the support of a number of developers operating in the city centre, and in March 2018 MHCLG confirmed that the Leeds Living project was successful in being invited to move to the next round of the bidding process.
- 3.7 Since March the Homes England appraisal process has evolved, requiring a significant amount of work by the Council to meet submission requirements. This work has included developing the detail and scope of the individual infrastructure projects to respond to the requirements of the related development sites and to produce costings and designs; transport modelling and assessments to ensure that impact on the highways network by both the infrastructure and the new homes is minimised to meet DfT bid assessment requirements; and economic assessment and appraisal work to demonstrate the positive impact of investment in land value terms in line with Treasury Green Book appraisal requirements, particularly demonstrating the land value uplift that is required for successful bids.
- 3.8 The business case is now in the final stages of preparation for submission by 22nd March 2019. In response to the guidance and co-development with government and following changes in development proposals, the programme scope and the investment requirement has changed from that included in the EOI. The proposal is now for c£85m to fund infrastructure schemes that will accelerate and unlock the delivery of c10, 000 homes by 2033. If successful, infrastructure works will commence on site by the end of 2019.

- 3.9 The HIF infrastructure proposals aim to complement and assist in delivering the aspirations set out in the South Bank Regeneration Framework, HS2 Growth Strategy, Transport Strategy and the Our Spaces strategy. The plans for major changes to Leeds Station (through the Leeds Integrated Station Masterplan (LISM)), City Square, Armley Gyratory, and requirements to reconfigure highways and improve public transport as detailed in the Transport Strategy (funded through Leeds Public Transport Investment Programme (LPTIP) and West Yorkshire Transport Fund), give rise to further significant opportunities to better connect and improve the local environment of those parts of the city centre that currently suffer from severance, disconnection and poor accessibility, which limits their attraction to potential residential occupiers and therefore the viability of housing development.
- 3.10 The HIF interventions focus on exploiting those opportunities to improve pedestrian and cycle connectivity, public realm and reducing the impact of traffic and highways, in line with the requirements of adjoining development sites and in doing so addressing their viability, improving market confidence and assisting in the delivery of otherwise unaffordable off-site planning requirements to unlock and accelerate housing delivery. In a number of areas, proposed interventions will also act to improve connections to existing neighbourhoods on the edge of the city centre, particularly at Richmond Hill and Holbeck.
- 3.11 The HIF interventions are largely linked to development requirements through s106 obligations and/ or strategic priorities for the city included in the Community Infrastructure Levy regulation 123 list. They are interventions that cannot viably be funded by single developers and/ or interventions that make development of sites unviable due to their size/nature. The interventions are shown at appendix 1. The total cost for the proposed infrastructure to be included in the business case is c£85m. It should be noted that the final details of interventions are still being reviewed alongside transport assessment work, and additional work may be required as a result of modelling to mitigate impacts.
- 3.12 The proposed HIF interventions have a number of interfaces with existing city centre infrastructure programmes including Leeds Public Transport Investment Programme and highways works being supported through the West Yorkshire Transport Fund (including Armley Gyratory). A resilience approach is being adopted to map interdependencies between programmes, to ensure works can be delivered in line with funders requirements, can be effectively resourced for delivery and that the proper functioning of the city centre highways and transport network can be maintained for the benefit of residents, businesses and visitors during the delivery phase.
- 3.13 The proposed infrastructure projects will unlock and accelerate the delivery of c10,000 homes in the city centre up to 2033. The sites and locations are shown on the plan at appendix 1. As detailed above, the Council has been working closely with city centre developers since the EOI submission to understand individual and collective site requirements in more detail, to ensure that the infrastructure has a direct link with viability, planning and delivery requirements and a positive impact on unlocking/ acceleration of housing as required for the business case. As a result the number of homes and the number of infrastructure interventions has reduced from the figures set out at the EOI stage, to ensure interventions meet the requirements

of the business case. Developers will be required to sign collaboration agreements or provide letters of support for the business case to demonstrate the requirement for infrastructure and delivery of homes. If the submission is successful further agreements will be needed to formally link the delivery of homes to infrastructure in line with the terms of funding. Examples of schemes to be supported in this way are shown in Appendix 2.

