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| Report to: | Transport and Infrastructure Scrutiny Committee |
| Date: | 15 March 2024 |
| Subject: | Affordable Housing |
| Director: | Liz Hunter, Director Policing, Environment and Place |
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1. Purpose of this report

- 1.1 The purpose of this report is to provide the Committee with an update on progress to boost the delivery of affordable housing in West Yorkshire.

2. Information

- 2.1 The Mayor set a headline pledge to deliver 5000 affordable, sustainable homes. The pledge is delivered across several workstreams led by the Combined Authority, Local Authorities and our partners. It is important to note that the statutory duties regarding housing provision are the responsibility of Local Planning Authorities.
- 2.2 The Combined Authority has worked with partners, including Local Authorities, Homes England and Registered Providers across a number of workstreams to support the delivery of affordable housing in West Yorkshire. This has supported the delivery of 1536 affordable homes in 2022/23 – the highest number of affordable housing completions in West Yorkshire since 2010.
- 2.3 On Friday 1st March, the Secretary of State for Levelling Up, Housing and Communities announced Level 4 devolution for West Yorkshire Combined Authority, writing to the Mayor to confirm that the Combined Authority meets the eligibility criteria for Level 4 devolution and setting out the Government's offer and next steps. A copy of the letter can be found [here](#).
- 2.4 In terms of affordable housing, Level Four devolution, will include the ability for the Combined Authority to set the overall direction, objective and local leadership for the deployment of the Affordable Homes Programme, whilst the overall administration and management of the programme will remain with Homes England. When implemented, this power will provide greater local certainty over the delivery of affordable housing across the region. Combined Authority teams will work with our partners and DLUHC over the coming months to develop the details of how greater local leadership will work in practice. The Place, Regeneration and Housing Committee will provide the oversight of this work.

Affordable Housing Definition

2.5 Affordable Housing is defined in the National Planning Policy Framework (NPPF) as follows:

'Housing for sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route to home ownership and/or is for essential local workers); and which complies with one or more of the following definitions:

(a) Affordable housing for rent: *meets all of the following conditions: (a) the rent is set in accordance with the Government's rent policy for Social Rent or Affordable Rent, or is at least 20% below local market rents (including service charges where applicable); (b) the landlord is a registered provider, except where it is included as part of a Build to Rent scheme (in which case the landlord need not be a registered provider); and (c) it includes provisions to remain at an affordable price for future eligible households, or for the subsidy to be recycled for alternative affordable housing provision. For Build to Rent schemes affordable housing for rent is expected to be the normal form of affordable housing provision (and, in this context, is known as Affordable Private Rent).*

(b) Starter homes: *is as specified in [sections 2 and 3 of the Housing and Planning Act 2016](#) and any secondary legislation made under these sections. The definition of a starter home should reflect the meaning set out in statute and any such secondary legislation at the time of plan-preparation or decision-making. Where secondary legislation has the effect of limiting a household's eligibility to purchase a starter home to those with a particular maximum level of household income, those restrictions should be used.*

(c) Discounted market sales housing: *is that sold at a discount of at least 20% below local market value. Eligibility is determined with regard to local incomes and local house prices. Provisions should be in place to ensure housing remains at a discount for future eligible households.*

