

**West Yorkshire Combined Authority / Leeds City Region -
Land and Assets Panel**

HOMES ENGLAND PROGRAMME REPORT – April 2018

Purpose:	To provide an update to the Panel on Homes England Investment to support Leeds City Region
Responsible Officer:	Dilys Jones, Head of Home Ownership and Supply, North East Yorkshire and the Humber – Homes England
Prepared by:	NEYTH Team (Homes England)

1. MATTER FOR CONSIDERATION

This report sets out what Homes England can do to help Leeds City Region's ambition to increase the rate of homes being delivered across all local authorities. It also highlights progress on key initiatives/projects and provides an update on the live programmes that support Leeds City Region's ambitions for both growth and supply of affordable homes.

2. RECOMMENDATION

The Panel is invited to note and discuss the contents of this paper.

3. LAUNCH OF HOMES ENGLAND

a) What is Homes England's new remit

We are building a repurposed, more commercial organisation that will harness the strong track record of our predecessor.

Homes England offers:

- A **land portfolio** plus strong relationships with other land owners and public sector bodies;
- Opportunities to **co-invest in places and large land sites**; and
- Ability to **broker deals**, supported by debt and equity, capital grant and land assembly.

We want to discuss with partners the right packages to create opportunities for significant investment in places.

b) What's different about Homes England?

Homes England have been given significantly more funding and powers to increase the pace, scale and quality of housing in England. The **Budget announced £15.3 billion** of new financial support; for housing over the next 5 years. This brings the total support for housing in this period to at least **£44 billion**.

We will be making a big push on commercial joint ventures – agreeing bespoke deals with ambitious places or organisations to really propel supply. Homes England's place is also to show leadership on Modern Methods of Construction and other disruptive ideas that support the supply chain.

c) Different approach to land supply

As part of our expanded remit we will be much more active in the land market to drive delivery of **300,000 homes a year**:

- Increased **resources** to ramp up our acquisition of land opportunities;
- Create partnership and other **delivery solutions** with other government departments to increase delivery; and
- **Support cross-cutting policy objectives** – increased pace of build-out, MMC, diverse mix of developers, affordable housing and design quality.

d) Regional and National Homes England Relationship Management

Helen Fielding and Ian Hall are relationship managers for Leeds City Region Local Authorities and have met with all Leeds City Region Local Authorities regularly during 2017/18. They are there to help drive existing programmes, help local partners to understand what things are on the horizon, but also to share and co-design new ideas.

Nick Walkley (Homes England CEO) and Sir Ed Lister (Homes England Chair) have met with most of the Leeds City Region partners and held positive meetings.

4. BUDGET DETAILS

The 2017 Budget announced a comprehensive package of new policy intended to raise housing supply by the end of this Parliament to reach 300,000 per year. The Budget set out:

- Additional £10bn in **Help to Buy** to help over 130,000 more families with the deposit they need to buy their own home;
- Additional £2bn in **affordable housing** – taking the total affordable housing budget to almost £9bn;
- £2.5m cash boost to speed up the delivery of over 155,000 new homes in the proposed **garden towns** across England;
- £60m **Community Housing Fund** to help local authorities support more community-led projects;
- £25m **Planning Delivery Fund** to support local authorities in areas of high

housing need to plan for new homes and infrastructure; and
- £3m funding to support the delivery of the **14 garden villages**.

These headlines should be caveated as we cannot yet make any firm assumptions for many lines in the Budget that have not had business cases developed for them. We still do not know how some will be delivered – by who and how i.e. Social Rent Funding. In addition, the Land Funds require further clarity and a business case developed with the Ministry in order to determine how, where and when it will be spent. This will be made clear in time.

5. ACCELERATED CONSTRUCTION

The Autumn Statement committed **£2bn for Accelerated Construction** (an element of this is expected to be approved for the LA AC Programme). Local Authority AC work in the Leeds City Region area will be subject to further review and Homes England looks to work with successful Local Authorities to bring through sites under this programme.

Due diligence work has been undertaken to date on sites within the Leeds City Region for the Accelerated Construction: Local Authorities Expression of Interest.

