
Report to: Place, Regeneration and Housing Committee

Date: 03 November 2022

Subject: **Housing Pledge Update and West Yorkshire Housing Partnership Presentation**

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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 type="checkbox"/> Yes <input checked="" 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. The purpose of this report is to provide Committee members with an update on progress towards delivery of the Mayoral pledge to deliver 5000 affordable and sustainable homes in West Yorkshire.
- 1.2. As a key partner in delivery of the pledge, the West Yorkshire Housing Partnership will provide the Committee with a presentation on their collective contribution towards delivering the Mayoral pledge. The presentation is attached as appendix 1 of this report.

2. Information

- 2.1. The Mayor has set a headline pledge to deliver 5000 affordable and sustainable homes. The pledge is delivered across several workstreams, and programmes led by the Combined Authority, Local Authorities and our partners. Based on information received from the West Yorkshire Housing Partnership and supply figures supplied by Homes England, across West Yorkshire, it is currently forecast that 5,205 affordable homes will commence construction by the end of March 2024. There are challenging risks to delivery which are discussed in section 2.8 of this report.
- 2.2. There is currently no accurate national measure of the number of low carbon homes that are forecast to commence construction as developers are only

required to build homes to building regulation standards. While some developers may build homes to higher standards, this can only be collected retrospectively (after construction) in the form of energy efficiency ratings. The most recent data published by DLUHC shows that from March 2021 to March 2022 74% of new dwellings in West Yorkshire have energy efficiency ratings of A or B.

- 2.3. This paper will provide the Committee with update on each of the programmes the Combined Authority is delivering to continue support to deliver the Mayoral pledge.

Affordable Housing Delivery

Overview

- 2.4. Working with Local Authority partners, the West Yorkshire Housing Partnership (WYHP) and Homes England, the Combined Authority is monitoring the delivery of affordable housing across West Yorkshire. This includes projecting the affordable housing supply pipeline where possible, however it is noted that pipeline supply is challenging to predict, particularly in terms of S106 affordable housing delivery that is subject to planning conditions.
- 2.5. The Combined Authority is considering the tools and resources that could add value at a regional level to increase and support the delivery of affordable homes. This includes exploring opportunities to maximise affordable housing delivery through Combined Authority funded housing programmes.

Progress to date

- 2.6. The West Yorkshire Housing Partnership provide quarterly updates on affordable housing supply and delivery. At the most recent update, the total number of affordable housing project to be delivered in the WYHP supply stood at 4,314 homes in delivery by 2024. This includes homes directly delivered by Local Authorities or Registered Providers and homes that WYHP members expect to take up through S106 agreements. A further request for an update has been issued to WYHP members with returns expected by 31st October.
- 2.7. In addition, Homes England provide the Combined Authority with a biannual update on affordable housing supply expected to come forward through its Affordable Housing Programme and Strategic Partnerships, with the last figures supplied in May 2022. After deducting the number of homes that WYHP members expect to deliver using Homes England funding, a further 892 homes could be delivered by other providers (not in WYHP) supported by Homes England bringing a composite affordable housing supply figure to over 5000. This does not include S106 homes or homes delivered using Local Authority HRAs or Right to Buy Receipts.

- 2.8. As set of actions are being considered at a regional level to support the delivery of affordable homes. This included building evidence on the viability gap associated with affordable housing and developing a shared viability framework, commitment to maximising S106 opportunities, holding a developer forum to raise awareness of affordable housing contributions and exploring way to increase Development Management capacity in West Yorkshire.
- 2.9. Affordable housing contributions through section 106 are being maximised across the region and where homes are supported through Combined Authority programmes (such as the Brownfield Housing Fund and Housing Revenue Fund), affordable housing is a key deliverable. Leeds City Council Executive Board endorsed the Leeds Affordable Housing Growth Partnership Action Plan in September 2022 which sets the framework in Leeds for the affordable housing sector to work together to meet housing needs and boost affordable housing growth. The Combined Authority is working with colleagues at Leeds City Council to apply best practice from this Action Plan across the region.