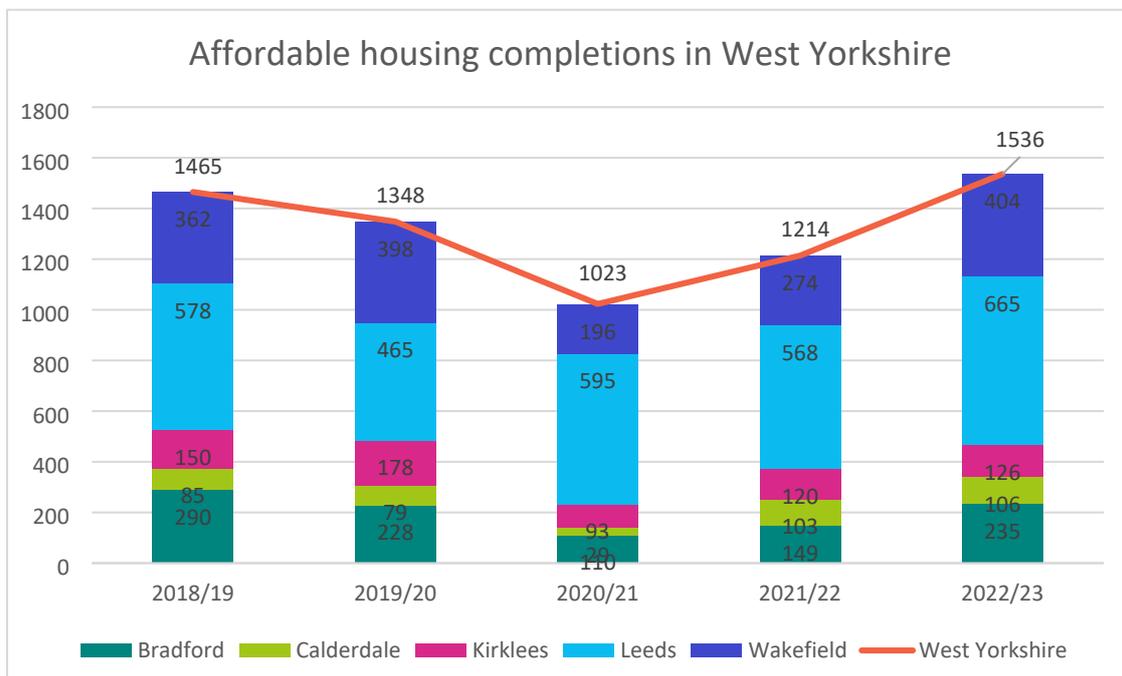
(d) Other affordable routes to home ownership: *is housing provided for sale that provides a route to ownership for those who could not achieve home ownership through the market. It includes shared ownership, relevant equity loans, other low cost homes for sale (at a price equivalent to at least 20% below local market value) and rent to buy (which includes a period of intermediate rent). Where public grant funding is provided, there should be provisions for the homes to remain at an affordable price for future eligible households, or for any receipts to be recycled for alternative affordable housing provision, or refunded to government or the relevant authority specified in the funding agreement.'*

2.6 West Yorkshire Combined Authority has adopted the NPPF definition of affordable housing as this is aligned to the definition used by Local Planning Authorities as part of their statutory duties to ensure a sufficient supply of affordable housing in their respective

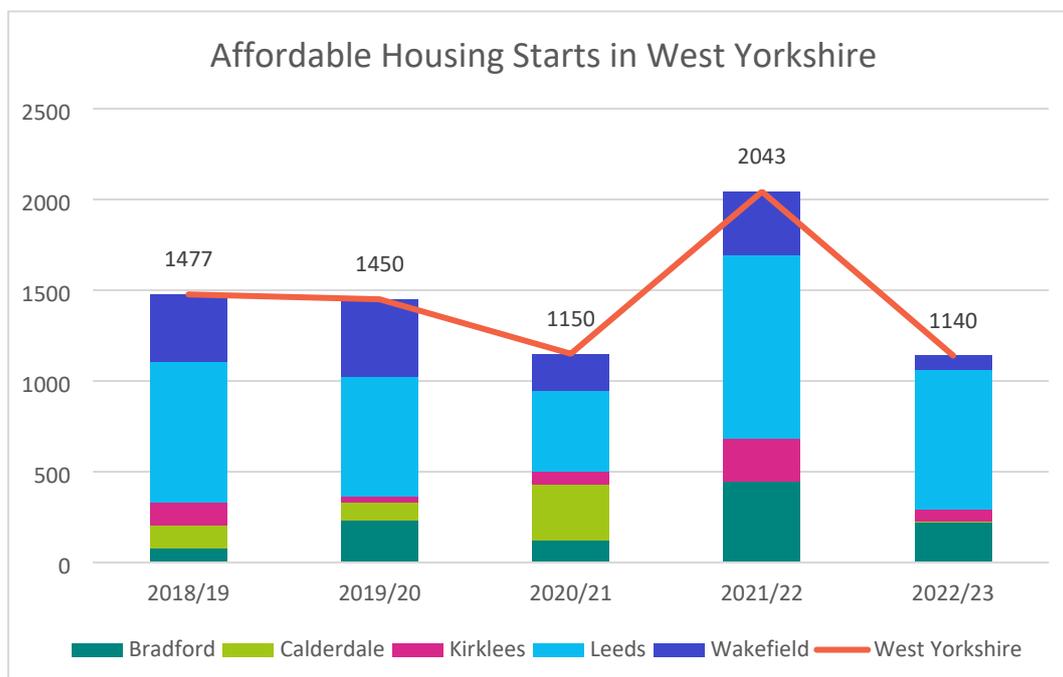
areas and is the definition used by Homes England in the delivery of the Affordable Homes Programme.