- 3.14 Following submission by 22nd March, the government's assessment of the business case is anticipated to result in an outcome being reported to the Council in summer 2019, with the appraisal being undertaken by Homes England, MHCLG, Department for Transport (DfT) and HM Treasury. If successful, infrastructure works will commence towards the end of 2019 and must be completed by March 2023/24 as a condition of any funding award. Housing delivery will then take place up to 2033.
- 3.15 The HIF bidding process is highly competitive and it is understood that the national programme is oversubscribed, placing further emphasis on high quality, robust business cases that will score strongly on the government's set criteria. The guidance requires that significant emphasis is placed on the economic case (including transport assessment) and land value uplift which is likely to skew the highest scores towards areas of high land value nationally, disadvantaging lower value areas including many parts of the North and Midlands. Moreover, in October 2018 government announced the 'geographical targeting' of five key housing programmes, which included the HIF¹. A minimum of 80% of resources available will be directed at areas of 'highest affordability pressure'. These are defined using the ratio of median house prices to median workplace-based household income figures. Those local authority areas with a HIF bid and not identified as having 'high affordability pressure' – like Leeds – will be competing for a share of 20% of the £2.3 billion available. In the Leeds City Region only Harrogate District is categorised as having high affordability pressures.
- 3.16 The Leeds Living business case has a strong and compelling strategic case that demonstrates the benefits to the local and national economy. Work completed to date will provide a strong platform for continued collaboration to unlock city centre housing growth. External advisors, Cushman & Wakefield, are supporting the Council in the development of the business case and have significant experience of HM Treasury Green Book requirements.

Inclusive Growth

- 3.17 In relation to delivery of homes that offer choice and opportunity for all the city's residents, the aim is to deliver housing in line with both market pressures and to ensure a tenure mix that meets the needs of young and old, families, singles and sharers. If the HIF business case is successful, market development at a greater scale and pace will bring with it further delivery of affordable housing at the level required under planning policy as part of individual schemes, either through direct provision on/off site or through provision of commuted sums.
- 3.18 However, the Council anticipates that a greater amount of affordable housing in its broadest sense is required to support a sustainable and inclusive economic growth and has set an ambition for the city centre that 20% of all new homes come forward

¹ This is for HIF Forward Funding only, HIF Marginal Viability funding was excluded from this process.

as some form of affordable housing, which could include discounted market rent and sales and more traditional affordable housing products. As such, additional work is ongoing to assess the opportunities to deliver additional and new supply affordable housing provision in and around the city centre through a variety of delivery channels to ensure a wide variety of housing tenure and choice with a clear delivery pipeline in the short term and beyond.

- 3.19 The Affordable Housing Commuted Sums paper to Executive Board on 18th November 2018 (and previous report in April 2017), detailed the issues in relation to affordable housing in the city centre and agreed the strategic targeting of commuted sums to support the sustainable development of the city centre housing market in line with inclusive growth ambitions. The paper detailed four Council sites; St Cecelia Street, Lovell Park Hill, Meynell Approach and the Former Yorkshire Rider Club, being brought forward for affordable housing development in the city centre that could deliver c130 new affordable homes.
- 3.20 Alongside the sites which the Council is bringing to the market, an exercise has commenced to highlight potential opportunities for investment of commuted sums, Right to Buy Replacement funding and/or Housing Revenue Account funding through the acquisition of units on development sites via private developers, opportunities to purchase properties in priority neighbourhood areas on the city centre periphery or to acquire land to facilitate new development to be delivered by the Council and / or Registered Providers. Engagement with developers is underway on this and a schedule of opportunities is being drafted.
- 3.21 New entrants to the market are also coming forward to play an important role in delivering mixed tenure housing in the city centre. The Guinness Partnership has recently agreed a strategic partnership with Homes England unlocking significant funding that has enabled it to acquire a major development site in the South Bank which will come forward for nearly 1000 new homes, up to half of which are intended to be provided as Affordable Housing. It is likely this scheme will come forward over the next three years.
- 3.22 Furthermore, a mapping exercise has been undertaken to understand the current anticipated quantum of affordable housing delivery in the Leeds Living area against the 20% delivery ambition. From current projections, it is anticipated that from delivery of c8,900 units, c1,000 will be onsite affordable housing, equivalent to 11% of the delivery. Examples of affordable schemes are shown at appendix 3.
- 3.23 The provision of the right amenities for new communities is also vital and work is underway with NHS England, through Public Health, to map out health facilities in the city centre to ensure services are available to new residents as the city centre and its population grows. We are also ensuring that schools are also available for new and emerging communities, working with developers/ landowners and Academies to identify opportunities and sites to serve new developments in the city centre. The Council has identified a site for new primary school provision alongside the Climate Innovation District that is being developed by Citu and an agreement has been entered into for a land disposal to Citu, which will work with the Education and Skills Funding Agency and a school provider to bring forward a proposal. A new primary school in this location will add to the education cluster that is already operational in this area of the city centre through Ruth Gorse Academy and Leeds City College, providing city centre based primary through to further education.