Delivery Risks

- 2.10. The pipeline indicates that the Mayoral pledge to deliver 5000 homes is achievable, however it is worth noting that there are significant delivery risks, particularly in the current economic climate and market volatility. The key risks for the Committee to take note of include;
- Construction costs are rising both due to continuing supply issues and inflation leading some schemes, where viability was already a concern becoming increasingly challenging and unviable for developers to take forward.
 - Construction companies are unable to hold tender prices due to volatility in prices impacting on tendering processes and certainty of costs.
 - Rising interest rates impacting the cost of development borrowing.
 - Appetite and ability of public to purchase/secure mortgages.
 - Some evidence is beginning to show some developers/landowners are marketing sites for sale rather than developing.
 - Planning authorities are under-resourced which leads to some delays in decision making delaying decision making subsequently having an impact upon starts on site.
 - Potential government rent cap to Housing Association sector annual rent increases – impact on ability to raise finance to deliver current projected numbers and capital available to fund development and decarbonisation programmes.

- 2.11. Whilst the risks highlighted are out of the Combined Authorities direct control, work is ongoing to mitigate risks where possible through continuous engagement with Local Authority partners as well as with private partners such as the WYHP. In addition, the Housing Revenue Fund, described in more detail at 2.8 is providing technical advice across a range of pipeline sites to estimate costs and viability whilst this is ever changing in a turbulent market, this is helping to provide up to date figures where possible.

Housing Revenue Fund

Overview

- 2.12. The Combined Authority secured £3.2m of revenue funding through the West Yorkshire Devolution Deal. The funding is to develop projects within the housing pipeline from concept to feasibility, preparing projects for investment and delivery. The programme was endorsed by the Investment Committee on 8th June 2021 and approved by the Combined Authority on 29th July 2022.
- 2.13. There are four broad areas of work that are supported by the funding as follows; regional resource and capacity, technical advice and support, local resource building and programme management.

Progress to date

- 2.14. At the time of writing, the programme spend is £1.27m with £1.93m remaining to be spent by March 2023. The programme allocation currently stands at £3.24m with an overprogramming position of £0.04m. The funding is on track to be spent and the programme to be delivered by March 2023. The programme has supported sites within the housing pipeline to progress which will enable approximately 20,000 homes (including 3,000 affordable homes) to come forward into delivery.
- 2.15. The funding has supported projects to be taken forward to the market and accelerate delivery through work to de-risk sites and support local authorities with capacity to develop investment proposals. Where suitable, sites have been supported to enter the Brownfield Housing Fund and other external funding agencies have been engaged in project development. In addition, the programme has funded capacity gaps across Local Authorities including in planning teams, project management, housing growth teams and specialist skills (such as drainage and highways technicalities where needed).
- 2.16. The success of the programme has contributed to a much closer working relationship with district teams and Homes England moving the pipeline forward with greater delivery certainty across the West Yorkshire housing pipeline. This has led to the commitment from Homes England Chair and Chief Executive to establish a Strategic Place Partnership for West Yorkshire which will be discussed at Item 9 of the agenda.

- 2.17. The current Housing Revenue Fund programme will come to an end in March 2023. An impact assessment and evaluation of the current programme is currently being developed. This will inform the development of a future business case to continue the programme as part of the Creating Great Places and Accelerated Infrastructure Programme discussed at Item 6 on the agenda.

Brownfield Housing Fund

Overview

- 2.18. The Brownfield Housing Fund (BHF) is a £89m capital fund to support the development of new homes on Brownfield sites in West Yorkshire, 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.
- 2.19. The Department for Levelling Up, Housing and Communities (DLUHC) set the high level objectives of the fund including ensuring that all projects represent good value for money are Green Book compliant with a benefit cost ratio of 1. Schemes also need to demonstrate market failure (i.e. they could not deliver without public sector intervention). Viability gaps, security and overage relating to each scheme are being developed as part of the potential agreements with private sector developers delivering the schemes. Due diligence is also being carried out on each potential recipient of Combined Authority funding, as well as establishing the schemes' sustainable, inclusive and/or affordable housing credentials.

Progress to date

- 2.20. An initial sift of the strategic housing pipeline was undertaken to identify projects that could demonstrate the ability meet the criteria set by the Government and that projects are investment ready. In addition, projects have been identified through two calls for projects which stimulated the market and developers to bring forward project proposals. Alongside meeting the requirements set by Government, the BHF programme seeks to maximise affordable housing contributions and project contributions to the regions net zero carbon ambitions wherever possible.
- 2.21. The BHF programme is a live pipeline where project priority and ability to deliver is continuously reviewed. Current economic pressures and rising inflation costs are leading to some project delays and delivery uncertainty as promoters are revisiting cost estimates to revise business cases. The risks outlined in section 2.7 of this report are also relevant to delivery of the BHF programme. The BHF team are working closely with promoters across the projects to gain certainty and expect that the current programme will still meet the minimum target of delivering the start on site of 5400 homes by March 2025 subject to project approvals through the Combined Authorities assurance process.