Affordable Housing Monitoring Indicators

- 2.7 West Yorkshire Combined Authority monitors the delivery of affordable homes across the region in terms of new housing starts on site and housing completions. This data is collected via the West Yorkshire Housing Annual Monitoring Report and aligned to the Department of Levelling Up Housing and Communities annual publication of affordable housing starts and completions. The Committee should note that affordable housing starts on site and completions for the reporting year 2023/24 will not be available until November/December 2024 due to a time lag in end of the reporting year and the DLUCH data publication.
- 2.8 Chart one shows the total number of affordable housing completions over the last five years in West Yorkshire. The year 2022/23 saw the highest number of housing completions in any year since 2010. The total number of affordable housing completions represented almost 25% of all net additional new homes in the region.



- 2.9 Chart two shows the total number of affordable housing starts over the last five years in West Yorkshire. The region saw a strong recovery from the Covid-19 pandemic in 2021/22, however has seen a slow down in housing starts in 2022/23, likely due to the impact of inflation, particularly on building material and construction costs as well as the subsequent interest rate rises, leading to increased borrowing costs slowing down overall housing delivery.



Role of the Combined Authority

- 2.10 The Combined Authority's role in affordable housing delivery is to support our local authority partners in delivering housing that meets the needs of people and communities in the region. An overview of the workstreams led by the Combined Authority to assist partners in maintaining their affordable housing delivery pipelines is provided below

Housing Accelerator Fund

- 2.11 The Housing Accelerator Fund (HAF) is the successor programme to the Housing Pipeline Revenue Fund programme that ended in March 2023. The Housing Pipeline Revenue Fund programme supported unlocking over 22,000 homes across 40 sites including accelerating 3 sites to market and securing developer partners on 5 sites. The programme also leveraged in additional revenue funding from Homes England to support pipeline development work and was critical to securing the Strategic Place Partnership.
- 2.12 The aim of the programme is to develop projects within the housing pipeline from concept to feasibility, preparing projects for investment and delivery. The programme is strongly aligned to the Strategic Place Partnership with Homes England and includes a cross cutting theme of improving affordable housing delivery in the region.
- 2.13 The HAF programme was approved by the Combined Authority in October 2023 and the pipeline of projects are currently being developed by the Combined Authority working closely with Local Authority teams.

Brownfield Housing Fund

- 2.14 The Brownfield Housing Fund is an £89million programme to support the development of 5,400 homes on Brownfield sites in West Yorkshire that have market failure, with homes to be started on site by March 2025. The aim of the BHF programme is to boost the delivery of homes by bringing more brownfield land into development through easing the viability issues that many brownfield land projects face often due to high remediation and abnormal costs.
- 2.15 The Brownfield Housing Fund has so far approved 27 schemes, 12 of which are being provided by Housing Associations and Local Authorities. Across those approved schemes approximately 35% of homes are expected to be affordable, representing a high proportion of the overall programme in supporting and maximising the delivery of affordable homes. It is important to note as many of these schemes have recently been approved they will not be counted in the housing starts data for 2022/23.

West Yorkshire Strategic Place Partnership

- 2.16 The West Yorkshire / Homes England Strategic Place Partnership (SPP) sets out the shared ambition of West Yorkshire Combined Authority, Homes England and the five West Yorkshire Local Authorities to realise the untapped potential of West Yorkshire to further contribute to the delivery of much needed new homes as part of a co-ordinated approach to the regeneration and transformation of its places.
- 2.17 The SPP sets out an ambition to deliver 40,000 new homes across the region over the next decade across 16 focus area projects. Since the inception of the SPP at UKREiiF in May 2023, the Combined Authority, Local Authorities and Homes England have been progressing at pace in developing the delivery plans across the strategic focus area projects.
- 2.18 Strategic Objective three of the SPP is to *'improve the supply of good quality and affordable homes providing greater choice and opportunity for people to access a home in West Yorkshire that meets their housing need'*. We have worked closely with Homes England West Yorkshire Housing Partnership to establish the pipeline of affordable housing across the region and are working with our local authority teams on a commission to explore affordable housing delivery models across West Yorkshire (building on the Leeds Affordable Housing Growth Plan). This work is expected to finalise and report in June 2023.

