

Title: Leeds Affordable Housing Growth Partnership Action Plan update

Date: 10th January 2024

Report of: Chief Officer Asset Management & Regeneration

Report to: Infrastructure, Investment and Inclusive Growth Scrutiny Board

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

Brief summary

In September 2022 Executive Board endorsed the Leeds Affordable Housing Growth Partnership Action Plan 2022-25 and the Council's role in its delivery, noting the role of this Scrutiny Board and the Strategic Housing Board in annual governance and monitoring of the plan. The Action Plan was subsequently finalised and approved by the Director of City Development in January 2023.

This report updates on progress delivered against the action plan by the Council and its partners over the last year alongside planned activity for the coming year.

Recommendations

- a) Note the progress made by the Council and its partners in the delivery of the Action Plan.
- b) Agree to an update on the Action Plan being presented to this board in January 2025 to set out activity for the next plan period 2025-28.

What is this report about?

- 1 The Leeds Affordable Housing Growth Partnership Action Plan (LAHGPP) was finalised at the end of 2022 and [published in January 2023](#), a draft of the plan having been endorsed at Executive Board in September 2022. The plan sets out the affordable housing ambition of all partners, with the combined action and collaborative work outlined creating a projected pipeline of c750 new affordable homes per annum over the three years 2022-25. This is significantly higher than delivery over the last 10 years, which averaged 484 per annum. This is against an affordable housing need of 1,230 per annum as set out in the Leeds Strategic Housing Market Assessment (2017).

Delivery of New Affordable Homes

- 2 Recent performance and the pipeline for further delivery should be viewed with reference to the current economic climate, which has very challenging inflationary pressure causing high build costs and interest rate increases, both impacting on development viability. Both the Council and Registered Provider (RP) partners are also under significant pressure to focus capital on investment in existing stock, with difficult choices being made between this investment and progressing new build schemes. The Council Housing Growth Programme has faced significant challenges in the delivery of schemes and the approach to mitigation of market and construction risks was detailed in the Executive Board update in September 2022.
- 3 In 2022/23, Leeds recorded 633 new affordable homes by all delivery routes¹. This is the highest annual delivery for the city since 2010/11. The forecast for 2022/23 in the LAHGPP was 701 affordable homes, there has been slippage from last year to this financial year as well as a change in the number of homes being built on some schemes.
- 4 Appendix 1 of the LAHGPP (Appendix 1 of this report) has been amended to reflect actual delivery in 2022/23, alongside an updated forecast for the remaining two years of the action plan and beyond to 2025/26 -2026/27 (noting the latter years forecasting is less reliable). This will continue to be a forecast and may change as schemes come forward through the planning system. This is a live document that will be reviewed against quarterly data returns from partners.
- 5 Of the delivery for 2022/23, 153 homes have been delivered via the Council Housing Growth Programme with schemes completed at Healey Croft (East Ardsley), Heights Lane (Armley) Meynell Approach (Holbeck) and Tarnside & Mardale (Seacroft). A further 411 homes are projected for delivery by March 2025, with an additional 411 homes in the pipeline to be completed post 2025.
- 6 Over the last 10 years affordable housing delivery has been:
 - a) 28% via s106 agreements
 - b) 23% via direct Council delivery
 - c) 49% via RP direct delivery
- 7 For 2022/23 overall delivery the tenure breakdown is shown in the table below.

2022/23 Affordable Housing Delivery – Tenure breakdown	
Tenure	Number of homes
Social Rent	217 (34%)
Affordable Rent	246 (39%)
Submarket/ intermediate rent	7 (1%)

¹ 2022/23 delivery figures still to be verified by DLUH.

First Homes	2 (<1%)
Rent to Buy	8 (1%)
Shared Ownership	153 (24%)
Total	633

- 8 In 2018 the Council set an ambition to deliver 1,500 new affordable homes by 2025 (equivalent to an average 300 homes per annum). Despite the recent inflationary and cost challenges outlined at para 2, and the challenging build climate during the Covid-19 pandemic, the Council Housing Growth Programme is on track to deliver or be on site with 1,175 of these homes, which is good progress given the standing start of the programme in 2018/19 and the challenges that have been highlighted. It was recognised early on in the programme that in order to meet the ambitious target, maintain pace and spread the delivery risk, a multi-partner approach should also be progressed. With RP and third sector partners able to secure additional external grant funding and with access to their own financing, the Council has utilised its land assets to unlock the delivery of an additional 540 affordable homes through ringfenced disposals into the affordable housing sector. The projection is to deliver or be on site with 1,715 homes by 2025, with a breakdown of delivery shown at Appendix 2.
- 9 The overall projections for delivery (inclusive of details in para 8 plus further RP/ s106 activity) are shown in Appendix 1 and summarised as follows. Tenure breakdown is not available as this is usually only available upon confirmation of funding and delivery.

