

**Report to:** Place, Regeneration & Housing Committee

**Date:** 7 July 2022

**Subject:** **Brownfield Housing Fund Programme**

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Is this a key decision?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is the decision eligible for call-in by Scrutiny?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information or appendices?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
If relevant, state paragraph number of Schedule 12A, Local Government Act 1972, Part 1:	
Are there implications for equality and diversity?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

## 1. Purpose of this Report

- 1.1. To provide members of the Committee with an update on delivery of the Brownfield Housing Fund (BHF) and changes to the pipeline of projects.

## 2. Information

### Background

- 2.1. In July 2021 the Combined Authority endorsed the sequencing of projects for the Brownfield Housing Fund (which included an element of overprogramming) and to ensure the programme progressed at pace, **delegation was given to the Director of Delivery, in consultation with the Portfolio Holder for Place, Regeneration and Housing, for the review and transfer of projects between the project prioritisation ‘Waves’; the acceptance of new projects on to the programme; and the transfer of projects which place greater risk on the programme back to the Strategic Housing Pipeline for consideration as part of future investment programmes.**
- 2.2. In September 2021, members of the Place, Regeneration and Housing Committee received a report outlining BHF projects included within Waves 1 and 2. The projects in these two waves were originally chosen due to applicants forecasting early delivery of homes. The schemes have now been developed and analysed further to build business cases to take through the Assurance

Framework and through to the Committee for formal approval on a project by project basis.

- 2.3. Following the Levelling Up White Paper announcements in February 2022, the Combined Authority was notified that it will receive an additional £22.28 million of BHF grant to add to the existing programme with the same funding criteria, including the same programme end date of March 2025. An amended Memorandum of Understanding is awaited from HM Government and once firm details have been received, a Change Request will be progressed through the Combined Authority's Assurance Framework to extend the BHF programme budget and increase the output targets.
- 2.4. Following a review of the existing pipeline of projects and the Strategic Housing Pipeline, a second Call for Projects was instigated to identify further projects that could be delivered to meet the challenging timeframes of the existing programme as set by Government, including the additional allocation of funds.
- 2.5. Following a review of Expressions of Interest, the Director of Delivery, in consultation with the Portfolio Holder for Place, Regeneration and Housing, has approved: the transfer of some projects from the first Call for Projects between prioritisation 'Waves', the acceptance of new projects from the second Call for Projects on to the programme; and the transfer of some projects back to the Strategic Housing Pipeline. Further details can be found in **Exempt Appendix 1**.

### **Progress to date and Changes to the Pipeline**

#### **Changes to the Existing Pipeline**

- 2.6. Bradford: Following detailed review of high-level Outline Business Case submissions for two projects in the Bradford area, it became apparent that these projects would not achieve a Benefit-Cost-Ratio (BCR) of 1, which is a minimum requirement for the Fund as set by Department of Levelling Up, Housing and Communities (DLUHC). Therefore these two projects have transferred to Wave 4 as the applicants review their position. Another project has moved from Wave 2 to Wave 4 as the risk to delivery within the programme timeframes is deemed high due to lack of progress by the applicant.
- 2.7. Calderdale: One applicant has slipped the timeframe of procurement of a developer by a year and as such the current projected start of homes has moved to March 2024. The likelihood of the housing outputs being achieved in the timeframe of the BHF programme is currently unknown. The project has therefore transferred to Wave 4. Once a developer is appointed there is potential for this project to move forward again.
- 2.8. One project has been withdrawn by the applicant.
- 2.9. Projects transferred from Wave 1 – Wave 2 (Kirklees, Leeds and Wakefield): Five projects have transferred from Wave 1 to Wave 2 due to forecasted construction of homes slipping until 2023.

- 2.10. Wave 3 (Wakefield and Kirklees): Due to the complexity of the landownerships and infrastructure requirements to take these complex projects forward in the timeframe of the BHF programme, two transformational projects have been removed from the BHF programme and placed on to the Strategic Housing Pipeline for collective partnership work to identify a future delivery solution.
- 2.11. Kirklees: Two projects have moved from Wave 1 to Wave 4 due to the delivery of homes slipping to 2024.