West Yorkshire Housing Strategy 2040

- 2.19 The West Yorkshire Housing Strategy is an opportunity to present a regional trajectory to 2040 which links to and mirrors our wider focus on inclusive growth, sustainability, equality, diversity and inclusion.
- 2.20 The Housing Strategy is an evidence-led document, which draws upon extensive research and intelligence surrounding the housing related challenges and opportunities

across the region. The strategy is grounded in partnership working, recognising that the objectives and outcomes can only be realised through working together.

- 2.21 The Place, Regeneration and Housing Committee have been integral to the development of the strategy from the evidence base through to the development of the final version of the strategy that was endorsed by the Committee on 29th February 2024. The Strategy will be presented to Combined Authority for approval on 14th March 2024.
- 2.22 The Housing Strategy sets out an overall mission statement for housing in West Yorkshire and four objectives that have been agreed with partners:

Our ambition is to create safe and inclusive places to live that meet the needs of our residents.

We will do this by working with our partners to deliver sustainable and affordable homes in well-connected communities where people choose to live.

Ensuring that West Yorkshire is a place we are proud to call home.



- 2.23 Our work to achieve this mission will focus on the four thematic objectives centred around the key challenges that our region faces. These objectives are underpinned by two guiding principles, **sustainability** and **equality and inclusive growth**, which will act as golden threads to connect and guide our various strands of activity. Following feedback from partners, we have spent time reviewing and simplifying our objectives to more clearly reflect the activity each will likely entail.
- 2.24 In terms of structure, each objective within the strategy document is divided into two parts. The first, **rationale**, brings together the evidence base built upon the challenges our region faces within the scope of that objective. This section is important as it aims to articulate the current baseline position across the region, which the Combined Authority and partners can then use as evidence to construct programmes, interventions and communicate with external stakeholders. The second part, **outcomes**, sets out in broad terms what we would

like to achieve through our activity and that of our partners in relation to the challenges identified under the objective.

- 2.25 Appended to the Housing Strategy is our emerging delivery plan, which sets out existing activity under each objective as well as our planned actions for years 1 to 5 of the strategy. We also set out our asks of central government and other key stakeholders, specifying the additional resources and powers that we need in order to succeed.
- 2.26 We are also developing a suite of monitoring indicators, which build on the high-level indicators reported annually in the State of the Region and presented periodically to the Committee within the Monitoring Indicators report. These will allow us to monitor progress against the outcomes proposed in the strategy. We are working with our Research and Intelligence Team to consider the most appropriate approach to monitoring and reporting, which we will share with the Committee at a future meeting.
- 2.27 The Housing Strategy that was shared with Place, Regeneration and Housing Committee is available for members to view [here](#).

Partnerships

- 2.28 Partnership working is key to the delivery of affordable housing across the region, the Combined Authority is just one partner in the development of more affordable homes in West Yorkshire.

Local Authorities

- 2.29 Local Authorities identify the need for affordable housing and specify the type of affordable housing required in their respective areas as part of Local Plans. Local Planning Authorities have a duty to work with developers to ensure the provision of affordable homes where it is viable to do so. In addition, Local Authorities also hold statutory duties in relation to addressing homelessness and managing social housing waiting lists across England.
- 2.30 Across West Yorkshire, our local authority partners are leading the delivery of affordable housing through the implementation of planning policy, relationships held locally with affordable housing providers and where Local Authorities retain social housing stock, the direct delivery of affordable housing. Each of the West Yorkshire Local Authorities also publishes their own housing strategy which will set out the priorities for housing within the respective local authority area. The West Yorkshire Housing Strategy sets out the respective local housing strategies and priorities in the region and seeks to add value to the delivery of those strategies.

West Yorkshire Housing Partnership

- 2.31 The West Yorkshire Housing Partnership (WYHP) is made up of 15 members, including 13 housing associations and two stock-holding local authorities. It provides a focus for

social housing related ambition, policy and collaboration across the region. As not-for-profit organisations, Housing Associations invest their funding back into local communities, building more affordable homes and improving existing homes.

- 2.33 The WYHP delivered 2018 affordable homes since 2021 and have rehoused 11,100+ households in West Yorkshire. The partnership also have plans in place to build significantly more affordable homes over the next five years. It is important to note that WYHP does not represent all Housing Associations that are active across the region. As an independent body, it is at the discretion of WYHP and individual organisations if they wish to join the partnership.