3.24 Work is also ongoing with the District Heating programme to develop opportunities to connect to residential developments in the city centre through the existing network or new extensions into the heart of the city centre plus to the south of the city. The CITU Climate Innovation District development provides a bridge across the River Aire that is being constructed with a district heating pipe incorporated in the structure of the bridge. Similar opportunities are being pursued for a new bridge at Globe Road as part of the HIF scheme, and the Leeds Living team are working closely with District Heating colleagues to develop the business case for expanding the network to new residential areas through a bid to the Heat Network Implementation Programme. Expansion of the district heating network promotes sustainable, low carbon living in the city centre and offers the potential for efficient utility connections that could assist future viability and deliverability of both residential and commercial developments.

City Vision & Collaboration

3.25 As part of the work on the HIF business case, development partners have highlighted the need for a comprehensive vision for the city that captures and illustrates the scale and scope of change and investment in the city centre. Partners have stated that such as resource will help to articulate to investors the opportunities that Leeds presents and will also help collaboration between different partners.

3.26 Responding to this challenge, and building on the work on the Best City Centre Vision as reported to Executive Board in September 2018, the spatial aspirations for a place based approach for the city centre are being captured through an emerging website based City Centre Vision. This will set out an overarching view of the expanding city centre and its character areas, show where development and infrastructure investment is taking place as well as read across to key related strategies and programmes. The vision will act as a tool to promote the city centre, share information, and assist with collaboration in the delivery of city centre development aspirations.

4. Corporate considerations

4.1 Consultation and engagement

4.1.1 The Executive Member for Regeneration, Transport and Planning has been consulted, as have the Ward Members for Little London & Woodhouse, Burmantofts & Richmond Hill, Beeston & Holbeck and Hunslet Riverside. Consultation was on high level principles based on the information at appendix 1, and further consultation will take place on infrastructure scheme details if the business case is successful. Members were fully supportive of the proposed investment through the HIF and the wider city centre approach taken through Leeds Living.

4.2 Equality and diversity / cohesion and integration

4.2.1 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 4.

4.2.2 While EDCI has been considered at the business case stage of programme planning, as detailed at appendix 4, there are no specific implications for EDCI characteristics at this stage and submission but further screenings and detailed assessments will be undertaken if funding is secured and schemes come forward.

4.3 Council policies and best council plan

4.3.1 The Leeds Living programme will play a strong role in delivering the Leeds inclusive Growth Strategy, supporting doubling the size of the city centre and the provision for 21st Century infrastructure, ensuring that more homes are built that are accessible for all, and supporting healthy, active lifestyles / travel.

4.3.2 The proposals outlined within the report support the delivery of the 2018/19 – 2020/21 Best Council Plan priorities of:

- Housing: Housing of the right quality, type, tenure and affordability in the right places;
- 21st Century Infrastructure: Improving the city's infrastructure and improving air quality, reducing noise and emissions;
- Health & Wellbeing: Supporting healthy, physically active lifestyles.

4.3.3 The delivery of up to 20,000 homes in the city centre makes a significant contribution to the proposed Core Strategy Housing Review target of c52, 000 homes by 2033, as well as the affordable housing target of 1,158 homes per annum, increasing to 1,230 under the Core Strategy review.

4.4 Resources and value for money

4.4.1 The Council has appointed advisors Cushman & Wakefield and Atkins to support the submission of the HIF business case. Cushman & Wakefield have specialist knowledge in the development of HM Treasury Green Book business cases and have developed modelling for the Leeds Living submission in line with these requirements. Atkins also have significant experience of business case development and have provided cost plans for the infrastructure projects.

4.4.2 As part of the HIF process, there is a capacity support fund available through Homes England. The Council has submitted a support ask to this fund to pay for the work on the Economic Case section of the business case – an outcome from this is awaited.

4.4.3 In view of the pressing timeframe for development of the business case and to avoid delays, advisors costs are being met through the capital programme, to be reimbursed through any support funding secured from Homes England. As all schemes included in the HIF business case are interventions that are part of strategic plans for the city centre, it is likely that these will remain as capital costs,. However, should funding be unavailable for delivery there is a risk that these project development costs may have a longer term revenue impact.

