

**Report of Director of City Development and Director of Environment and Housing
Report to Scrutiny Board (Housing and Regeneration)**

Date: 26th November 2013

Subject: Using HRA resources to support housing growth - progress and update

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 type="checkbox"/> Yes	<input checked="" 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. In July 2013 the Council's Executive Board approved an approach to the use of Housing Revenue Account resources to fund a programme of investment to add to the stock of council housing in Leeds over a four year period.
2. The report describes three delivery routes - new build housing either directly delivered or through purchase from developers, the acquisition of empty properties to bring them back into use as council housing and providing resources to housing associations to build new properties.
3. This report sets out the progress made to date against each of these investment strands.

Recommendation

4. Scrutiny Board is asked to note the content of this report.

1 Background

- 1.1 The Council's Executive Board in July 2013 approved a substantial programme of investment in new council housing using the flexibilities associated with the new self financing arrangements for the Housing Revenue Account (HRA).
- 1.2 A programme in excess of £40m has been developed and this represents the first substantial investment in the growth of council housing for decades.
- 1.3 The report, which is at appendix 1, sets out a comprehensive approach delivered in partnership with housing associations and through developers to give a broad spread of investment.

2 Main Issues

- 2.1 The Housing Growth Programme is expected to deliver *around* 400 units (based on an average construction cost) over the next four years, 174 are currently programmed as described below in paragraphs 2.4, 2.5 and 2.13. In addition to the HRA resource, the council has been successful in attracting grant funding for some elements of the programme from the Homes and Communities Agency - the Empty Homes Programme and the Care and Support Specialist Housing Fund which provides resources for extra care housing .
- 2.2 The additional council homes will be delivered via the three work streams set out below. The balance of the programme will be determined as the site options are evaluated and the programme will be underpinned by evidence of demand which will be drawn from an analysis of the waiting list supplemented by housing needs assessments. The programme will provide opportunities to meet a range of the Council's corporate objectives including supporting housing growth through assisting stalled private development sites, addressing derelict and nuisance sites by bringing them back into use. There will be a strong emphasis on design to support place making within neighbourhoods.
- 2.3 New build
- 2.4 Several schemes are currently being progressed which will deliver new build properties. They are:

Site	No of Properties	Type	Status
East Park Road (Richmond Hill and Burmantofts)	30	apartments	Submitted for Planning, anticipated start on site April 2014
The Garnets, (Beeston H & H)	20 apprx	houses	At design stage
Howarth Court (Otley & Yeadon)	45	extra care	Has Outline Planning Approval (former PFI project) and at design stage
Broadlea (Bramley & Stanningley)	30 apprx	apartments	Architects instructed
Former Squinting Cat public house (Swarcliffe) Total Costs	16 apprx	apartments for older residents	Architects instructed

2.5 Acquisitions

- 2.6 The sites described at 2.4 are all being directly delivered by the council as construction projects. The Executive Board report also sets out the option to consider off the shelf or off plan acquisitions from developers which can be an effective way of delivering quickly and cost effectively, particularly where there is the opportunity to negotiate the price on the basis of bulk purchases. The first of these, Thorn Walk at Gipton, has been identified which will produce 23 houses and further options will be explored.
- 2.7 A key part of the acquisitions element of the programme is the purchase of empty properties to bring them back into use as council housing. Properties will be identified which meet strategic requirements in terms of demand and complementary investment.
- 2.8 The programme has a particular focus on properties previously sold to tenants under the Right to Buy scheme given the significant housing management issues which are often caused by empty former Right To Buy dwellings. An estimated 20 properties are expected to be initially acquired with the support of grant funding from the HCA, though the overall programme is expected to achieve in excess of this.
- 2.9 The process of identifying properties and communicating with owners is underway. Once acquired, properties are refurbished and brought up to appropriate standards for management.
- 2.10 Use of Right to Buy Receipts
- 2.11 In April 2012 the Government introduced changes intended to "reinvigorate" the Right to Buy scheme and to enable the use of receipts from homes sold under the Right to Buy to fund replacement homes for affordable rent. Executive Board approved an initial approach through which receipts are offered to housing associations in the form of grant funding to deliver new affordable housing. The rules set down by central government are that the receipts can only fund 30% of construction costs and that the monies are spent within a three year timeframe. This approach requires that the housing association provides the remaining 70% of the costs and the council will be able to exercise nomination rights over the completed properties. Further, the government's rules stipulate that the receipts are spent within a given timeframe such that funding will be released quarterly as the RTB sales take place and with an associated timeframe for spend.
- 2.12 The first tranche of funding has become available and it is initially intended that this process could be used to deliver specialist housing for families with a disabled member. A letter inviting bids has recently been issued to housing associations; the deadline for submissions is 30th November 2013.
- 2.13 These initial resources will fund the development of around 10 specialist properties. The level of resources will be assessed on a regular basis with a view to offering further rounds of investment

3 Corporate Considerations

3.1 Consultation and Engagement

3.1.1 Site specific consultation is taking place with the relevant Ward Members at design stage and at pre-planning.

3.2 Equality and Diversity / Cohesion and Integration

3.2.2 There are no specific equality and diversity considerations associated with this report, an Equality Impact Assessment was undertaken in respect of the whole programme in July associated with the Executive Board report and project specific EIAs will follow.

3.3 Council policies and City Priorities

3.3.3 The project seeks to address priorities in the City Priority Plan by providing affordable housing. It supports the objective of inclusive growth set out within the Best Council Plan by providing housing as the city grows.

3.1 Resources and value for money

3.1.1 Resources for the programme are in place and the revenues in terms of rental income, Council Tax and New Homes Bonus quantified.

3.2 Legal Implications, Access to Information and Call In

3.2.1 This report does not contain any exempt or confidential information.

3.2.2 This report is not eligible for call in.

3.3 Risk Management

3.3.1 Risk management takes place both across the programme and on a project by project basis.

4. Background papers¹

4.1 None used.

¹The 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.