Homes England

- 2.34 Homes England are the Government's housing and regeneration agency. Homes England's mission is to *'drive regeneration and housing delivery to create high-quality homes and thriving places. This will support greater social justice, the levelling up of communities across England and the creation of places people are proud to call home.'*
- 2.35 Through the Affordable Homes Programme 2021-26, Homes England provide grant funding to registered providers of social housing and local authorities to help them build new homes for shared ownership, social rent and affordable rent. Providers across WYHP engage with Homes England through the AHP to deliver affordable homes. It is important to note that AHP funding cannot be used to purchase Section 106 developed properties from private developers as S106 properties are already marketed to registered providers at a subsidised rate and are an expectation of planning policy.
- 2.36 The Strategic Place Partnership lays the foundations for greater local control of the Affordable Homes Programme included within the Level 4 devolution offer from Government. The Combined Authority will be working closely with Homes England in the coming months to develop and establish the detail of increased local leadership of the programme, aligned to our work on the SPP.

Sustainable Housing

- 2.37 In addition to supporting the delivery of affordable housing, the Combined Authority has worked with partners to increase the delivery of sustainable homes. The Brownfield Housing Fund programme for example is explicitly focussed on the reuse of underutilised, previously developed land, to bring this back into use for residential purposes. In terms of energy performance of new build homes, ONS analysis shows that 93% of all dwellings classified as new have an EPC of C or above in West Yorkshire. While this is lower than the national average (96% of new dwellings in England), this is likely due to a relatively high proportion of change of use (conversions) in some parts of the region, where it is more challenging to achieve higher EPC ratings yet conversions support the reuse of existing buildings.

2.38 In terms of existing homes, 38% of all dwellings in West Yorkshire have an EPC of C or above (As of October 2023). Housing is responsible for 3.4 million tonnes (around 30%) of carbon dioxide each year in West Yorkshire, the majority of which come from using fossil fuels to heat homes. Through the Combined Authority's work on the Better Homes Hub programme, a series of schemes are being delivered and developed to retrofit homes, ranging from the One Stop Shop, Social Housing Decarbonisation Fund, lost-cost loan and area based schemes for example. A comprehensive update was provided to the Climate, Energy and Environment Committee on 13th February across these themes. The papers for the meeting can be found [here](#).

3. Tackling the Climate Emergency Implications

3.1 Sustainability is one of the guiding principles of the West Yorkshire Housing Strategy and underpins our activity. The activity to support the Mayor's housing pledge seeks to maximise opportunities to deliver net zero carbon housing where possible. In some circumstances that is directly through exploring retrofit solutions to existing stock and in other circumstances that is through our revenue and capital programmes which prioritise projects that will have a low carbon impact.

4. Inclusive Growth Implications

4.1 The focus on affordable housing will support inclusive growth across the region. Supporting pipeline development and delivery through capital programmes will enable faster delivery of much needed new homes including a proportion of affordable and higher quality, better insulated homes with subsequently lower running costs for residents. Particularly in the context of the current cost of living crisis, ensuring housing is affordable is a key priority across the region and for our Local Authority partners.

5. Equality and Diversity Implications

5.1 Many of the most challenging housing market areas in the region are within the most deprived locations. A focus on delivering affordable and sustainable homes in the right places means that our investment and strategies are focussed on delivering outcomes to ensure good quality housing is available for all. To that extent, equality and diversity implications are embedded within the pledge delivery and integrated across the items outlined in this report to ensure fairer access to housing across the region.

6. Financial Implications

6.1 There are no financial implications directly arising from this report.

7. Legal Implications

7.1 There are no legal implications directly arising from this report.

8. Staffing Implications

8.1 The housing workstreams are led collectively between the Combined Authority, Homes England, Local Authorities and private sector partners. Local Authorities have each contributed officer time and commitment to developing the workstreams alongside the Combined Authority and Homes England which is key to ensuring the strategic outcomes and actions are embedded and supported across the region. Officer time and support is gratefully received.

9. External Consultees

9.1 Specific external consultation took place in the development of the West Yorkshire Housing Strategy.

10. Recommendations

10.1 That the scrutiny committee notes the report and provides any comments or feedback.

11. Background Documents

Background papers are linked throughout the report.

[WY Housing Strategy 2040](#)

12. Appendices

None.