### **New projects accepted into the Programme**

- 2.12. The second Call for Projects generated requests for over £80 million of grant funding. The BHF programme team have evaluated the Expressions of Interest on the same principles as the first call.
- 2.13. As described in para 2.2 above, the original pipeline of projects for the programme was sequenced in 'Waves' of activity, dependent on their state of readiness and ability to deliver homes early in the programme. Inherently, the new projects which enter the programme are being placed into the existing Waves based on their ability to deliver homes earlier in the programme.
- 2.14. As the BHF fund is time limited, priority is given to those projects which can demonstrate the delivery of homes promptly and successfully navigate the assurance process. **Exempt Appendix 1** details the projects from the second Call that have entered the programme in Waves 1 and 2 (referenced by a \*) to enable the development of business cases and seek approval through the Combined Authority's Assurance Framework. The estimated BHF ask is £30.2 million with approximately 3249 new homes, of which 900 are estimated to be affordable homes.
- 2.15. The remainder of the projects from the Call have been placed into Wave 4. Wave 4 contains projects which have scored lower in the criteria scoring, have later delivery of homes or deemed to have higher risk in terms of their current position to proceed. It is anticipated that some projects in Wave 4 will come forward in the timeframe of this programme.

### **Current Status of Pipeline**

- 2.16. **Exempt Appendix 1** shows the current status of the programme with the proposed new projects added to Wave 1 and 2.
- 2.17. The new Wave 1 and Wave 2 projects, together with those already committed, and programme costs are forecasted to secure **£75.872m of spend, 6884 homes and 2315 affordable homes**, subject to the successful approval of projects through the assurance process and delivery on site.
- 2.18. Overprogramming for the programme against the DLUHC targets is currently provided by Wave 4 Projects which total approx. £67.3m and 4430 homes, although it should be noted that not all are able to deliver within the programme

timeframes and funding criteria. Further dedicated work will therefore be required by project sponsors, local authority partners, the BHF programme team and the Housing Revenue Fund team to proactively move projects forwards from Wave 4. Capacity remains a high risk for the programme both internally and with some sponsor organisations.

- 2.19. The Combined Authority's Section 73 Officer has been asked to advise on the potential to utilise the Authority's financial 'freedoms and flexibilities' in order to support delivery of the programme spend target year on year. The Section 73 Officer has confirmed that the Combined Authority "will use our freedoms and flexibilities/single investment fund to manage timing issues between pots of funding".

### **3. Tackling the Climate Emergency Implications**

- 3.1. Tackling the Climate Emergency implications are reviewed 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 5,000 sustainable homes including council houses and affordable homes*. Many projects in the pipeline offer potential for affordable housing in deprived communities across the region, as well as bringing back underutilised and derelict land and property into productive use.

### **5. Equality and Diversity Implications**

- 5.1. Equality Impact Assessments are 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 DLUHC agreement, including meeting financial targets and milestones, is required to receive annual allocation of BHF funds. As such, the DLUHC 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 meeting the Government's criteria whilst also endeavouring to deliver the objectives of the Strategic Economic Framework, all projects will be providing match-funding from either the public or private

sector or both. Full details including the financial implications of individual projects, will be assessed as each project progresses through the Combined Authority's Assurance Framework.

## **7. Legal Implications**

- 7.1. There are no legal implications directly arising from this report. An amended Memorandum of Understanding is awaited from HM Government and once firm details have been received, a Change Request will be progressed through the Combined Authority's Assurance Framework to extend the BHF programme budget and increase the output targets (subject to the necessary approvals being secured).
- 7.2. As highlighted in section 6 above, the DLUHC 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. Staffing capacity remains a high risk for the programme both internally and with some sponsor organisations. The Combined Authority is endeavouring to mitigate this risk through on-going recruitment campaigns, and additional consultancy support, including funding to local authority sponsors through the Housing Revenue Fund.

## **9. External Consultees**

- 9.1. The Director of Delivery has consulted with the Chair of the Place, Regeneration and Housing Committee regarding approval to move projects into the programme and within Waves.
- 9.2. The Director of Delivery has consulted with the Mayor of West Yorkshire.
- 9.3. Local Authority lead officers for housing have been consulted as part of the evaluation of the second Call for Projects and updates provided to the Strategic Place Officer Group.

## **10. Recommendations**

- 10.1. That the Place, Regeneration and Housing Committee endorses the work undertaken so far on the Brownfield Housing Fund programme and the updated pipeline of projects.

## **11. Background Documents**

- 11.1 There are no background documents referenced in this report.

## **12. Appendices**

- 12.1. Exempt Appendix 1 - BHF Project Pipeline May 2022 (Private)