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**Report to:** Place Panel

**Date:** 28 January 2021

**Subject:** **Housing Pipeline Refresh**

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## **1. Purpose of this report**

- 1.1 To provide an update on progress with the Housing Pipeline Revenue Fund and Brownfield Housing Fund (BHF)
- 1.2 To seek endorsement to the refreshed West Yorkshire Strategic Housing Pipeline, which will be supported using the revenue funding and, where suitable, the Brownfield Housing Fund.

## **2. Information**

### Background

- 2.1 The Combined Authority has been allocated £3.2m of revenue funding, through the devolution deal, to support the development of the housing pipeline over 2 years (2020/21 and 2021/22). In addition, on 30 June 2020, the Government launched the Brownfield Housing Fund. As part of this, the Combined Authority was directly allocated £66.7m from the fund to support the development of housing schemes on brownfield land up to March 2025.
- 2.2 Work has been underway with Local Authority officer teams to refine and prioritise the Strategic Housing Pipeline including identifying those projects which require revenue funding support to move towards being investment ready and more recently identify the projects from the pipeline that will be suitable for the Brownfield Housing Fund
- 2.3 A report was presented to Place Panel on 14 October 2020 to provide an update on the terms and conditions of the Brownfield Housing Fund and the links to the Strategic Housing Pipeline and revenue fund. This report seeks endorsement from the Place Panel on the refreshed Strategic Housing Pipeline and the approach to approving spend of the revenue funding to

develop the pipeline (which will link into projects that may then progress through the BHF). It should be noted that not all projects on the Strategic Housing Pipeline will be suitable for the BHF. The report will also provide an update on the Brownfield Housing Fund including a proposed call for projects, further to those projects identified via the pipeline.

### Strategic Housing Pipeline

- 2.4 The first iteration of the Strategic Housing Pipeline was presented to Place Panel in October 2018. The pipeline reflects sites that are strategic in nature and require additional investment or resource to provide certainty of deliverability and subsequently move into a deliverable position. The pipeline was utilised to secure the revenue fund allocated through the devolution deal and to influence Government for further capital investment for the region, such as the Brownfield Housing Fund. It is also used to steer strategic discussions with Homes England and other interested investors in the region.
- 2.5 We have been working closely with Local Authority teams to develop and refine the pipeline to ensure it is representative of priority sites across the region. Since the first version of the pipeline was presented some sites have moved into delivery, some remain on the pipeline as key priorities and other new opportunities have arisen. Therefore, the pipeline has been updated to reflect these changes and ensure the funding now allocated to the Combined Authority can be used to the best effect to support strategic housing growth across the region.
- 2.6 The pipeline currently consists of 75 sites with the capacity for over 37,000 homes. It has been revised to cover only West Yorkshire to mirror the revised geography of the LEP and the geography that will be covered by the MCA. The sites are a mix of sizes, land types, geographies and ownerships but are agreed by Local Authority teams as of regional strategic significance and requiring public intervention to move forward.
- 2.7 Sites are scored against their strategic fit with regional objectives (as set out in the Strategic Economic Framework) to determine their suitability for inclusion on the Strategic Housing Pipeline. Scoring and prioritisation is still being finalised with district officers. Criteria that pipeline sites are scored against include;
  - **Enabling Inclusive Growth:** Projects are scored based on their ability to meet local housing need and the contribution that delivery of the site will make towards inclusive growth. This includes consideration of IMD scores, average incomes of the local area, current or planned infrastructure investment, including public realm investment.
  - **Supporting clean growth:** Projects are scored on their ability to contribute to the Region's clean growth agenda including consideration of opportunities to utilise MMC, energy efficiency of homes (where projects are well developed enough), blue/green infrastructure in the locality and levels of fuel poverty in the locality as well as site type (greenfield/brownfield with brownfield scoring higher)

- **Delivering 21<sup>st</sup> Century Transport:** Projects are scored on their contribution to sustaining an improved transport network including proximity to accessing sustainable modes, measures to mitigate any adverse impacts to surrounding transport networks, contribution to transport infrastructure, active modes.
- **Boosting productivity:** Projects are scored more favourably if they are based in a Spatial Priority Area, are located close to main urban centres or areas of jobs growth, are able to demonstrate opportunity to work with SMEs and/or contribute to the regeneration of an area through creating new market opportunities.

2.8 An updated version of the pipeline is attached at appendix 1 of this report. The pipeline forms the basis of the projects that the revenue funding will be used to support, subject to assessment and prioritisations. Panel members are asked to endorse the approach described to developing the pipeline and that the pipeline will form the basis of projects supported by the housing pipeline revenue funding moving forward. It should, however, be noted that the pipeline is designed to be a live tool therefore sites can be added when opportunities arise or removed either when moving into delivery or if they become unsuitable as housing sites.