- 2.22. Given the time-limited nature of the fund, priority is given to those projects that can demonstrate delivery of homes promptly and can successfully navigate the assurance process. Additional priority is given to those projects that are able to deliver affordable homes and several projects within the pipeline are being delivered by our Registered Provider partners. The Combined Authority is making representations to the new Housing Minister to highlight the constraints of the current BHF criteria, in particular the strict delivery criteria and benefit to cost ratio criteria which is leading to some key brownfield sites being unable to enter the programme. The Combined Authority is requesting that these criteria be relaxed to allow further sites to come forward for delivery and boost housing growth on brownfield land.

Social Housing Decarbonisation Fund (SHDF) and Community Renewal Fund (CRF) Retrofit Hub

Overview

- 2.23. The SHDF programme is targeting properties that have an EPC rating of D or lower (E, F, G) and deliver retrofit improvements to achieve an EPC-C rating. The priority are measures that insulate the property first to reduce energy consumption supported with the installation of renewable energy sources such as solar where appropriate.
- 2.24. Wave 1 of the SHDF was approved in January 2022 to deliver £10.38m of retrofit improvements to Social Housing across West Yorkshire. This would improve 1316 properties working with 9 Registered Social Housing Providers. Match funding by the Providers of 30% was a pre-requisite by BEIS however the Providers successfully raised 50% match funding for Wave 1.
- 2.25. The CRF Retrofit Hub is to deliver 100 whole house retrofit plans which also include providing residents with energy advice and support. This scheme will also result in the creation of an architectural toolkit of retrofit designs and streetscape plans demonstrating internal and external modifications that could be made to properties that have been surveyed. In addition to this, up to 40 adult learners will be supported through the offer of free training to provide them with the skills, technical knowledge and experience needed to work in the growing green sector.
- 2.26. The CRF Retrofit Hub project is focussed on the Manningham and Toller wards of Bradford and aims to understand the challenges there are in retrofitting traditional stone-built properties in conservation areas using the CRF funding of £0.46m in a very tight delivery window (originally from 1 December 2021 to 30 June 2022).

Progress to date

- 2.27. The SHDF Wave 1 programme has currently delivered 335 installations against a forecast at this point in the programme of 165. There is a time lag in getting the properties re-surveyed to confirm the EPC ratings and currently 60 properties have received the required EPC-C certificate against a forecast of

65. Trustmark - who process the assessment and award the certificates - are currently processing an outstanding 275 installations.
- 2.28. The CRF Retrofit Hub received a delivery extension approval to 31 October 2022 due to challenges of completing the community engagement during Ramadan and then purdah for the local elections. As part of the extension the number of whole house retrofit plans was increased to 150.
- 2.29. As of September 2022, 122 whole house surveys have been completed, and 75 decarbonisation plans posted to the householders. The final number of surveys and decarbonisation plans will be available following the completion of the project and the Committee will be updated at the January 2023 meeting on the lessons learned and success of the programme.
- 2.30. The progress for the CRF Retrofit Hub delivery of adult learners has been very challenging. Currently five learners have completed the course, with the final cohort of students expected to enrol onto the Retrofit module from w/c 26 September 2022 at Harrogate College.
- 2.31. A series of online assets to educate and encourage young learners to consider roles in the green economy, along with resources educating the community on the climate emergency declaration.

Dementia-ready housing task force

Overview

- 2.32. The Mayor's housing pledge included the statement, 'I will establish a Dementia Ready Housing Task Force to ensure all our older people's housing and related services are dementia friendly.'
- 2.33. The dementia-ready housing task force was formed in early 2022 and has met 5 times since then. It is made up of representatives from the 5 local authorities, housing providers, third sector organisations, OHID, NHS and Huddersfield University. The core aim of the group is to improve the experience of those with dementia in West Yorkshire and their carers, from before diagnosis to end of life, with housing as the central focus.
- 2.34. Using the 2021 Housing and Care for Older People All Party Parliamentary Group's report, 'Housing for people with dementia – are we ready?' it has identified 10 recommendations to take forward for the region – 5 of which are designed to be achieved before the end of the Mayor's term, with progress on the other 5.

Progress to date

- 2.35. Briefs have been drawn up and agreed by the group to take forward with housing providers on a dementia-friendly housing charter, sign up to the Alzheimer's Society dementia-friendly housing guide, the appointment of dementia champions and expansion of the 'dementia friends' network across

housing providers. The group has also collaborated with Huddersfield University to submit a bid for Nuffield Foundation funds to research the customer experience for those with dementia in West Yorkshire. It is also working on a brief for the dementia ready element of the West Yorkshire Housing Strategy.