Year	Projection
2023/24	1043
2024/25	568
2025/26*	1004
2026/27 *	497

*Less accurate future projections

- 10 It is usual for delivery to vary from year to year, as affordable housing development is a product of variances in the development programmes of multiple delivering partners, market dynamics that will particularly affect the availability of s106 homes becoming available for acquisition from market-led schemes, and variance in grant and finance availability. The current Homes England Affordable Homes Programme is due to end in 2025. While it is anticipated that this will be replaced with a future programme, Homes England is unable to offer any funding certainty at this time until policy and funding decisions are made by government. In past years this has resulted in a dip in delivery as one programme completes and there is gap in certainty for the next one that allows delivering partners to actively plan for future developments. While Homes England Strategic Partnerships with RPs (agreements that provides longer term funding to partners) may limit the fluctuations this time round, this funding is only in place until 2026 at present. It is therefore important to highlight that the principle affordable housing funding to RP's is available cyclically rather than as a constant stream.
- 11 Moreover, s106 affordable housing delivery may not be fully represented in the projections above as these are only captured when an RP partner has agreed to acquire the s106 properties from a developer.
- 12 Set against this delivery of new affordable homes is the ongoing impact of Right to Buy. The Council loses on average 600 homes from its stock each year as tenants exercise this right. In past years this has meant a net annual loss of affordable housing in the city as new development in-year has been lower than homes sold under the Right to Buy.

Meeting affordable housing needs

- 13 It is important to recognise that affordable housing delivery should not just be about the number of new homes being made available, but also about facing onto the needs of our communities. Over the last year work has been undertaken to further understand specialist housing needs which include requirements for Extra Care housing, supported housing for working age adults, homelessness provision, and children's & families accommodation requirements. Workshops have taken place between Council Services and RP partners/third sector housing providers to support delivery in line with the needs of the city.
- 14 Local Plan 2040 is progressing through the consultation process and includes affordable housing policy within its scope. A workshop with RP partners has taken place to help inform the scoping of the Local Plan 2040. The Strategic Housing Market Assessment (SHMA) is being updated based on 2021 census data, with future housing need being considered using updated evidence on the Leeds Homes Register, existing housing stock and the committed supply of new affordable homes with planning permission, including the Council Housing Growth Programme. The final SHMA report is to be considered by Development Plans Panel in early 2024 to support the next stage of Local Plan 2040.
- 15 There are currently over 26,000 applicants on the Leeds Homes Register, of which c6,000 are in priority need, which has increased over recent years – Executive Board received a detailed report on this at its December meeting. It is important that the action plan continues to face onto the needs of those applicants and maximises the number of affordable homes that can be delivered for those in need and made available under nominations from the Council.

Governance & Monitoring

- 16 An action log detailing progress against the LAHGAP is attached at Appendix 3 for further information. This has been shared and considered by RP partners as part of the partnership approach.
- 17 A report was taken to Leeds Housing Board in September 2023 to update on progress made against the LAHGAP, with that Board noting the progress being made.
- 18 The council is a member of West Yorkshire Housing Partnership (a partnership of Registered Providers based in or with significant housing stock in West Yorkshire) and is working collectively to maximise the delivery of affordable housing across the region, identifying opportunities for joint working and unlocking barriers to delivery. Utilising tools such as Brownfield Housing Funding and working with Homes England to maximise the effectiveness of grant funding is supporting this work, alongside reviewing land supply and considering how statutory tools available to Councils, Local Planning Authorities and West Yorkshire Combined Authority can be used. The West Yorkshire Strategic Place Partnership (SPP) between Homes England and WYCA has also identified affordable housing growth as a key theme within its business plan, with work ongoing through the SPP Board to maximise opportunities and unlock housing and affordable housing growth.

Next steps

- 19 It is proposed that the LAHGAP is reviewed over the next year, with an updated Action Plan and programme developed by the end of 2024/5 for the following three year 2025-28. This Board is invited to review a draft of the update in early 2025 prior to the Action Plan being finalised.

What impact will this proposal have?

20 The LAHGAP is part of the Leeds Housing Strategy and aims to deliver in line with the vision of meeting the city's housing needs and providing high quality affordable homes in thriving and inclusive communities, with appropriate support for those who need it. Whilst the scale of affordable housing delivery numbers is critical to meeting need it is also essential that we address the accommodation requirements of those most in need.

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

Health and Wellbeing

Inclusive Growth

Zero Carbon

21 The LAHGAP directly supports the three pillars of the Best City Ambition through its aim to increase the amount of new, sustainable, high quality affordable housing that is available in the city, supporting positive life outcomes and well-being of our residents through provision of safe, secure, warm, and affordable homes.

What consultation and engagement has taken place?

Wards affected: All

Have ward members been consulted?

