
Report to: Place, Regeneration and Housing Committee

Date: 6th September 2021

Subject: **Brownfield Housing Fund Update**

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1. Purpose of this report

- 1.1 To provide members of the committee with an update on delivery of the Brownfield Housing Fund.

2. Information

Background

- 2.1 In July 2020, the Combined Authority received a funding allocation letter from the Ministry of Housing, Communities and Local Government (MHCLG) confirming an overall allocation of £66.7 million of capital funding from the Brownfield Housing Fund (BHF) to support the development of 4500-6000 new homes on brownfield sites in the region. The Combined Authority was allocated this fund, without the need to bid, due to the organisation becoming a Mayoral Combined Authority in 2021.
- 2.2 Government has placed several conditions on the funding, including demonstration of market failure (i.e. that without public sector funding the scheme could not progress) and homes to have started on site by 31st March 2025 when the BHF funding stream will come to an end.

Approvals to Date – Programme level

- 2.3 A programme level Strategic Outline Case was approved at the Combined Authority meeting in September 2020. The approval provided the assurance pathway and approval route for the individual projects that come forward under the BHF programme.

2.4 At its meeting on 29th July 2021 the Combined Authority endorsed the initial waves of projects to be included within the fund following work undertaken in conjunction with partner councils since summer 2020 and a wider ‘Call for Projects’ in early 2021 – see Exempt Appendix 1. There has been an emphasis on deliverability and encouraging projects which meet Strategic Economic Framework (SEF) objectives, with a particular focus on Inclusive Growth and Clean Growth priorities and contributing to the Mayor of West Yorkshire’s pledge to *Build 5000 sustainable homes including council houses and affordable homes*. All projects will be subject to approval of business cases through the Assurance Framework.

Approvals to Date – Project level

Points Cross, Hunslet

2.5 Points Cross is the first project to progress through the BHF programme and the Full Business Case (plus costs) was approved by the West Yorkshire and York Investment Committee on the 4 March 2021, with a contribution of £2.755 million (or 3.7%) towards the total project costs of £75.010 million.

2.6 The Points Cross scheme involves the delivery of 311 affordable new homes on a 2.4-hectare site in the Leeds South Bank area and future phases will potentially deliver a further 617 new homes on the site. The scheme started on site in March 2021 and will help to stimulate regeneration in the Hunslet Riverside Ward, which is amongst the most deprived areas in Leeds. The scheme promoter – The Guinness Partnership - has committed to delivering a range of wider socio-economic and environmental benefits in the area, including supporting new jobs and apprenticeships and utilising renewable energy and other environmentally sustainable features in the design of the scheme.

2.7 The first homes are expected to be completed on site by March 2023 and the scheme is currently on track.

Programme challenges

2.8 The Combined Authority is responsible for ensuring that it meets the terms of the funding set by MHCLG including meeting the ambitious annual spend targets outlined in Table 1 below. The MHCLG terms are clear that annual payment of funds throughout the life of the programme will be linked to successfully meeting the targets outlined in the agreement. The Combined Authority is still awaiting receipt of its 2021/22 allocation of grant from central government, and this is expected in quarter 3 of the financial year.

Table 1:

	Year One 2020/21 Actual	Year Two 2021/22 Forecast	Year Three 2022/23 Forecast	Year Four 2023/24 Forecast	Year Five 2022/23 Forecast
Capital Spend	£0.6M (Target met)	£20M	£29.179M	£14M	£3M

- 2.9 The BHF programme team are working hard with scheme promoters to progress 26 business cases through the Assurance Framework for review by the Place, Regeneration and Housing Committee between November 2021 and February 22. This is extremely challenging but is necessary to kickstart delivery on site and demonstrate to MHCLG that strong progress is being made this financial year on identifying and accelerating projects, as well as committing financial resources to projects.
- 2.10 A breakdown of the potential number of homes and indicative cost to the BHF programme in Waves 1 and 2 for each partner council area is described in Table 2 below. Waves 1 and 2 enable the Combined Authority to meet its minimum homes output target for MHCLG based on the information provided by scheme providers at Expression of Interest stage:

Table 2:

Local Authority Area	Potential Homes (Total)	Potential Affordable Homes (incl within Total)	Indicative BHF Cost
Bradford	850	563	£9.97m
Calderdale	403	105	£8.49m
Kirklees	759	284	£11.78m
Leeds	2162	778	£22.02m
Wakefield	392	217	£4.42m
Waves 1 & 2	Approx. 4563	1947	£56.68m¹
Development Costs			£ 5.00m²
		TOTAL	£61.68m

- 2.11 Wave 3 (not included in Table 2) focuses on projects with potential for transformational impact, whilst acknowledging that these projects carry a higher level of uncertainty and risk in terms of deliverability within the timeframe of the BHF programme. As such, these projects are currently rated 'Red' and will be reviewed by the end of September 2021 for suitability to progress within the programme. This decision was delegated by the Combined Authority to the Director of Delivery in consultation with the chair of the Place, Regeneration and Housing Committee and any updates will be provided to a future meeting of the Committee.

¹ Includes Combined Authority estimated overhead costs, which may be subject to change. Figure therefore higher than reported to Combined Authority meeting on 29 July 2021 to reflect the management overhead charge.

² Approved at Strategic Outline Case by Combined Authority on 4 Sept 2020. This includes development costs and programme management costs. Development costs will be charged back to projects as they move through the assurance process.

2.12 The Wave 3 schemes combined are seeking £17 million+ from BHF, which brings the current projected spend figure to £78.68 million+¹, therefore an element of overprogramming is included within the programme with the addition of these schemes.

3. Tackling the Climate Emergency Implications

3.1 Tackling the Climate Emergency implications will be outlined on all projects under this programme as part of their business case development. Several proposed projects will include the remediation of contaminated land, as well as the potential for new sustainable housing, green space, and infrastructure designs.

4. Inclusive Growth Implications

4.1 The inclusive growth implications will be outlined on all projects under this programme as part of their business case development.

4.2 Due to the emphasis on Clean and Inclusive Growth criteria in the project selection process, the proposed Brownfield Housing Fund pipeline has the potential to positively contribute to the Mayor's ambitions for West Yorkshire and their pledge to *Build 5000 sustainable homes including council houses and affordable homes*. Several projects offer potential for 100% affordable housing in deprived communities across the region, as well as bringing back underutilised and derelict land and property into productive use. The BHF programme estimates that it could deliver 1900+ affordable homes towards the Mayor's pledge.

5 Equality and Diversity Implications

5.1 Equality Impact Assessments will be undertaken on all projects under this programme as part of their business case development.

6 Financial Implications

6.1 There are no financial implications directly arising from this report, although the Combined Authority's adherence to the MHCLG agreement, including meeting financial targets and milestones, is required to receive annual allocation of BHF funds. As such, the MHCLG funding conditions and the programme's conditions will be mirrored in agreements between each project sponsor to mitigate any risk to the Combined Authority.

6.2 As the BHF funding is focussed on delivering SEF objectives and bridging a viability gap, all projects will be providing match-funding from either the public or private sector or both. Full details will be determined as projects progress through the Assurance Framework.

7 Legal Implications

7.1 The information contained in **Appendix 1** is exempt under paragraph 3 of Part 1 to Schedule 12A of the Local Government Act 1972 as it contains information relating to the financial or business affairs of any particular person (including the authority holding that information). It is considered that the public interest in maintaining the content of the appendices as exempt outweighs the public interest in disclosing the information as publication could prejudice current and future decision making.

7.2 There are no legal implications directly arising from this report. As highlighted in section 6, the MHCLG funding conditions and the programme's conditions will be mirrored in legal agreements between each project sponsor to mitigate any risk to the Combined Authority.

8 Staffing Implications

8.1 There are no staffing implications directly arising from this report.

9 External Consultees

9.1 No external consultations have been undertaken.

10 Recommendations

10.1 The Committee notes the work undertaken so far on the Brownfield Housing Fund Programme and provides feedback.

11 Background Documents

11.1 None.

12 Appendices

12.1 EXEMPT Appendix 1 – Brownfield Housing Fund Projects