This programme has been developed in response to the details contained with the EoI's received nationally. The process has involved:

- Seeking confirmation the LA owns the subject site – Completed for all Leeds City Region sites
- Homes England legal due diligence that could impede housing development, securing clarification responses from the LA – Completed for all Leeds City Region sites
- “Greenfield” viability appraisal to ascertain if the site is viable without “abnormal costs”. Sites failing this stage were not taken forward further – Completed for all Leeds City Region sites
- Desktop Technical Due Diligence to ascertain if there are “show stopper” constraints and generate estimated abnormal costs. – Completed for all Leeds City Region sites
- These Technical reports have been shared with the site owner for their information and comment – partially complete for Leeds City Region sites
- “Additionality” statements have been requested from the site owning Local Authorities to articulate the barriers that AC funding will overcome and the accelerated timescale and benefits that would come by bringing this site forward – Completed for all Leeds City Region sites
- All Leeds City Region schemes are in a position to progress to final appraisal by Homes England against VfM benchmarks for the Programme. These benchmarks are in the process of being finalised. The work to establish VfM benchmarks will inform the next stage of engagement with local authorities and the initial offer (grant) to support unlocking sites for housing

Homes England is grateful for the patience and responsiveness shown by Local Authority partners and the Combined Authority, in responding to these requests for information.

6. CURRENT YEAR INVESTMENT FORECAST

Below are updates on the larger Homes England land sites within Leeds City Region, totaling over 3,500 homes:

- **Wealston, Leeds:**

Wealston is a 7.7ha site adjacent to the operational Wealston prison site that was transferred to Homes England in June 2015. The site was broken into two phases including Phase 1 - a 1ha brownfield parcel of land and Phase 2 - the remaining Greenfield parcel.

Outline planning permission for 23 homes was granted on Phase 1 in June 2017 although the S106 is still to be agreed. The site was marketed to SMEs and Local RP's and we have subsequently entered into a conditional contract with Chartford Developments. They are intending to submit a revised planning application in the summer and hope to be able to increase the number of units to 30.

The Phase 2 land is included as a Phase 3 housing allocation for 142 homes in the Local Plan which Homes England understand is currently subject to further public consultation and further review in relation to NOAN. Homes England understands that this could result in some or all phase 3 sites not being allocated and that this could affect Wealston phase 2.

Homes England intends to market the site through the DPP3 in October 2018.

- **York Central:**

York Central is a 35ha brownfield site adjacent to the railway station in the centre of York. It is the Council's main strategic priority with the capability of delivering 2500 homes and approximately 100,000m² of commercial floor space. The site will also deliver a £50m extension to the National Railway Museum, improve connectivity to the city centre and deliver a new entrance to the station. Supported by both LEPs, the site is nationally significant in that it has been identified as one of three Vanguard Station Regeneration Projects, as well as a designated Housing Zone (May 2015) and an Enterprise Zone (November 2015). The proposed development of the site is being led by a Partnership that includes the City of York Council, Network Rail, the National Railway Museum and Homes England.

Homes England now owns 37.5% of the land in the project and is working with the partnership to develop proposals for an outline planning application for the site, with detail for access. This is currently being consulted on (see <http://www.yorkcentral.info/engagement/>) with a view to the application being submitted in August 2018. With the support of West Yorkshire Transport Fund the Council is leading on the delivery of the early infrastructure, with early engagement with contractors beginning imminently.

In addition the project has got through to the co-development stage of the Housing Infrastructure Fund, with a £57m bid submitted to deliver the majority of site infrastructure up front and creating developable plots.

The project was featured at the Leeds City Region MIPIM stand in March 2018 and Homes England intends to take the first two plots to market in October 2018.

- **Seacroft Hospital, Leeds**

Seacroft Hospital is a 24.6ha site situated in East Leeds acquired from the NHS. Homes England entered into an agreement for lease with Keepmoat and Strata in 2015 and work commenced on site in July 2016 on the first of two junction improvements onto the A64 and the first phase of 233 units. The first show homes opened in November 2016 and both Keepmoat and Strata are reporting exceptionally strong sales, 25 since November 2017.