Yes

No

22 The Action Plan is the culmination of engagement with the affordable housing sector that took place between October 2021 and March 2022 through a series of 1-to-1 discussions and workshops with Registered Provider (RP) partners on the Leeds Affordable Housing Framework. There has also been ongoing engagement with Homes England and West Yorkshire Combined Authority (WYCA) throughout this period, as well as discussions with developers that work closely with RP partners in the city and wider city region.

23 This engagement is recognition that the challenge of affordable housing supply requires a multi partner approach, with the tools and responsibilities sitting with a range of organisations who can provide a collective and aligned response in the city.

24 In the drafting of the LAHGAP discussions took place with Area Committee Chairs, Plans Panel chairs, Development Plans Panel Members, Infrastructure, Investment & Inclusive Growth Scrutiny Board (including a workshop on 8th September 2022), and the Executive Member for Infrastructure and Climate.

25 Since the plan has been operational there has been ongoing engagement with the Executive Member for Housing alongside an update report being provided to Leeds Housing Board in September 2023.

26 There is ongoing engagement with the RP sector through regular Affordable Housing Delivery Group discussions and workshops, and direct collaborative work with individual RP's.

What are the resource implications?

27 The Asset Management & Regeneration service is resourced to support this work through external funding and through the Housing Revenue Account for direct delivery of Council Homes and management of Right to Buy grant. There are currently no General Fund resource implications in supporting this work.

28 There is an ongoing need for capital funding via the Housing Revenue Account, Right to Buy Receipts and Homes England grant to support the delivery of new affordable homes. The delivery of s106 affordable homes is dependent upon ongoing delivery of market-led sites. As

highlighted at para 10, in periods of funding and market uncertainty or cost and viability challenges, delivery is likely to dip.

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

- 29 The LAHGAP sets out a number of challenges and risks in achieving delivery of the 1,230 affordable homes required to meet housing needs each year in the city, as identified in the SHMA. Some of the risks are addressed through the actions proposed and detailed in Appendix 3 of this report.
- 30 Some risks are outside the full and direct control of the council and relate to national policy, funding and the economy. These include funding certainty as referenced at para 10 and macro-economic factors of inflation and interest rates referenced at para 2, that remain a challenge for the sector.
- 31 The national policy environment is in a state of flux and changes proposed through the planning system could have far reaching implications for how affordable housing is delivered locally, in particular the proposal to move away from the current system of s106 obligations for specific planning policy requirements towards a single infrastructure levy from which all obligations will be funded. It remains unclear what impact that may have on the quantum of affordable housing that could be achieved through the planning system and the consequent impact on the success of the LAHGAP. Local Plan 2040 will need to remain agile to respond to any such legislative changes that may come forward.
- 32 A number of these risks are being discussed at West Yorkshire level through the Combined Authority and the West Yorkshire Housing Partnership (which includes representation from Homes England and the National Housing Federation) with the aim of supporting high level discussions with Government through the Strategic Place Partnership and ensuring that unlocking ,funding and financing solutions face onto the challenges of delivery in the sector effectively.

What are the legal implications?

- 33 There are no direct legal implications associated with the Leeds Affordable Housing Growth Partnership Action Plan. Any legal implications for the Council will be considered on a scheme-by-scheme basis under the relevant delegations and approvals as sites and actions progress.

Options, timescales and measuring success

What other options were considered?

- 34 Supporting and improving the delivery of affordable housing has been a long-standing priority and commitment for the Council. The Leeds Affordable Housing Growth Partnership Action Plan presents a review and refresh of the ways in which this commitment can continue in a dynamic economic and policy environment and how enhanced outcomes can be achieved, though challenges to our own ways of working, enabling delivery by others and maximising the benefits of partnership and collaboration.
- 35 A range of options were considered as part of the Executive Board report in 2022, with supporting the development and implementation of the LAHGAP being considered as the best option to progress. This report updates on the progress made against the LAHGAP.

How will success be measured?

- 36 The Leeds Affordable Housing Growth Partnership Action Plan is owned by all partners in the city, with all partners being accountable for their actions as the detailed action plan emerges.

- 37 The LAHGAP is monitored via Strategic Housing Board as part of the Leeds Housing Strategy. The Council's actions will be reported to Executive Board at the end of the plan period.
- 38 This Board has a role in monitoring delivery of the LAHGAP over the 3 year period and steering direction for the next update for 2025-28. It is proposed that the Action Plan update is reviewed by the board in January 2025 prior to talking a report to Executive Board.

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

- 39 The Director of City Development will lead a review of the LAHGAP 2022-25 and make recommendations for the plan update for 2025-2028. It is proposed that this is reported to this board in January 2025.

Appendices

- Appendix 1 – LAHGAP Appendix 1: delivery & projections
- Appendix 2 – Local Authority direct and indirect delivery to 2025
- Appendix 3 – Progress against Action Plan

Background papers