West Yorkshire Housing Strategy

Overview

- 2.36. The Leeds City Region Housing Vision, published in 2019, set out the collective aims, ambitions and principles for creating good places to live across the region. Since the publication of the Vision, the Combined Authority has been through significant levels of change culminating in devolution deal and the election of the first Mayor of West Yorkshire in 2021. Given the new powers, funding and ambitions established through the MCA, the Combined Authority's Corporate Plan 22/23 has highlighted the need to develop a new West Yorkshire Housing Strategy.
- 2.37. A West Yorkshire Housing Strategy will complement the housing strategies of the five constituent Local Authorities. A West Yorkshire Strategy will be focussed on added value, setting out the principles through which the Combined Authority will invest, develop and work with partners to achieve place-based outcomes.

Progress to date

- 2.38. Building on the West Yorkshire Housing and Affordability Study (2020), the first phase of the strategy development will include establishing robust evidence, identifying any gaps and providing a policy baseline that will lead to the development of strategic objectives. A competitive tendering exercise has been completed to procure a consultant partner to undertake this first phase of work with North Housing Consulting and Sheffield Hallam University appointed as consultants. It is expected that this phase of work will be completed by Christmas 2022.
- 2.39. Following the completion of the first phase, the following phases will include the development of a strategic narrative and setting out the delivery mechanisms to achieve the objectives identified through phase one. This will then be followed by a period of consultation and engagement before the document is prepared and presented for approval. A full timeline of these later phases will be developed as part of the first phase of strategy development.

West Yorkshire Housing Partnership Update

- 2.40. The West Yorkshire Housing Partnership (WYHP) was established in October 2020. It was created to provide a single point of access for all social housing related policy and delivery in the devolved West Yorkshire region. WYHP has 14 members – 12 housing associations and two stock holding Local Authorities – Leeds and Kirklees. The Chair of WYHP is Helen Lennon (Chief

Executive, Connect Housing) and the Vice Chair is Nick Atkin (Chief Executive, Yorkshire Housing). Collectively, WYHP owns or manages over 250,000 homes, two-thirds of which are provided in West Yorkshire.

- 2.41. The WYHP is a key partner in supporting the delivery of the Mayoral pledge to deliver 5000 affordable and sustainable homes, as evidenced in section 2.3 of this report. The work of the WYHP is shared between its members and is delivered through four workstreams sponsored by a senior leader:

- **Investment and regeneration** – senior executive sponsor – Andy Wallhead (Chief Executive, WDH)
- **Climate emergency** - senior executive sponsor – Matthew Walker (Chief Executive, Leeds Federated Housing)
- **Health, housing and homelessness** - senior executive sponsors – Mark Pearson (Chief Executive, Leeds and Yorkshire Housing) and Naz Parkar (Service Director - Housing and Neighbourhoods, Kirklees Council)
- **Inclusive Growth** - senior executive sponsor – Cedric Boston (Chief Executive, Unity Housing)

- 2.42. The WYHP will provide a presentation at the meeting (slides attached as appendix 1) to update the Committee on progress across the work streams to support the Mayoral pledge. The Mayor is scheduled to attend the January 2023 meeting of the WYHP in Dewsbury.

3. Tackling the Climate Emergency Implications

- 3.1. The activity to support the housing pledge seeks to maximise opportunities to deliver net zero carbon housing wherever 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 direct financial implications arising from this report. However, it should be noted that funding streams for some of the work outlined above are limited. In particular, funding has not yet been secured to continue the HRF programme post March 2023 and consideration may need to be given to funding the development of the West Yorkshire Housing Strategy beyond the first phase of work that is commissioned.

7. Legal Implications

- 7.1. There are no direct legal implications arising from this report.

8. Staffing Implications

- 8.1. The pledge work is reliant on support from our Local Authority partners in particular the continued engagement support of the Strategic Place Officer Group and Heads of Planning. The HRF and BHF programmes are managed through programme manager/lead roles within the Combined Authority.

9. External Consultees

- 9.1. No external consultations have been undertaken.

10. Recommendations

- 10.1. That the Committee note the content of the report and provide any feedback regarding the progress towards pledge delivery.
- 10.2. That the Committee note the content of the presentation provided by the West Yorkshire Housing Partnership.

11. Background Documents

There are no background documents referenced in this report.

12. Appendices

Appendix 1 – West Yorkshire Housing Partnership Presentation.