Phase 2 of 270 units is due to start in 2019. The third and final phase is reserved for a new school and we (Homes England and Leeds City Council) are awaiting the next funding round from the Education & Skills Funding Agency which will secure approximately 7ha of the phase 3 land for a secondary school.

- **Tower Works**

Tower Works is a 1 ha site off Globe Road in Holbeck Leeds. In March 2017 Homes England entered into a Building Lease with Carillion Maple Oak Limited to deliver their planning approved scheme consisting of 160 homes and 12,000 sq m of commercial space.

In January 2018 Carillion Maple Oak Limited's parent company Carillion PLC went into administration. Although Carillion Maple Oak Limited remains as a trading company its ability to progress the development as originally planned has been impacted.

Homes England is currently working with Carillion Maple Oak Limited to identify the next course of action as determined by the terms of the legal agreement between the parties.

- **Wakefield / Halifax Magistrates Courts**

Both Magistrates Court are Grade II listed buildings and were transferred to Homes England from the Ministry of Justice in 2016.

Both sites are on the market with strong interest being shown. Offers are being sought on a subject to planning basis reflecting the listed status of both.

In relation to the Wakefield Court this is also included as part of a wider city centre regeneration scheme that is being marketed in parallel.

7. LIVE HOUSING PROGRAMMES

In total, **Homes England investment of over £36m** (caveat: subject to final accounts and not yet signed off as official Government figures) was made across

Leeds City Region in the 2017/18 financial year. These figures exclude Help to Buy, HIF and HBF investment detailed on later pages).

This includes delivery of **742 SOS and 670 completions within the SOAHP alone.**

As an overview, there are a number of live programmes where Homes England is managing, on behalf of government, funds that can all contribute, in different ways, to growth and place making.

a) Strategic Framework for Investment

Homes England has continued to work with Leeds City Region and developing Housing Associations to support a strategic conversation that explores new models of delivery and acceleration of housing growth. A Joint Venture comprising major developing Housing Associations with a combined stockholding of c 120,000 in Leeds City Region is proposed. These discussions are emerging as Homes England embarks upon a piece of work with MHCLG and National Housing Federation to understand how a new and different partnership with the Housing Association sector can support the Government ambition for increased supply at scale and pace. Examples in other parts of the country of Housing Deals on a Combined Authority geography offer Homes England the opportunity to examine how we work with the sector, and what new delivery models or innovative/different approaches to delivery can accelerate development, manage risk and provide certainty the sector needs to leverage further investment and compete in the land market.

In Leeds City Region, there is clearly an opportunity to promote and offer strategic leadership to a plan for housing growth underpinned by the investment in HS2 and the positive impacts of this on the wider Leeds City Region geography. Ensuring that the housing offer keeps pace with and facilitates economic growth both in the urban core of Leeds and along key transport corridors to the peripheral towns will offer a coherent message to the market about the opportunity in the Leeds City Region. Housing Associations have the potential to be significant partners in this plan, delivering a mix of tenures, and they bring with them considerable investment potential, as well as a track record of investing in communities and places in Leeds City Region for the long term. Homes England will continue to support these conversations, and seek to understand how our land, assets, expertise and investment can be deployed to deliver on the ambition to build more new homes.

b) Shared Ownership and Affordable Housing 2016-21 (as of April 18)

Funding through the Shared Ownership and Affordable Homes Programme 2016 to 2021 (SOAHP) was announced in January 2017. Since then a large number of allocations have successfully been made through the CME process. A breakdown of the SOAHP and other legacy programmes (including AHP 15/18) is as follows:

Actual SOS Units 2015/16	Actual SOS Units 2016/17	Actual SOS Units 2017/18	Actual SOS Units 2018/19	Forecast SOS Units 2018/19	Forecast SOS Units 2019/20	Forecast SOS Units 2020/21	Forecast SOS Units 2021/22
389	624	742	0	975	836	373	0
Actual Completions 2015/16	Actual Completions 2016/17	Actual Completions 2017/18	Actual Completions 2018/19	Forecast Completions 2018/19	Forecast Completions 2019/20	Forecast Completions 2020/21	Forecast Completions 2021/22
472	767	670	18	574	1,021	1,323	343
Actual Spend 2015/16	Actual Spend 2016/17	Actual Spend 2017/18	Actual Spend 2018/19	Forecast Spend 2018/19	Forecast Spend 2019/20	Forecast Spend 2020/21	Forecast Spend 2021/22
£ 9,769,211	£ 16,166,721	£30,099,458	£ 357,500	£24,403,808	£27,168,211	£ 24,506,184	£ 7,107,500

Please note that the outturn figures for expenditure and units for 17/18 are still to be quantified and are not confirmed as exact outturn position.

An additional £2bn in affordable housing funding was announced at the Autumn 17 Budget taking the total **affordable housing budget to almost £9bn**. Access to this funding is now available on a continuous market engagement basis.

c) Land Investment

In 17/18 Homes England invested **£6,794,340** in developments across Leeds City Region. In 18/19 we forecast spend across Leeds City Region of **£2,017,696** (subject to approval). A breakdown of the Land Investment past, 17/18 and future years is as follows (with Craven, Selby, Kirklees and Harrogate currently having no 17/18 or future years land spend):

WAKEFIELD			
	Approved	Unapproved	TOTAL
Historic	66,665,162		66,665,162
17/18	93,861		93,861
18/19	79,835		79,835
19/20	200		200
20/21			
FY			0
TOTAL	66,839,058	0	66,839,058

LEEDS			
	Approved	Unapproved	TOTAL
Historic	95,927,011		95,927,011
17/18	285,588		285,588
18/19	385,828	12,387	398,215
19/20	34,934		34,934
20/21	-65,943		
FY	185,508		185,508
TOTAL	96,752,926	12,387	96,765,313

CALDERDALE			
	Approved	Unapproved	TOTAL
Historic	2,358,885		2,358,885
17/18	94,767		94,767
18/19	192,889		192,889
19/20			0
20/21			
FY	22,631		22,631
TOTAL	2,669,172	0	2,669,172

BRADFORD			
	Approved	Unapproved	TOTAL
Historic	24,720,175		24,720,175
17/18	1,230		1,230
18/19			0
19/20			0
20/21			
FY			0
TOTAL	24,721,405	0	24,721,405

YORK			
	Approved	Unapproved	TOTAL
Historic	27,499,721		27,499,721
17/18	6,318,894		6,318,894
18/19	46,757	1,300,000	1,346,757
19/20	2,696,232	4,000,000	6,696,232
20/21	10,000		
FY			0
TOTAL	36,571,604	5,300,000	41,871,604

d) Housing Zones

The Housing Zones (HZ) Programme seeks to accelerate development of large sites through a combination of Homes England offers, including strategic planning support, capacity funding and recoverable investment.

Aire River Growth Corridor:

Over the last year Homes England has been heavily involved in three key areas primarily as a critical friend, enabler and facilitator to provide strategic direction to deliver c. 4500 homes in the Aire River (sometimes known as Castleford) Housing Zone.

1. **Overall Framework Masterplan and Delivery Plan** – the formative part of the work is done and consultation ended in mid-Feb' 18. An initial delivery plan was discussed and formed the part of the overall consultation process with potential phasing options.

See link (of the draft consultation document) [here](#).

Homes England Role: We have advised on the overall strategic approach to create a clear, concise summary of aspirations within the framework document, and provided help and guidance on consultation. Overall our focus has been to develop a case for good quality outcomes (fixing the design principles and embedding flexibility for long term) and a scheme that is deliverable. As a part of the development of the framework masterplan, viability was tested on individual sites as well as a financial masterplan for a long term – this will need to be refreshed further in coming months.