#### Housing Pipeline Revenue Fund

- 2.9 The Housing Pipeline Revenue Fund (HPRF) is allocated to the Combined Authority to 'develop a pipeline of housing projects' in the region. A total of £3.2m was allocated to be spend over 2 years with £250,000 in 2020/21 and the remaining £2.95m in 2021/22. The first tranche of funding was received on 21 December 2020 with the second tranche (£2.95m) expected to be released in April 2021 following the Combined Authority providing satisfactory evidence of spend in 2020/21 to MHCLG.
- 2.10 The first tranche of funding (£250,000) has been agreed and allocated to Local Authorities, specifically to pipeline projects that were able to spend revenue monies this year, predominantly to boost capacity of teams or consultancy support already commissioned that will accelerate projects becoming investment ready. The larger tranche of funding (£2.95m) will require further work to enable it to be allocated to develop capacity across the region and to support projects that are prioritised across the pipeline.
- 2.11 Work has already commenced to prioritise the housing pipeline with Local Authority teams that will help to target the funding at those sites with the highest strategic fit (e.g. zero carbon, supporting inclusive growth) and that may be suitable for the BHF programme. A resource and capacity review has also been completed with each of the Local Authorities. It is envisaged that the funding will be allocated to help drive forward the delivery of the housing pipeline, including the following:
- Increase capacity within Local Authority and Combined Authority teams either through recruitment or commissioning to add resource to meet priority project demands and to address current skills gaps

- Provide specialist support to projects at the right point, for example when ready to enter the assurance process for BHF, for feasibility and technical work and to build robust business cases.
- To support joint working between public and private sectors, ensuring when projects enter the assurance process they are investment ready and support Local Authorities and the Combined Authority with private sector negotiation

2.12 As the majority of the housing pipeline is in private sector ownership it will be important to ensure that as sites move forward, public funding is protected and value for money is maximised. As a principle of the fund, it is proposed that for private sector owned sites or sites that are led jointly by public/private sector partners, funding may be provided on a shared risk basis and that as projects move to delivery, revenue funding would be repaid in order to create a revolving fund. This will be managed on a project-by-project basis.

2.13 To ensure adequate oversight from members alongside swift funding allocations to enable spend to develop projects, the following indicative approval process for funding is proposed:

Date	Meeting	Approval/endorsement sought
28 January	Place Panel	As the panel with oversight of the pipeline, endorsement for the revised pipeline following the work with each Local Authority
4 February	Combined Authority	Budget report to accept the 2021/22 revenue of £2.95m into the budget and to delegate approval of spending approach to Investment Committee
4 March	Investment Committee	To approve the approach, which is still in development, to spending the £2.95m and approve use as a revolving fund (in line with principles of 2.10 and 2.11 of this report) and to delegate approval of project level spend to the Managing Director.

### Brownfield Housing Fund

2.14 The Brownfield Housing Fund is a capital funding programme with an allocation of £66.7m directly to the Combined Authority to increase the development of homes of brownfield land. The homes must be started on site by March 2025 and the funding must support the development of at least 4500 new homes. The Combined Authority is currently working closely with Local Authority partners to identify deliverable schemes within these timescales from the Strategic Housing Pipeline. To ensure that the Combined Authority is able to reach the required number of homes it is envisaged that a wider call for projects will also be required to achieve the programme.

- 2.15 A call for projects is proposed to take place commencing in February/March 2021 to identify brownfield projects (wider than those included on the pipeline already identified as suitable for BHF) that demonstrate market failure and require investment to unlock delivery. Projects received will be sifted on the basis of meeting the core objectives of the fund as set out by MHCLG, strategic fit with the regional Strategic Economic Framework (e.g. zero carbon, supporting inclusive growth) and potential financial return. The fund will be operated on a loan first basis, similar to other programmes, with assessment of all funding routes required to be explored through an open book assurance process with partners bringing sites forward for the call. Full criteria for these objectives is currently being developed and any sifting process will include Local Authority Officers for schemes proposed in their respective areas. A further update on progress with the BHF and call for projects will be brought to the next Place Panel meeting.

### Next Steps

- 2.16 Throughout January and February further meetings with each Local Authority team will take place and further a deeper review of capacity to manage the revenue programme will take place to identify project spend for the revenue funding supporting projects to become investment ready and focussing on projects that are likely candidates for the Brownfield Housing Fund programme.
- 2.17 Following Place Panel endorsement, a report will be presented to the Investment Committee on 4<sup>th</sup> March outlining the approach, which is in development, to allocating the housing pipeline revenue funding to support a prioritised pipeline projects.
- 2.18 Local Authority officers are providing details of projects from the Strategic Housing Pipeline that are suitable for BHF until the end of January. Following this a call for projects is likely to be issued to ensure the required number of homes for the programme is delivered (if this is not met through Strategic Housing Pipeline projects)

### **3. Financial Implications**

- 3.1 The Brownfield Housing Fund is a direct allocation of £67m of capital funding to the Combined Authority as an emerging MCA.
- 3.2 The Housing Pipeline Revenue Fund has been allocated to the Combined Authority as part of the devolution deal to develop the housing pipeline – with £0.25m to be spent in 2020/21 and £2.95m in 2021/22
- 3.3 It should be noted that the funds will not be sufficient to support the delivery of all sites across the pipeline. As such, there will need to be a strong element of prioritisation and programme management in the deployment of the funding across the pipeline.

#### **4. Legal Implications**

- 4.1 Legal agreements for the BHF programme and the Housing Revenue Fund will be agreed on a project-by-project basis.
- 4.2 The payment of funding to any recipient will be subject to a funding agreement being in place between the Combined Authority and the organisation in question.

#### **5. Staffing Implications**

- 5.1 The Combined Authority has recruited a Brownfield Development Manager to the Delivery Directorate responsible for programme management of BHF and will be supported by a team.
- 5.2 Partner Council resources will also need to be identified and costs included for within the projects.

#### **6. External Consultees**

- 6.1 The BHF programme has been discussed with the Directors of Development and appropriate teams in each district and is a regular item at Strategic Place Officer Group meetings who have oversight of the scorecard process and strategic housing pipeline.

#### **7. Recommendations**

- 7.1 That Place Panel note the contents of the report and provide any further comments and feedback.

#### **8. Appendices**

- 8.1 Strategic Housing Pipeline