4.4.4 New Homes Bonus payments will be generated through the construction of the new housing which the HIF funding will be supporting. Alongside this, additional Council Tax payments will be received by the Council.

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

- 4.5.1 In order for the Council to submit a viable business case it will be necessary to enter into collaboration agreements with landowners/developers in order to demonstrate that all parties are committed to delivering the proposed interventions. If collaboration agreements are not available, developers will provide letters of support committing to housing delivery and future agreements with the Council. These agreements (which will be conditional on the Council receiving the funding which it is seeking) will set out the broad principles for the provision of infrastructure by the Council and the delivery of housing by the landowner/developer.
- 4.5.2 If the Council's business case submission is successful it will also be necessary for the Council to enter into a funding agreement with MCHLG for the provision of the funding allocated to the Council. The detail of which will be reported to Executive Board for injection of funds and authority to spend.
- 4.5.3 The Council has wide ranging powers in respect of the proposals outlined in this report: Section 111 of the Local Government Act 1972 gives the Council the power to do anything which will facilitate or is conducive or incidental to the discharge of any of its functions, whilst Section 1 of the Localism Act 2011 gives the Council the power to do anything that individuals generally may do.
- 4.5.4 Advice has been taken from Legal Services as to whether the Council entering into the proposed collaboration agreements could be seen as State aid. They have advised that it is unlikely that State aid will occur on the basis that the Council would be funding the provision of public infrastructure but that the position will need to be kept under review as the proposals are developed. Executive Board will be updated as to the position when further reports are submitted.
- 4.5.5 As set out in paragraph 3.13, the Council has been working closely with city centre developers since the EOI submission to understand individual and collective site requirements in more detail. The Council will ensure that, when implementing any works funded through HIF, it will comply with the terms of the Government grant, and that similar obligations will be imposed on developers where necessary. It should be noted though that the Council is not procuring any works or services from the developers, and that as far as the infrastructure works are concerned, these will be procured in accordance with the relevant procurement rules and regulations.

4.6 Risk management

- 4.6.1 For the HIF business case submission, risk is being managed in line with Council best practice and 'PM Lite' risk methodology, as well as the requirements of the HM Treasury Green Book approach. Risk workshops have been held and a risk log has been developed. Risks are monitored on a regular basis and are reported to the Leeds Living Programme Board, chaired by the Director of City Development and attended by the Director of Resources & Housing.
- 4.6.2 In the event of a successful HIF business case submission, a further report to Executive Board will be provided on the detail of delivery, which will outline approach to delivery phase risk.

- 4.6.3 It is recognised that there is potential for a significant amount of infrastructure work in the city centre over the next 5 years. In order to manage this and avoid conflicts between projects a City Resilience programme has been developed to minimise disruption and ensure that programmes are co-ordinated and that resources can be allocated and committed in line with funders' requirements and timescales.

5 Conclusions

- 5.1 Executive Board is asked to note the range of work that is taking place in the city centre to secure investment and the delivery of a sustainable city centre residential offer, in line with the aspirations set out in LIGS, Best City Centre Vision, Our Spaces Strategy, Connecting Leeds Transport Strategy and South Bank Regeneration Framework. A business case to the Housing Infrastructure Fund has been developed to secure investment of c£85m to deliver these aspirations and secure the acceleration and unlocking of c10, 000 homes, as a key component of supporting a healthy and diverse city centre housing market that can meet the needs of all residents. Members of Executive Board are asked to support this submission and, if successful in securing funding, receive a further report on the detail and programming of investment, alongside other city centre infrastructure delivery as part of the City Resilience work.

6 Recommendations

Executive Board is asked to:

- 6.1 Note the report and the vision for the development of the residential offer in the city centre through the Leeds Living programme in line with the Leeds Inclusive Growth Strategy, Best City Centre Vision, Our Spaces Strategy, Connecting Leeds Transport Strategy and South Bank Regeneration Framework.
- 6.2 Agree that the Director of City Development submits a business case to the Housing Infrastructure Fund on the basis set out at paras 3.5-3.16 to support the acceleration and unlocking of housing delivery in the city centre and that a further report is made to the Board to enable injection of funding, delivery and spending programme if the submission is successful.
- 6.3 Delegate authority to the Director of City Development to negotiate and enter into collaboration agreements with landowners/developers in connection with the submission of the Council's business case
- 6.4 Delegate authority to the Director of City Development to approve the final details of the Housing infrastructure Fund business case by 22nd March 2019.

7 Background documents²

- 7.1 None.

² 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.