2. We were pleased to **support the Local Partnerships review of the project to date**. Key summary to highlight:

“The Review team finds that the Castleford Housing Zone team has established a strong base for a successful project, demonstrated by delivery of significant

numbers of new homes, across multiple sites, complemented by activity on smaller, infill sites not allocated in the Housing Zone.

The project team is knowledgeable and committed, well supported by the executive and political leadership of the council. Stakeholders overwhelmingly expressed admiration for the work of the council, both by it being keen to attract new development and in its success in supporting delivery across a range of complex sites.”

Homes England Role: We have advised the council on various elements including governance, action plan and management of risks and perception. An action plan also forms the part of the Local Partnerships report.

3. We have had some limited involvement in **the C6 site** which is currently in planning with an imminent outcome to facilitate development of the scheme particulars. There has been historic involvement in this particular site through LSIF. Nearby site Navigation Point is funded by Homes England and forms part of the Housing Zone.

Homes England Role: Give independent advice and positive challenge

York Central:

The York Central Housing Zone has been described in detail above.

Homes England Role: Capacity funding through the Housing Zone programme has contributed to the creation of a project team and development of the masterplan. Due to the strategic priority of the scheme Homes England have sought a stake in the project through acquiring land and have also contributed resource to the project, seconding a member of staff to be the York Central Project Manager and also providing specialist planning support.

d) Housing Infrastructure Funding (as of April 18)

HIF Marginal Viability:

The successful HIF Marginal Viability bids were announced in February 2018. These are now progressing through funding clarification before the award of HIF funding. Those in the Leeds City Region area are:

Scheme Name	Local Authority	HIF Funding	Gross homes	Gross homes by 2022
Infrastructure for Growth at City Fields, Wakefield	Wakefield	£1.6m	1,441	391
Olympia Park, Selby	Selby	£8.9m	1,543	230
Land East of Otley	Leeds	£6.3m	567	200
Roundhay Road / Leopold Street	Leeds	£1.0m	63	63
Seasons Phase 3	Barnsley	£2.2m	311	60

HIF Forward Funding:

Announcements were made in March 2018 of those areas which have been successful in reaching the next stage of their application for HIF funding. Successful authorities will soon be entering the 6 month co-development stage, with the aim of producing a robust business case for HIF investment. Homes England and MHCLG representatives will be working closely with York Council and the West Yorkshire Combined Authority to support them to deliver their business case, and to hopefully be successful in gaining HIF funding for projects in their areas. Once HIF funding is allocated, further support will be provided to ensure that these regionally important schemes are delivered.

e) Home Building Fund – HBF (as of March 18)

Since the launch of the HBF, approximately 2,679 Expressions of Interest have been received of which **105 have been in Local Authorities across the Leeds City Region.**

In total there have been 105 initial enquiries through the HBF portal; 17 enquiries are on hold and 59 of the enquiries will not progress (this can be for a variety of reasons).

Since 2016 **£26,145,452 from the Short Term HBF has been contracted to deliver 534 units** across Wakefield, Bradford, Kirklees, Leeds, Barnsley and Harrogate.

The Homes England Investment Team is currently assessing both Long and Short Term Fund applications amounting to over £21m, and if approved will deliver over 1,500 units in Leeds City Region.

8. CONCLUDING REMARKS – FUTURE PARTNERSHIP WORKING

This paper demonstrates the nature and scale of Homes England’s investment and engagement in Leeds City Region and our support for strategies to promote housing delivery and growth. Homes England is tasked with intervening in the housing market to help build an additional 300,000 homes per year, by the mid-2020s.

In a national context of housing deals, place based interventions and new ways of doing business with our partners, there is now an opportunity for Homes England and its partners to develop new and different approaches to investment and partnership, to achieve the acceleration of housing supply. In Leeds City Region the key opportunity of HS2 investment provides a stage upon which to make a case for housing investment and a new type of investment partnership to distribute positive impacts widely throughout the City Region. Housing Associations, alongside other delivery partners, have a role to play in using their considerable capacity to increase delivery at scale and pace.

Homes England looks forward to playing a key role in shaping these plans in future, and contributing our investment, capacity, skills and assets to this shared endeavour.

April 2018